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## **THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in Sun Art Retail Group Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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)**

## **(1) PROPOSED AMENDMENTS TO EMPLOYEE TRUST BENEFIT SCHEMES AND (2) NOTICE OF EXTRAORDINARY GENERAL MEETING**

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Capitalised terms used in this cover page have the same meanings as those defined in the circular.

The notice convening the Extraordinary General Meeting of Sun Art Retail Group Limited to be held at Victoria Room, 2nd Floor, Mandarin Oriental Hong Kong, 5 Connaught Road Central, Hong Kong on Wednesday, 16 August 2023 at 5:30 p.m. (or immediately following the conclusion of the extraordinary general meeting of the Company to be held at 5:00 p.m. on the same day and at the same place, whichever is earlier) is set out in this circular.

Whether or not you are able to attend the Extraordinary General Meeting, please complete and sign the enclosed form of proxy for use at the Extraordinary General Meeting in accordance with the instructions printed thereon and return it to the Company's share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the Extraordinary General Meeting (i.e. not later than 5:30 p.m. on Monday, 14 August 2023 (Hong Kong time)) or the adjourned meeting (as the case may be). Completion and return of the form of proxy will not preclude shareholders from attending and voting in person at the Extraordinary General Meeting if they so wish.

This circular together with the form of proxy are also published on the websites of Hong Kong Exchanges and Clearing Limited ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.sunartretail.com](http://www.sunartretail.com)).

References to time and dates in this circular are to Hong Kong time and dates.

1 August 2023

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## DEFINITIONS

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*In this circular, unless the context otherwise requires, the following expressions have the following meanings:*

“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 Group”	ACI and its subsidiaries
“ACI Registered Capital”	the entire registered capital of ACI from time to time
“Amendment Date”	the date on which the Proposed Amendments to the Auchan Scheme and the RT-Mart Scheme are approved by the Shareholders
“Articles of Association”	the articles of association of the Company, as amended from time to time
“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 Group”	CIC and its subsidiaries
“CIC Registered Capital”	the entire registered capital of CIC from time to time
“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

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## DEFINITIONS

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“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
“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
“Latest Practicable Date”	27 July 2023, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“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 circular 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 Appendix I to this circular
“Prospectus”	the prospectus issued by the Company dated 4 July 2011

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## DEFINITIONS

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“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

**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)**

*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

Dieter YIH

Charles Sheung Wai CHAN

*Registered Office in Hong Kong:*

5/F, Manulife Place

348 Kwun Tong Road

Kowloon, Hong Kong

*Place of Business in the People's*

*Republic of China:*

No. 255, Jiangchang Xi Road

Jing'an District,

200436 Shanghai

China

1 August 2023

*To the Shareholders*

Dear Sir or Madam,

**1. PROPOSED AMENDMENTS TO EMPLOYEE TRUST  
BENEFIT SCHEMES**

**AND**

**2. NOTICE OF EXTRAORDINARY GENERAL MEETING**

**1. INTRODUCTION**

The purpose of this circular is to provide you with information and seek your approval in respect of the resolution to be proposed at the EGM in respect of the Proposed Amendments to the Auchan Scheme and the RT-Mart Scheme. For details of the proposed resolution at the EGM, please refer to the notice of the EGM.

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## LETTER FROM THE BOARD

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### 2. PROPOSED AMENDMENTS TO THE EMPLOYEE TRUST BENEFIT SCHEMES

#### 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 ACI Group and the CIC 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.

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## LETTER FROM THE BOARD

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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 ACI and CIC 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



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## LETTER FROM THE BOARD

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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 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 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 Company is pleased to announce that the Board 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.

### **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.

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## LETTER FROM THE BOARD

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### *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 Latest Practicable Date, 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.

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## LETTER FROM THE BOARD

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### *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 ACI Registered Capital or 0.1% of the CIC 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 Contribution (“**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.

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## LETTER FROM THE BOARD

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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 target 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.

