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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)

PROPOSED AMENDMENTS TO EMPLOYEE TRUST BENEFIT SCHEMES

THE EMPLOYEE TRUST BENEFIT SCHEMES

Reference is made to the Prospectus and the 2023 Annual Report in relation to the employee trust benefit schemes established by the subsidiaries of the Company for the employees of the CIC Group and the ACI Group, whom operates stores under the “RT-Mart” and “Auchan” banners respectively. None of the Directors, chief executives of the Company nor any connected persons of the Company are participants of the Employee Trust Benefit Schemes. The Employee Trust Benefit Schemes consist of the RT-Mart Scheme and the Auchan Scheme. The Auchan Scheme and the RT-Mart Scheme are each implemented by way of a trust arrangement as further outlined below. The Trustee for the Employee Trust Benefit Schemes is Hwabao Trust Co., Ltd., a company incorporated in the PRC and an independent third party of the Group.

Under the trust arrangement, CIC Group and ACI Group will each make cash payments on behalf of the Selected Participants for their relevant employer’s contribution to the trust (“**Employer’s Contribution**”). The Selected Participants may, but are not obliged to, make voluntary cash contributions to the trust (“**Employee’s Contribution**”).

The amount of Employer’s Contribution to each Selected Participant is determined in accordance with the requirements under the Auchan Scheme and the RT-Mart Scheme which takes into account the net profits after tax of ACI and CIC, respectively, and the aggregate amount of Employer’s Contribution (including the Retirement Saving Contribution (as defined below)) per annum shall not exceed 14% of the net profits after tax of ACI and CIC, respectively, in any corresponding financial year. Any such amount granted to the Selected Participants must be used to purchase units of beneficial interests in the trust under the Auchan Scheme and the RT-Mart Scheme, as appropriate, i.e. the Trust Units. The amount of Employee’s Contribution is determined by the Selected Participant subject to a maximum cap of 30% of the relevant Selected Participant’s total income of the relevant year. In return for the contributions made by or on behalf of the Selected Participant, each Selected Participant is allocated Trust Units which represents beneficial interests in the trust under the respective terms of the Auchan Scheme and the RT-Mart Scheme.

As at 31 March 2023, approximately 1.38% of the ACI Registered Capital and approximately 3.13% of the CIC Registered Capital were held by the respective trusts under the Auchan Scheme and the RT-Mart Scheme.

Prior to its listing, the Company had confirmed with the Stock Exchange that the Auchan Scheme and the RT-Mart Scheme were not, at the time, subject to the requirements of Chapter 17 of the Listing Rules as these schemes did not contemplate the grant of any options over new shares or other new securities of the Company or any of the subsidiaries. However, subsequent to the amendments to Chapter 17 of the Listing Rules which took effect from 1 January 2023, the RT-Mart Scheme, being a share award scheme of a Principal Subsidiary of the Group, falls within the definition of share schemes under Chapter 17 of the Listing Rules. Notwithstanding ACI is not a Principal Subsidiary for the purpose of Rule 17.14 of the Listing Rules and hence the Auchan Scheme is not a share scheme of a Principal Subsidiary of the Group governed by the Chapter 17 of the Listing Rules. The Company intends to amend the terms of the Auchan Scheme to comply with the revised requirements under Chapter 17 of the Listing Rules to bring in line the rules of both the Auchan Scheme and RT-Mart Scheme to equalise the treatment of the scheme participants of both schemes.