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## LETTER FROM THE BOARD

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A summary of the principal terms of the Auchan Scheme and the RT-Mart Scheme to be approved at the EGM is set out in Appendix I to this circular. The rules of the Auchan Scheme and the RT-Mart Scheme were drafted in Chinese, without formal English version. As such, the English translation shall be for reference only. In case of any discrepancies, the Chinese version shall prevail over the English version.

### 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 Latest Practicable Date, 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 Latest Practicable Date, 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 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 and shall take effect on the date of its adoption at the EGM.

As at the Latest Practicable Date, 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 Latest Practicable Date 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).

### 3. EGM AND PROXY ARRANGEMENT

The notice of the EGM to consider and, if appropriate, to approve (i) the Proposed Amendments to the Auchan Scheme and the RT-Mart Scheme and (ii) the Scheme Mandate Limits is set out on pages 26 to 27 of this circular.

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## LETTER FROM THE BOARD

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Pursuant to the Listing Rules and the Articles of Association, any vote of Shareholders at a general meeting must be taken by poll except where the chairman decides to allow a resolution relating to a procedural or administrative matter to be voted on by a show of hands. An announcement on the poll results will be published by the Company after the EGM in the manner prescribed under the Listing Rules.

A form of proxy is enclosed for use at the EGM. Such form of proxy is also published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.sunartretail.com](http://www.sunartretail.com)). Whether or not you intend to be present at the EGM, you are requested to complete the form of proxy and return it to the Company's share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong in accordance with the instructions printed thereon not less than 48 hours before the time fixed for the holding of the EGM (i.e. by no later than 5:30 p.m. on Monday, 14 August 2023). Completion and delivery of the form of proxy will not preclude you from attending and voting at the EGM if you so wish and, in such event, the form of proxy shall be deemed to be revoked.

#### **4. CLOSURE OF REGISTER OF MEMBERS**

For determining the entitlement to attend and vote at the EGM, the Register of Members of the Company will be closed from Friday, 11 August 2023 to Wednesday, 16 August 2023, both days inclusive, during which period no transfer of Shares of the Company will be registered. In order to be eligible to attend and vote at the EGM, unregistered holders of shares of the Company shall ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Thursday, 10 August 2023.

#### **5. RECOMMENDATION**

The Directors consider that the proposed resolution as set out in the notice of the EGM in relation to the Proposed Amendments to the Auchan Scheme and the RT-Mart Scheme to be in the interests of the Group and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the resolution(s) to be proposed at the EGM.

#### **6. GENERAL**

None of the Directors is a trustee of the Auchan Scheme and the RT-Mart Scheme nor has a direct or indirect interest in the Trustee.

As at the Latest Practicable Date, to the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, no Shareholder had a material interest in the Auchan Scheme and the RT-Mart Scheme. As such, no Shareholder is required to abstain from voting on resolution(s) in relation thereto. The results of the poll will be published on the websites of the Stock Exchange and the Company after conclusion of the EGM in the manner prescribed under the Listing Rules and/or the Articles of Association.

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## LETTER FROM THE BOARD

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A summary of the principal terms of the Auchan Scheme and the RT-Mart Scheme is set out in Appendix I to this circular. A copy of each of the Auchan Scheme and the RT-Mart Scheme will be made available for inspection at the EGM and will be published on the websites of the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.sunartretail.com](http://www.sunartretail.com)) for not less than 14 days before the date of the EGM. The rules of each of the Auchan Scheme and the RT-Mart Scheme were written in Chinese, without formal English version. As such, the English translations shall be for reference only. In case of any discrepancies, the Chinese versions shall prevail.