PROPOSED AMENDMENTS TO THE AUCHAN SCHEME AND THE RT-MART SCHEME

The RT-Mart Scheme constitutes a share scheme of CIC (a Principal Subsidiary of the Group) involving the issuance of new equity interest in CIC (through the capital injection) and therefore is subject to the applicable requirements under Chapter 17 of the Listing Rules. Pursuant to Rules 17.02(1) and 17.13 of the Listing Rules, share schemes of a Principal Subsidiary involving the grant of new equity interest must be approved by shareholders of the listed issuer in general meeting. Notwithstanding ACI is not a Principal Subsidiary for the purpose of Rule 17.14 of the Listing Rules and hence the Auchan Scheme is not a share scheme of a Principal Subsidiary governed by the Chapter 17 of the Listing Rules. However, the Company intends to amend the terms of the Auchan Scheme to comply with the revised requirements under Chapter 17 of the Listing Rules to bring in line the rules of both the Auchan Scheme and the RT-Mart Scheme to equalise the treatment of the scheme participants of both schemes. Accordingly, in observance of the applicable requirements under the Listing Rules, the Board considers that it would be in the interests of the Company and the Shareholders to amend the Auchan Scheme and the RT-Mart Scheme to comply with the Listing Rules and to obtain Shareholders' approval for the Auchan Scheme and the RT-Mart Scheme.

The Board is pleased to announce that it has approved the adoption of the Proposed Amendments to be made to the Auchan Scheme and the RT-Mart Scheme for the purpose of, among other things, reflecting the revised requirements under Chapter 17 of the Listing Rules. The Proposed Amendments to the Auchan Scheme and the RT-Mart Scheme will be subject to, among others, approval of the Shareholders at the EGM.

IMPLICATIONS UNDER THE LISTING RULES

Pursuant to Rule 17.13 of the Listing Rules, Rules 17.02 to 17.04 and Rules 17.06 to 17.09, with appropriate modifications, apply to share schemes of a Principal Subsidiary of a listed issuer as if they were share schemes of the issuer as described in Rule 17.01(1). As at the date of this announcement, CIC is a Principal Subsidiary of the Company. As such, for so long CIC remains a Principal Subsidiary of the Company, Rule 17.13 applies and the applicable rules under Chapter 17 of the Listing Rules shall apply to the RT-Mart Scheme.

While, as at the date of this announcement, ACI is not a Principal Subsidiary of the Company and Rule 17.13 does not apply, the Company intends to revise the terms of the Auchan Scheme to comply with the applicable requirements of Chapter 17 of the Listing Rules as if the Auchan Scheme is a share scheme of a Principal Subsidiary of the Company.

The Proposed Amendments constitute alterations to the terms and conditions of a share scheme which are of a material nature and therefore shall be approved by Shareholders of the Company in general meeting.

The Proposed Amendments shall take effect on the date of its adoption at the EGM and is conditional upon the passing of the necessary resolution(s) to approve and adopt the Auchan Scheme and the RT-Mart Scheme by the Shareholders at the EGM.

As at the date of this announcement, the amount of the ACI Registered Capital and CIC Registered Capital were US\$371,367,930 and US\$248,686,403, respectively. Assuming that there is no change to the amount of the ACI Registered Capital and the CIC Registered Capital between the the date of this announcement and the Amendment Date, the Scheme Mandate Limits shall not exceed US\$37,136,793 for the Auchan Scheme and US\$24,868,640.3 for the RT-Mart Scheme (i.e. representing 10% of the ACI Registered Capital and CIC Registered Capital, respectively, as at the Amendment Date).

EGM

An EGM will be convened and held for purposes of considering, and if thought fit, the approval of, inter alia, (i) the Proposed Amendments to the Auchan Scheme and the RT-Mart Scheme and (ii) the Scheme Mandate Limits. A circular containing, inter alia, further details of the aforesaid matters, together with a notice of the EGM, will be dispatched to the Shareholders in accordance with the requirements of the Listing Rules in due course.

INTRODUCTION

The Auchan Scheme and the RT-Mart Scheme

Reference is made to the Prospectus and the 2023 Annual Report in relation to the employee trust benefit schemes established by the subsidiaries of the Company for the employees of the CIC Group and the ACI Group, whom operates stores under the “RT-Mart” and “Auchan” banners respectively. None of the Directors, chief executives of the Company nor any connected persons of the Company are participants of the Employee Trust Benefit Schemes. The Employee Trust Benefit Schemes consist of the RT-Mart Scheme and the Auchan Scheme. The Auchan Scheme and the RT-Mart Scheme are each implemented by way of a trust arrangement as further outlined below. The Trustee for the Employee Trust Benefit Schemes is Hwabao Trust Co., Ltd., a company incorporated in the PRC and an independent third party of the Group.

Under the trust arrangement, CIC Group and ACI Group will each make cash payments on behalf of the Selected Participants for their relevant employer’s contribution to the trust (“**Employer’s Contribution**”). The Selected Participants may, but are not obliged to, make voluntary cash contributions to the trust (“**Employee’s Contribution**”).

The amount of Employer's Contribution to each Selected Participant is determined in accordance with the requirements under the Auchan Scheme and the RT-Mart Scheme which takes into account the net profits after tax of ACI and CIC, respectively, and the aggregate amount of Employer's Contribution (including the Retirement Saving Contribution (as defined below)) per annum shall not exceed 14% of the net profits after tax of ACI and CIC, respectively, in any corresponding financial year. Any such amount granted to the Selected Participants must be used to purchase units of beneficial interests in the trust under the Auchan Scheme and the RT-Mart Scheme, as appropriate, i.e. the Trust Units. The amount of Employee's Contribution is determined by the Selected Participant subject to a maximum cap of 30% of the relevant Selected Participant's total income of the relevant year. In return for the contributions made by or on behalf of the Selected Participant, each Selected Participant is allocated Trust Units which represents beneficial interests in the trust under the respective terms of the Auchan Scheme and the RT-Mart Scheme.

The RT-Mart Scheme and the Auchan Scheme differentiate Selected Participants into two categories, namely (i) general employees ("**General Employees**"); and (ii) managerial employees, being Selected Participants who hold the rank of store manager or above ("**Managerial Employees**").

In addition to the Employer's Contribution and the Employee's Contribution, the CIC Group and the ACI Group will make further cash payment to the trust on behalf of Managerial Employees as retirement benefits ("**Retirement Saving Contribution**") and Managerial Employees will correspondingly obtain additional Trust Units in respect of the Retirement Saving Contribution. General Employees and Managerial Employees are both entitled to receive Employer's Contribution but the manner of determining the amount of such contributions and the relevant vesting periods applicable are different for each category of employees as further outlined in the paragraph "Vesting Period of the Trust Units" below.

The scheme rules of each of the Auchan Scheme and the RT-Mart Scheme currently do not specifically provide for any vesting period of the Trust Units. However, the Auchan Scheme and the RT-Mart Scheme each provide a freeze period and lock-up period for restricting immediate disposal of the Trust Units by the Selected Participants as further outlined in the paragraph "Vesting Period of the Trust Units" below.

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

In accordance with the rules of the relevant schemes, Selected Participants are permitted to elect to purchase the Trust Units once a year, and, in addition to the purchase election, Selected Participants are also permitted to dispose of Trust Units once a year. Following the receipt of the purchase and disposal elections by the Selected Participants, the Trustee shall, to the extent practicable, match the purchase elections with the disposal elections.

The value of the Trust Units is assessed every year to determine the price of which the Selected Participants would subscribe for, or dispose of, the Trust Units. The value of the Share Portion of each Trust Unit is determined based on the business growth rate of ACI or CIC (as the case may be) by reference to the annual appraisal reports of ACI or CIC (as the case may be) which are prepared by an independent expert and are reviewed by another independent expert. The Directors (including INEDs) consider the basis of determining the value of the Trust Units to be appropriate and aligns with the purpose of the Employee Trust Benefit Schemes because the independent valuation provides an objective and transparent manner to assess the financial performance of the businesses of ACI and CIC and would therefore encourage the Eligible Participants to contribute to the development of the ACI and CIC (as the case may be).

As CIC and ACI are companies incorporated under the laws of the PRC, following the matching exercise by the Trustee, to the extent there is any surplus purchase election from the Selected Participants of the respective schemes (i.e. the total number of Trust Units to be purchased exceeds the total number of the existing Trust Units to be disposed of), the Trustee may elect to carry out a capital injection into ACI or CIC (as the case may be) in order to increase the Trustee's equity interests in ACI or CIC (as the case may be) and the Trustee's maximum equity interests in ACI and CIC shall be capped at 15% of the ACI Registered Capital and CIC Registered Capital. On the contrary, to the extent there is any surplus disposal election from the Selected Participants of the respective schemes (i.e. the total number of existing Trust Units to be disposed of exceeds the total number of Trust Units to be purchased), the Trustee may elect to dispose of its equity interest in ACI or CIC (as the case may be) to the Group.