### 7. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

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

*The following is a summary of the principal terms of the Auchan Scheme and the RT-Mart Scheme to be approved at the EGM. It does not form part of, nor is it intended to be part of the rules of the Auchan Scheme and the RT-Mart Scheme nor should it be taken as effecting the interpretation of the Auchan Scheme and the RT-Mart Scheme. The Directors reserve the right at any time prior to the EGM to make such amendments to the Auchan Scheme and the RT-Mart Scheme as they may consider necessary or appropriate provided that such amendments do not conflict with any material aspects with the summary in this Appendix. The rules of the Auchan Scheme and the RT-Mart Scheme were drafted in Chinese, without formal English version. As such, the English translation shall be for reference only. In case of any discrepancies, the Chinese version shall prevail over the English version.*

## **1. PURPOSE**

The purposes of the Auchan Scheme and the RT-Mart Scheme are (i) to align the interests of the Eligible Participants with those of the Group and share the success and benefits of the growth in the businesses of the ACI Group and the CIC Group through ownership of the CIC Registered Capital and ACI Registered Capital represented by holding the Trust Units, and/or the increase in value of the Trust Units/CIC Registered Capital or ACI Registered Capital (as the case may be); (ii) to encourage and retain Eligible Participants to make contributions to the long-term growth and profits of the Group; (iii) to recognise and reward the valuable past contribution by the Eligible Participants; and (iv) to retain experienced personnel.

## **2. 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.

## **3. EMPLOYER'S CONTRIBUTION, RETIREMENT SAVING CONTRIBUTION AND EMPLOYEE'S CONTRIBUTION**

The amount of Employer's Contribution to the Selected Participants 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 Retirement Saving Contribution) per annum shall not exceed 14% of the net profits after tax of ACI and CIC, respectively, in any financial year. Any such amount granted to Selected Participants must be used to purchase the Trust Units under the Auchan Scheme and RT-Mart Scheme, as appropriate.



The Selected Participant may, but not is obliged to, make voluntary cash contributions to the trust, i.e. Employee's Contribution. The amount of the 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.

For Managerial Employees, in addition to the Employer's Contribution, ACI Group and CIC Group, will make further cash payment to the trust on their behalf as Retirement Saving Contribution as additional incentive. The aggregate amount of Retirement Saving Contribution per annum shall not exceed 4% of the net profits after tax of ACI and CIC of the corresponding financial year, respectively.

The Trustee's maximum equity interest in respect of all contributions made (including Employer's Contribution, Retirement Saving Contribution and Employee's Contribution) shall be capped at 15% of the ACI Registered Capital and the CIC Registered Capital, respectively.

#### **4. DURATION AND ADMINISTRATION**

##### **(a) Term of the Auchan Scheme and the RT-Mart Scheme**

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.

##### **(b) Administration of the Auchan Scheme and the RT-Mart Scheme**

Subject to the Listing Rules, the Auchan Scheme and the RT-Mart Scheme shall be subject to the administration of their respective management committees. The composition of the management committees of the Auchan Scheme and the RT-Mart Scheme are identical which each consist of six executive-level employees of the Group and six employees' representatives of each of the ACI Group and the CIC Group, as the case may be, and the Company has no control over the management committees. The management committees independently decide on, among others, (i) the ratio of the Cash Portion to the Share Portion within its portfolio of trust assets; (ii) whether to dispose the equity interest in ACI or CIC in the trust to the Group in return for cash for satisfying its need to payout the employees should any Selected Participant decides to dispose of the Trust Units that he or she holds.

**(c) Interpretation of the Auchan Scheme and the RT-Mart Scheme**

Subject to the Listing Rules, the decision of the ACI Group and CIC Group, together with the management committees, in respect of all matters relating to the Auchan Scheme and the RT-Mart Scheme or their interpretation or effect shall be final and binding.

**(d) Trustee**

A Trustee is appointed to assist with the administration of the schemes and vesting of Trust Units granted pursuant to the Auchan Scheme and the RT-Mart Scheme. The Company may (i) allot and issue ACI Registered Capital and CIC Registered Capital (as the case may be) to be held by the Trustee for the benefit of the Selected Participants and/or (ii) direct and procure the Trustee to receive or purchase existing ACI Registered Capital from any shareholder of ACI and CIC Registered Capital Shares from any shareholder of CIC (as the case may be). All ACI Registered Capital and all CIC Registered Capital underlying the Trust Units granted and to be granted under the Auchan Scheme and the RT-Mart Scheme will be transferred, allotted or issued to the Trustee for the benefit of Selected Participants.