As at 31 March 2023, approximately 1.38% of the ACI Registered Capital and approximately 3.13% of the CIC Registered Capital were held by the respective trusts under the Auchan Scheme and the RT-Mart Scheme.

Prior to its listing, the Company had confirmed with the Stock Exchange that the Auchan Scheme and the RT-Mart Scheme were not, at the time, subject to the requirements of Chapter 17 of the Listing Rules as these schemes did not contemplate the grant of any options over new shares or other new securities of the Company or any of the subsidiaries. However, subsequent to the amendments to Chapter 17 of the Listing Rules which took effect from 1 January 2023, the RT-Mart Scheme, being a share award scheme of a Principal Subsidiary of the Group, falls within the definition of share schemes under Chapter 17 of the Listing Rules. Notwithstanding ACI is not a Principal Subsidiary for the purpose of Rule 17.14 of the Listing Rules and hence the Auchan Scheme is not a share scheme of a Principal Subsidiary of the Group governed by the Chapter 17 of the Listing Rules. The Company intends to amend the terms of the Auchan Scheme to comply with the revised requirements under Chapter 17 of the Listing Rules to bring in line the rules of both the Auchan Scheme and RT-Mart Scheme to equalise the treatment of the scheme participants of both schemes.

PROPOSED AMENDMENTS TO THE AUCHAN SCHEME AND THE RT-MART SCHEME

The RT-Mart Scheme constitutes a share scheme of CIC (a Principal Subsidiary of the Group) involving the issuance of new equity interest in CIC (through the capital injection) and therefore is subject to the applicable requirements under Chapter 17 of the Listing Rules. Pursuant to Rules 17.02(1) and 17.13 of the Listing Rules, share schemes of a Principal Subsidiary involving the grant of new equity interest must be approved by shareholders of the listed issuer in general meeting. Notwithstanding ACI is not a Principal Subsidiary for the purpose of Rule 17.14 of the Listing Rules and hence the Auchan Scheme is not a share scheme of Principal Subsidiary governed by the Chapter 17 of the Listing Rules. The Company intends to amend the terms of the Auchan Scheme to comply with the revised requirements under Chapter 17 of the Listing Rules to bring in line the rules of both the Auchan Scheme and the RT-Mart Scheme to equalise the treatment of the scheme participants of both schemes. Accordingly, in observance of the applicable requirements under the Listing Rules, the Board considers that it would be in the interests of the Company and the Shareholders to amend the Auchan Scheme and the RT-Mart Scheme to comply with the Listing Rules and to obtain Shareholders' approval for the Auchan Scheme and the RT-Mart Scheme.

The Board is pleased to announce that it has approved the adoption of the Proposed Amendments to be made to the Auchan Scheme and the RT-Mart Scheme for the purpose of, among other things, reflecting the revised requirements under Chapter 17 of the Listing Rules. The Auchan Scheme and the RT-Mart Scheme will be subject to, among others, approval of the Shareholders at the EGM.

KEY CHANGES ENTAILED BY THE PROPOSED AMENDMENTS TO THE AUCHAN SCHEME AND THE RT-MART SCHEME

The key changes entailed by the Proposed Amendments to the Auchan Scheme and the RT-Mart Scheme are set out below:

Scheme Life

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

Eligible Participants

All employees of the ACI Group who have been employed by the ACI Group for 6 months or more are eligible to participate in the Auchan Scheme.

All employees of the CIC Group who have been employed by the CIC Group for 6 months or more are eligible to participate in the RT-Mart Scheme.

The Directors (including INEDs) consider the scope for “eligible participants” and the basis of determining the eligibility of participants to be appropriate and aligns with the purpose of the Employee Trust Benefit Schemes because given the nature of the businesses being carried out by ACI and CIC, all Eligible Participants are key personnel in driving the success of the ACI Group and CIC Group, respectively.

Scheme Mandate Limits

The maximum amount of capital in ACI which may be injected by the Trustee in respect of the Auchan Scheme must not exceed 10% of the ACI Registered Capital as at the date of the shareholders’ approval of the limit (the “**ACI Scheme Mandate Limit**”).

The maximum amount of capital in CIC which may be injected by the Trustee in respect of the RT-Mart Scheme must not exceed 10% of the CIC Registered Capital as at the date of the shareholders’ approval of the limit (the “**CIC Scheme Mandate Limit**”).

The portion of both the Employer’s Contribution and the Employee’s Contribution which contributes to a subsequent capital injection in ACI and/or CIC (as the case may be) would be deducted from the Scheme Mandate Limits.

As at the date of this announcement, the amount of ACI Registered Capital and CIC Registered Capital were US\$371,367,930 and US\$248,686,403, respectively.

Each of the ACI Scheme Mandate Limit and the CIC Scheme Mandate Limit may be refreshed after three years from the Amendment Date or the date of approval of their last refreshment (as the case may be), subject to prior approval from the Shareholders. Any refreshment of any of the ACI Scheme Mandate Limit and/or CIC Scheme Mandate Limit within any three-year period must be approved by the independent Shareholders, with all the controlling shareholders and their associates (or if there is no controlling shareholder, Directors (excluding INEDs) and the chief executive of the Company and their respective associates) abstaining from voting in favor of the relevant resolution at the general meeting.

Restrictions on Grant

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

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

Vesting Period of the Trust Units

Trust Units are immediately vested with the Selected Participants on the day of the subscription. However, Trust Units held by the Selected Participants are subject to the following disposal restrictions:

- (a) a General Employee and a Managerial Employee is restricted for a period of five (5) years from the date of grant to dispose of his or her Trust Units acquired through the Employer’s Contribution (“**Freeze Period**”); and
- (b) a Managerial Employee is restricted for a period of twenty-five (25) years from the date of grant to dispose his or her Trust Units acquired through the Retirement Saving Contributions (“**Lock-up Period**”, together with the Freeze Period, the “**Restricted Period**”)

Trust Units acquired through the Employee’s Contribution are not subject to any specific freeze period pursuant to the terms of the Auchan Scheme and the RT-Mart Scheme. However, a Selected Participant may only dispose of his or her Trust Units held for not less than twelve (12) months and at a time designated by the respective management committees of the Auchan Scheme and the RT-Mart Scheme.

Further, holders of Trust Units are only permitted to dispose of Trust Units that he or she holds once every year on the day when the annual transaction window is opened. The annual transaction window of one year and the following year is not less than twelve (12) months’ apart. No transaction could be made if the annual transaction window is closed. If a Selected Participant wishes to dispose some or all of his or her Trust Units previously awarded, he or she shall first submit a disposal election to indicate the number of Trust Units he or she intends to dispose of prior to the day of the prescribed annual transaction window determined by the respective management committees of the Auchan Scheme and the RT-Mart Scheme and all the transfers and/or subscription of Trust Units shall take place on the same day (“**Trust Unit Transaction Date**”) after all the purchase elections have been matched against all disposal elections among all the Selected Participants of the respective schemes.

Pursuant to Rule 17.03F of the Listing Rules, the vesting period shall not be less than twelve (12) months or such other period as the Listing Rules may prescribe or permit, subject to a shorter vesting period at the discretion of the Board or the Remuneration Committee under specific circumstances in relation to grant of Trust Units to the Selected Participants.

Since the disposal of the Trust Units is subject to the requirements under the Restricted Period, which restricts the immediate disposal of the Trust Units acquired in the same year, coupled with the arrangement that the Trust Unit Transaction Date for every year would be no less than 12 months' apart, the Board is of the view that such arrangement is appropriate and aligns with the purpose of the Employee Trust Benefits Schemes to motivate and retain experienced personnel to strive for the future development and expansion of the Group.