**(e) Conditions**

The Auchan Scheme and the RT-Mart Scheme are conditional upon the passing of the ordinary resolution to approve and adopt the Auchan Scheme and the RT-Mart Scheme by the Shareholders in the general meeting of the Company.

**(f) Performance Target**

There is no performance target that must be met before any Employer's Contribution or Retirement Saving Contribution can be granted.

**(g) Purchase and Disposal of Trust Units**

The Selected Participants are permitted to elect to purchase or dispose of Trust Units once a year. Following the receipt of the elections by the Selected Participant, the Trustee shall, to the extent practicable, match the purchase elections with disposal elections.

Following the matching exercise by the Trustee, to the extent there is any surplus purchase election, the Trustee may elect to carry out a capital injection into ACI and/or CIC (as the case may be) in order to increase the Trustee's equity interest in ACI and/or CIC (as the case may be) but the Trustee's maximum equity interest in each of ACI and CIC shall be capped at 15% of the ACI Registered Capital and the CIC Registered Capital. On the contrary, to the extent there is any surplus disposal election, the Trustee may elect to dispose of its equity interest in ACI and/or CIC (as the case may be) to the Group. For the avoidance of doubt, the Trustee would perform the matching exercise once per financial year, any surplus purchase election or surplus disposal election would be dealt with in the same financial year and would not be carried forward to the next financial year.

**(h) Assessment of the Transfer Price of the Trust Units**

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.

**5. ASSIGNMENT OF TRUST UNITS**

The Trust Units granted pursuant to the Employee Trust Benefit Schemes are personal to each Selected Participant and are not assignable. Selected Participants are prohibited from selling, transferring, assigning, charging, mortgaging, encumbering, hedging or creating any interest in favour of any other person over or in relation to any property held by the Trustee on trust for the Selected Participants, the Trust Units, or any interest or benefits therein.

**6. GRANT OF TRUST UNITS****(a) Restriction on grant of Trust Units**

Any grant of Trust Units to a Director (whether executive or non-executive, but excluding INEDs), chief executive or substantial shareholder of the Company, or any of their respective associates, under respective share schemes must be approved by the INEDs.

The maximum amount of beneficial interests in each of ACI and CIC represented by the Trust Units 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 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.

## 7. VESTING PERIOD OF 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 of his or her Trust Units acquired through the Retirement Saving Contribution ("**Lock-up Period**", together with the Freeze Period, the "**Restricted Period**").

### **Freeze Period (Employer's Contribution)**

For General Employees, he or she may not dispose of the Trust Units funded by or acquired through the Employer's Contribution for a period of five (5) years from the date of grant, save for certain circumstances as prescribed in the terms of the Auchan Scheme and the RT-Mart Scheme (e.g. death or serious injury of employees). If a General Employee terminates his or her employment relationship with the Group and therefore ceases to be an Eligible Participant of the Auchan Scheme or the RT-Mart Scheme, the Trust Units:-

- (i) will be disposed at fair value at the next annual transaction window, if the Freeze Period has expired for the relevant Trust Units;
- (ii) will be disposed at the original purchase price at the next annual transaction window, if Freeze Period has not expired and the employee has held the relevant Trust Units for a year or more;
- (iii) will be disposed at nil consideration at the next annual transaction window, being returned to the Trust which will then make them available for subscription by existing participants of the share schemes, if the Freeze Period has not expired and the employee has held the relevant Trust Units for less than a year.

### **Freeze Period (Employee's Contribution)**

Trust Units are immediately vested on the date of grant. Trust Units acquired through Employee's Contribution is also not subject to any specific freeze period pursuant to the scheme rules. However, a Selected Participant may only dispose of his or her Trust Units held for not less than 12 months and at a time designated by the management committees of the Auchan Scheme and the RT-Mart Scheme.

**Lock-up Period (Retirement Saving Contribution)**

Managerial Employees are restricted from disposing of his or her Trust Units with respect to the portion of Retirement Saving Contribution for a period of twenty-five (25) years from the date of grant unless he or she has attained the statutory retirement age and completed all necessary statutory procedures.