Performance Target and Clawback Mechanism

The Auchan Scheme and the RT-Mart Scheme do not prescribe specific performance targets that must be met before any Trust Units can be vested. Having considered that the Selected Participants of the Auchan Scheme and the RT-Mart Scheme are General Employees of the ACI Group and/or the CIC Group, the Board is of the view that it may not always be appropriate to impose performance target(s) on the Selected Participants. Further, as the value of the Trust Units held by the Selected Participants reflects the performance of the ACI Group and the CIC Group (as the case may be), the Board considers that such arrangement can achieve the purpose to motivate Selected Participants to continuously increase the value of the ACI Group and the CIC Group and is beneficial to the Company.

In addition, Trust Units held by the Selected Participants are subject to clawback by the Trustee at nil consideration under certain circumstances specified in the Auchan Scheme and the RT-Mart Scheme, such as, if the Selected Participant commits, participates in or organises any criminal acts or illegal acts that may be punishable by re-education through labour against the Group and/or the ACI Group and/or the CIC Group (as the case may be). The Trust Units bought back would be cancelled and the assets corresponding to the cancelled Trust Units will form part of the pool of the trust assets and shared by other holders of Trust Units.

IMPLICATIONS UNDER THE LISTING RULES

Pursuant to Rule 17.13 of the Listing Rules, Rules 17.02 to 17.04 and Rules 17.06 to 17.09, with appropriate modifications, apply to share schemes of a Principal Subsidiary of a listed issuer as if they were share schemes of the issuer as described in Rule 17.01(1). As at the date of this announcement, CIC is a Principal Subsidiary of the Company. As such, for so long CIC remains a Principal Subsidiary of the Company, Rule 17.13 applies and the applicable rules under Chapter 17 of the Listing Rules shall apply to the RT-Mart Scheme.

While, as at the date of this announcement, ACI is not a Principal Subsidiary of the Company and Rule 17.13 does not apply, the Company intends to revise the terms of the Auchan Scheme to comply with the applicable requirements of Chapter 17 of the Listing Rules as if the Auchan Scheme is a share scheme of a Principal Subsidiary of the Company.

The Proposed Amendments constitute alterations to the terms and conditions of a share scheme which are of a material nature and therefore shall be approved by Shareholders of the Company in general meeting.

The Proposed Amendments shall take effect on the date of its adoption at the EGM and is conditional upon the passing of the necessary resolution(s) to approve and adopt the Auchan Scheme and the RT-Mart Scheme by the Shareholders at the EGM.

As at the date of this announcement, the amount of the ACI Registered Capital and CIC Registered Capital were US\$371,367,930 and US\$248,686,403, respectively. Assuming that there is no change to the amount of the ACI Registered Capital and the CIC Registered Capital between the the date of this announcement and the Amendment Date, the Scheme Mandate Limits shall not exceed US\$37,136,793 for the Auchan Scheme and US\$24,868,640.3 for the RT-Mart Scheme (i.e. representing 10% of the ACI Registered Capital and CIC Registered Capital, respectively, as at the Amendment Date).

EGM

An EGM will be convened and held in due course to consider and, if thought fit, approve (i) the Proposed Amendments to Auchan Scheme and the RT-Mart Scheme and (ii) the Scheme Mandate Limits. A circular of the Company containing, among others, (i) details of the Auchan Scheme and the RT-Mart Scheme; and (ii) a notice convening the EGM is expected to be dispatched to the Shareholders in accordance with the requirements of the Listing Rules in due course.