For Managerial Employees whose trust units are subject to the 25 years Lock-up Period and leave the ACI Group/the CIC Group before the expiry of the 25 years Lock-up Period, their Trust Units with respect to the portion of Retirement Saving Contribution will be forfeited and will form part of the pool of the trust assets and shared by other holders of Trust Units.

**8. BASIS OF DETERMINING THE PURCHASE PRICE OF THE TRUST UNITS**

The value of Trust Units is determined by reference to the annual appraisal report of ACI or CIC (as the case may be) which is prepared by an independent expert and reviewed by another independent expert. No other payment for the Trust Units is required for the Trust Units acquired by Employers' Contribution and the Retirement Saving Contribution.

**9. CLAWBACK MECHANISM**

- (a) If a Selected Participant ceases to be an Eligible Participant by reason of death, the Freeze Period restriction would automatically be waived if the Selected Participant still has a portion of the Trust Units subject to the Freeze Period. Regardless of the source of funds used by the Selected Participant to acquire the Trust Units, the Trustee will buy back the Trust Unit with reference to the transfer price on the previous Trust Unit Transaction Date.
- (b) If a Selected Participant ceases to be an Eligible Participant by reason of retirement at his/her normal retirement age as specified in his/her terms of employment with the Group or as prescribed by the applicable laws and regulations, the Selected Participant may elect to:
  - i. on the next Trust Unit Transaction Date after his/her retirement, dispose of all Trust Units at once and withdraw from the Auchan Scheme and the RT-Mart Scheme. In this case, no Trust Units will be subject to the Freeze Period. Regardless of the source of funds used by the Selected Participant to acquire the Trust Units, the Trustee will buy back the Trust Unit with reference to the transfer price on the previous Trust Unit Transaction Date; or

- ii. if the Selected Participant decides to continue to hold the Trust Units at the time of his or her retirement, he or she will no longer be entitled to acquire more Trust Units, but will be able to continue to hold the Trust Units for a period of seven (7) years after the retirement (commencing on the next Trust Unit Transaction Date after the Selected Participant's retirement and expiring on the seventh Trust Unit Transaction Date after the Trust Unit Transaction Date of the year of the retirement). The Freeze Period restriction will automatically be waived upon retirement if the Selected Participant still has a portion of Trust Units subject to the Freeze Period at the time of retirement. During the aforementioned seven-year period, the Selected Participant shall be entitled to transfer the Trust Units held by him/her in the Trustee in any year he/she so wishes. However, the transaction can only take place on the Trust Unit Transaction Date of each year at that year's trading price. Once the seven-year period has expired, the Trustee may buy back all of the remaining Trust Units held by the Selected Participant on the seventh Trust Unit Transaction Date after the Trust Unit Transaction Date of the year of the retirement with reference to the transfer price on the seventh Trust Unit Transaction Date.
  - iii. If the retired Selected Participant dies between the expiry of the seven-year period, the Trustee shall have the right to determine that the Trust Units held by the Selected Participant shall be dealt with in accordance with paragraph (a).
- (c) If a Selected Participant ceases to be an Eligible Participant due to the termination of employment with the Group by reason of his/her disablement as a result of illness, work-related injury, accident or other reasons to the extent that he or she is unable to perform his or her original job at the Group or any adjusted job position, and as a result, the Selected Participant no longer works at the Group (even if the Selected Participant still retains an employment relationship with the Group, the Trustee will, upon the occurrence of such event and upon the date of the termination of the employment contract or the date of which the Selected Participant gives formal notice of resignation, buy back all Trust Units held by the Selected Participant:
- i. For the Trust Units acquired by the Selected Participant with the Employee's Contribution, the Trust Units would be bought back with reference to the transfer price on the Trust Unit Transaction Date prior to the time of termination of the employment contract or when formal notice of resignation is given.
  - ii. For Trust Units acquired by the Selected Participant with the Employer's Contribution, if the Trust Units are not subject to Freeze Period at the time of the Selected Participant's departure, the Trust Units would be bought back with reference to the transfer price on the Trust Unit Transaction Date prior to the

time of termination of the employment or when formal notice of departure is given; if the Trust Units are still subject to the Freeze Period, the Freeze Period would be waived at the next Trust Unit Transaction Date, and the Trust Units would be bought back with reference to the transfer price on the Trust Unit Transaction Date prior to the time of termination of the employment contract or when formal notice of resignation is given.