As of the date of this announcement, (i) the Proposed Amendments to the Auchan Scheme and the RT-Mart Scheme and (ii) the Scheme Mandate Limits, remain subject to the approval of the Shareholders. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

DEFINITIONS

“2023 Annual Report”	the annual report of the Company for the year ended 31 March 2023
“ACHK”	Auchan (China) Hong Kong Limited, a limited liability company incorporated in Hong Kong on 10 January 2001 and a wholly-owned subsidiary of the Company
“ACI”	Auchan (China) Investment Co., Ltd., (歐尚(中國)投資有限公司), a limited liability company incorporated in the PRC on 10 April 2002 and a non wholly-owned subsidiary of ACHK
“ACI Registered Capital”	the entire registered capital of ACI from time to time
“ACI Group”	ACI and its subsidiaries
“Amendment Date”	the date on which the Proposed Amendments to the Auchan Scheme and the RT-Mart Scheme are approved by the Shareholders
“Auchan Scheme”	the employee trust benefit scheme established for the employees of the ACI Group and proposed to be amended at the EGM
“Board”	the board of Directors
“CIC”	Concord Investment (China) Limited (康成投資(中國)有限公司), a limited liability company incorporated in the PRC on 23 March 2005 and a non wholly-owned subsidiary of our Company
“CIC Registered Capital”	the entire registered capital of CIC from time to time

“CIC Group”	CIC and its subsidiaries
“Company”	Sun Art Retail Group Limited (高鑫零售有限公司), a company incorporated under the laws of Hong Kong on 13 December 2000 with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“Director(s)”	directors of the Company or any one of them
“EGM”	an extraordinary general meeting of the Company to be held and convened for the purpose of, considering and, if thought fit, approving (i) the Proposed Amendments to the Auchan Scheme and the RT-Mart Scheme and (ii) the Scheme Mandate Limits
“Eligible Participant(s)”	participants eligible to participate in the Auchan Scheme and the RT-Mart Scheme and purchase Trust Unit(s), who are employees of the ACI Group and the CIC Group from time to time
“Employee Trust Benefit Schemes”	the employee trust benefit schemes for the benefit of the employees of the ACI Group and the CIC Group, which consist of the Auchan Scheme and the RT-Mart Scheme and proposed to be further amended at the EGM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“INED(s)”	independent non-executive Directors of the Company or any one of them
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
“PRC”	the People’s Republic of China excluding, for the purposes of this announcement only, Hong Kong, Macao and Taiwan
“Principal Subsidiary”	shall bear the meaning as defined in the Listing Rules
“Proposed Amendments”	the proposed amendments to the Auchan Scheme and the RT-Mart Scheme, principal terms of which are set out in this announcement
“Prospectus”	the prospectus issued by the Company dated 4 July 2011
“RT-Mart Scheme”	the employee trust benefit scheme established for the employees of CIC Group and proposed to be amended at the EGM
“Scheme Mandate Limits”	collectively, the ACI Scheme Mandate Limit and the CIC Scheme Mandate Limit

“Selected Participant(s)”	Eligible Participant(s) who has opted to participate in the Auchan Scheme or the RT-Mart Scheme and purchased Trust Unit(s) in accordance with the provisions set out in the Auchan Scheme and the RT-Mart Scheme
“Share(s)”	ordinary shares of the Company in issue
“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Trust Units”	units of beneficial rights in the trust assets (including the cash portion and share portion) held by the Trustee in the Auchan Scheme or the RT-Mart Scheme (as the case may be)
“Trustee”	Hwabao Trust Co., Ltd., the trustee appointed by the Board to hold Trust Units for the administration of the Auchan Scheme and the RT-Mart Scheme or any additional or replacement trustee(s)
“US\$”	United States dollar, the lawful currency of the United States
“Vesting Period”	in respect to a Selected Participant, the period commencing on the date on which the Trust Units have been granted to such Selected Participant and ending on the date on which such Selected Participant is able to dispose of the Trust Units

By Order of the Board
Sun Art Retail Group Limited
LIN Xiaohai
Executive Director and Chief Executive Officer

Hong Kong, 26 July 2023

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

Executive Director:
 LIN Xiaohai (*Chief Executive Officer*)

Non-Executive Directors:
 HUANG Ming-Tuan (*Chairman*)
 HAN Liu
 LIU Peng

Independent Non-Executive Directors:
 Karen Yifen CHANG
 Charles Sheung Wai CHAN
 Dieter YIH