- iii. This paragraph (c) does not apply if the Selected Participant becomes disabled but continues to work in the Group, the Selected Participant is still eligible to participate in the Auchan Scheme and the RT-Mart Scheme.
  - iv. If the Selected Participant dies before the next Trust Unit Transaction Date after becoming disabled, the Trustee shall have the right to determine that the Trust Units held by the Selected Participant shall be dealt with in accordance with paragraph (a).
- (d) If a Selected Participant ceases to be an Eligible Participant by reason of committing, participating in or organising any criminal acts or illegal acts that may be punishable by reeducation through labour against the ACI Group and/or the CIC Group, the Trustee shall buy back the Trust Units of the Selected Participant on the next Trust Unit Transaction Date:
- i. For the Trust Units acquired by the Selected Participant with the Employee's Contribution, the Trustee will buy back the Trust Units on the next Trust Unit Transaction Date from the time when the relevant administrative/criminal enforcement measure(s) is taken by the public security or investigation authority(ies) against the Selected Participant or when the Selected Participant is subject to criminal punishment or re-education through labour, whichever is earliest, with reference to the transfer price on the Trust Unit Transaction Date prior to the buy back.
  - ii. For the Trust Units acquired by the Selected Participant with the Employer's Contribution, the Trustee will buy back the Trust Units with nil consideration regardless of whether the Trust Units are subject to the Freeze Period.
- (e) If a Selected Participant ceases to be an Eligible Participant by reason of termination of the employment contract, the Trustee will buy back all Trust Units held by the Selected Participant:
- i. For the Trust Units acquired by the Selected Participant with the Employee's Contribution, the Trustee will buy back the Trust Units on the next Trust Unit Transaction Date from the time when the employment contract is terminated, with reference to the transfer price on the Trust Unit Transaction Date prior to the buy back.

- ii. For the Trust Units acquired by the Selected Participant with the Employer's Contribution, the Trustee will buy back the Trust Units on the next Trust Unit Transaction Date from the time when the employment contract is terminated (a) with reference to the transfer price on the Trust Unit Transaction Date prior to the buy back if the Trust Units are no longer subject to the Freeze Period, or (b) at nil consideration if the Trust Units are still subject to the Freeze Period at the time when the employment contract is terminated.
- iii. If the Selected Participant dies before the next Trust Unit Transaction Date after the termination of the employment contract, the Trustee shall have the right to determine that the Trust Units held by the Selected Participant shall be dealt with in accordance with paragraph (a).

## **10. RIGHTS ATTACHED TO TRUST UNITS AND ACI REGISTERED CAPITAL AND CIC REGISTERED CAPITAL**

### **(a) Rights attached to the Trust Units**

A Selected Participant, as a holder of the Trust Units is entitled to the value of the underlying ACI Registered Capital or CIC Registered Capital, as the case may be.

### **(b) Rights attached to ACI Registered Capital and CIC Registered Capital**

Any ACI Registered Capital and CIC Registered Capital held by the Trustee will entitle the Trustee to participate in all dividends or other distributions paid or made on or after the date of the capital injection. The Trustee is entitled to exercise voting rights in respect of the equity interests held in ACI and CIC, in accordance with the instructions of the relevant management committees.

## **11. CANCELLATION OF THE TRUST UNITS**

The Trustee is entitled to forfeit or buy back the Trust Units from the Selected Participants at certain exceptional circumstances as set out in paragraph 9 "Clawback Mechanism" above. The Trust Units bought back would be cancelled and the value corresponding to the cancelled Trust Units will form part of the pool of the trust assets and shared by other holders of Trust Units.



**12. MAXIMUM NUMBER OF ACI REGISTERED CAPITAL AND CIC REGISTERED CAPITAL IN RESPECT OF TRUST UNITS GRANTED UNDER THE AUCHAN SCHEME AND THE RT-MART SCHEME AND MAXIMUM ENTITLEMENT OF EACH PARTICIPANT****(a) 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 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.

Each of the ACI Scheme Mandate Limit and 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.

**(b) Individual Limit**

The maximum amount of Trust Units which 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 the CIC Registered Capital, taking into account of the shares issued and to be issued 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 Unit(s) 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 ACI Registered Capital and the CIC Registered Capital, 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.

**(c) Maximum Entitlement of Each Selected Participant**

The amount of Employer's Contributions to each of the 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 and Retirement Saving Contribution per annum shall not exceed 14% of the net profits after tax of ACI and CIC of the corresponding financial year, respectively. Any such amount granted to Selected Participants must be used to purchase the Trust Units under the respective Auchan Scheme and RT-Mart Scheme. 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. The Trustee's maximum equity interest in respect of all contributions made in respect of all contributions shall be capped at 15% of the ACI Registered Capital and CIC Registered Capital.

**13. ALTERATION OF THE AUCHAN SCHEME AND THE RT-MART SCHEME**

With one year's advance notice, ACI and CIC, as the case may be, and their respective management committees have the rights to alter and amend the terms and conditions of the Auchan Scheme and the RT-Mart Scheme when they deem necessary. Such notice of alteration and amendments of the terms and conditions may be made during the period after the Trust Unit Transaction Date of each year and before the announcement of the date for the annual appraisal report for the next year. Any such alteration and amendments shall not have any retrospective effect.

Notwithstanding the provisions in the preceding paragraph, any alteration or amendments to the following terms and conditions of the Employee Trust Benefit Schemes must be approved by Shareholders in general meeting:

- (a) Any alterations to the terms and conditions of the Employee Trust Benefit Schemes which are of a material nature or any alterations to the provisions relating to the matters set out in Rule 17.03 of the Listing Rules to the advantage of the Selected Participants;
- (b) Provisions relating to the rights of the Selected Participants to acquire Trust Units; and
- (c) Terms of reference of the management committees in respect of their rights to alter or amend the terms and conditions of the Employee Trust Benefit Schemes,

provided that the amended terms of the Employee Trust Benefit Schemes shall continue to comply with the relevant provisions of the Listing Rules and other applicable laws.

Any change to the terms of Trust Unit(s) granted to a Selected Participant must be approved by the Board, the Remuneration Committee, the independent non-executive Directors and/or the Shareholders (as the case may be) if the initial grant of the Trust Unit(s) was approved by the Board, the Remuneration Committee, the independent non-executive Directors and/or the Shareholders (as the case may be).

**14. TERMINATION OF THE AUCHAN SCHEME AND THE RT-MART SCHEME**

Subject to the provisions of the Listing Rules, the management committees may by resolution terminate the Employee Trust Benefits Schemes at any time before its expiration. Trust Units obtained by the Selected Participants under the Employee Trust Benefit Schemes prior to its termination will be dealt with in accordance with the trust liquidation procedures pursuant to the Trust Law of the People's Republic of China (《中華人民共和國信託法》).

During the process of the trust liquidation, the Trustee will dispose the trust property. The proceeds from such disposal, less the trust-related expenses, will be distributed to the beneficiaries of the trust based on the number of trust units held at the time of the liquidation.

**15. GOVERNING LAW**

The Employee Trust Benefits Schemes and the Trust Units granted thereunder shall be governed by and construed in accordance with PRC laws.

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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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)**

**NOTICE IS HEREBY GIVEN THAT** an extraordinary general meeting (the “**EGM**”) of Sun Art Retail Group Limited 高鑫零售有限公司 (the “**Company**”) will be held at Victoria Room, 2nd Floor, Mandarin Oriental Hong Kong, 5 Connaught Road Central, Hong Kong on Wednesday, 16 August 2023 at 5:30 p.m. (or immediately following the conclusion of the extraordinary general meeting of the Company to be held at 5:00 p.m. on the same day and at the same place, whichever is earlier) to consider and, if thought fit, passing, with or without modifications, the following resolution. Unless otherwise defined, capitalised terms defined in the circular dated 1 August 2023 (the “**Circular**”) shall have the same meanings when used in this notice.

#### ORDINARY RESOLUTION

1. “**THAT:**

- (a) the proposed amendments (the “**Proposed Amendments**”) to the employee trust benefit schemes of the Company currently in force, the principal terms of which as set out in Appendix I to the circular of the Company dated 1 August 2023 be and are hereby approved and adopted, and the Directors be and are hereby authorised to do all things necessary to implement the adoption of the Proposed Amendments to the Auchan Scheme and the RT-Mart Scheme;
- (b) the amended Auchan Scheme and the amended RT-Mart Scheme which incorporates all of the Proposed Amendments, a copy of which has been produced to this meeting and signed by the Executive Director and Chief Executive Officer for identification purpose be and is hereby approved and adopted in substitution for, and to the exclusion of, the Auchan Scheme and the RT-Mart Scheme with immediate effect after the conclusion of this meeting; and
- (c) the total amount of capital which may be contributed by the trustee of the Auchan Scheme and the RT-Mart Scheme for the purpose of the Auchan Scheme and the RT-Mart Scheme pursuant to (a) and (b) above and any other share schemes involving contribution of registered capital in ACI or CIC (i) in respect of ACI, shall not in aggregate exceed 10% of the total registered capital of ACI; and (ii) in respect of CIC, shall not in aggregate exceed 10% of the total registered capital of CIC, as at the date of the passing of this resolution, and the approvals in paragraphs (a) and (b) above shall be limited accordingly.”

By Order of the Board  
**Sun Art Retail Group Limited**  
**LIN Xiaohai**

*Executive Director and Chief Executive Officer*

Hong Kong, 1 August 2023

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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*Notes:*

1. The resolution at the meeting will be taken by poll (except where the chairman decides to allow a resolution relating to a procedural or administrative matter to be voted on by a show of hands) pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”). The results of the poll will be published on the websites of Hong Kong Exchanges and Clearing Limited and the Company in accordance with the Listing Rules.
2. Any shareholder of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of him/her. A proxy need not be a shareholder of the Company. If more than one proxy is appointed, the number of shares in respect of which each such proxy so appointed must be specified in the relevant form of proxy. Every shareholder present in person or by proxy shall be entitled to one vote for each share held by him/her.
3. In order to be valid, the form of proxy together with the power of attorney or other authority, if any, under which it is signed or a certified copy of that power of attorney or authority, must be deposited at the Company’s share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for the EGM (i.e. not later than 5:30 p.m. on Monday, 14 August 2023 (Hong Kong time)) or the adjourned meeting (as the case may be). Delivery of the form of proxy shall not preclude a shareholder of the Company from attending and voting in person at the meeting and, in such event, the instrument appointing a proxy shall be deemed to be revoked.
4. For determining the entitlement to attend and vote at the EGM, the Register of Members of the Company will be closed from Friday, 11 August 2023 to Wednesday, 16 August 2023, both days inclusive, during which period no transfer of Shares of the Company will be registered. In order to be eligible to attend and vote at the EGM, unregistered holders of shares of the Company shall ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company’s Hong Kong share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Thursday, 10 August 2023.
5. A circular containing further details concerning items 1(a) to 1(c) set out in the above notice will be sent to all shareholders of the Company.
6. References to time and dates in this notice are to Hong Kong time and dates.
7. Bad weather arrangements:

The EGM will be held on Wednesday, 16 August 2023 as scheduled regardless of whether or not any rainstorm warning signal or tropical cyclone signal is in force in Hong Kong at any time on that day. Shareholders may visit the website of the Company ([www.sunartretail.com](http://www.sunartretail.com)) for details of the alternative meeting arrangements. Shareholders should make their own decision as to whether they would attend the EGM under bad weather conditions having regard to their own situation and if they should choose to do so, they are advised to exercise care and caution.