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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)

SUPPLEMENTAL ANNOUNCEMENT CONTINUING CONNECTED TRANSACTION 2024 EBC REIMBURSEMENT FRAMEWORK AGREEMENT

Reference is made to the announcement (“**Announcement**”) of the Company dated 28 March 2024 in relation to the 2024 EBC Reimbursement Framework Agreement entered into between the Company and Alibaba Holding. Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in the Announcement.

In addition to the information disclosed in the Announcement, the Board would like to provide the following additional information in relation to the internal control measures for monitoring the pricing policy and the annual cap for the continuing connected transactions contemplated under the 2024 EBC Reimbursement Framework Agreement.

INTERNAL CONTROL MEASURES

As disclosed in the Announcement, the amount which Alibaba Holding or the Company may allocate and/or settle under the 2024 EBC Reimbursement Framework Agreement (as the case may be) is determined with reference to, among other things, (1) the terms of recent transactions of a similar size and nature acceptable to the Group; (2) current market practice; (3) number of the relevant awards (whether vested or unvested); (4) number of the relevant grantees; (5) the period in which the employment is transferred; and (6) the fair market value of the relevant awards as at the grant date or the transfer date, to be reasonably determined by the parties.

In connection with the abovementioned basis of determination of amount to be allocated and/or settled, the Company has adopted and implemented the following internal control procedures to comply with the Listing Rules requirements with respect to the supervision and monitoring of the continuing connected transactions contemplated under the 2024 EBC Reimbursement Framework Agreement between the Group and Alibaba Holding:

- (1) The Group’s finance department and human resources department are responsible for preparing or reviewing first draft of the Definitive Agreement to be entered into with Alibaba Holding which set out the detailed terms of the proposed transaction under the 2024 EBC Reimbursement Framework Agreement. Such terms include (a) the amount of reimbursement calculated with

reference to, amongst others, number of the relevant awards (whether vested or unvested), number of the relevant grantee(s), the period in which the employment is transferred, the fair market value of the relevant awards as at the grant date or the transfer date, current market practice and terms of recent transaction of similar nature and size acceptable to the Group; (b) payment terms of the reimbursement amount; and (c) the settlement method of the reimbursement amount. The Definitive Agreements will be prepared or reviewed with the view to ensure their terms are in the best interest of the Group.

- (2) The draft Definitive Agreements are required to be submitted to the legal department, together with other supporting materials including the basis of calculating the amount of reimbursement and analyses on fairness of the terms under the relevant Definitive Agreement. Furthermore, the finance department is also tasked to track actual transaction amounts and the use of the annual caps on a monthly basis and provide updated information to the legal department, the chief executive officer and the chief financial officer of the Company at the same time.
- (3) The legal department will also provide regular updates of connected transactions under the 2024 EBC Reimbursement Framework Agreement with transaction amounts to the board of Directors (including the independent non-executive Directors).
- (4) In the event the relevant annual cap amounts as approved previously are likely to be exceeded, the finance department will immediately notify the Board and shall agree with it the need to put forth any revised annual cap amount for that year and any subsequent year during the term of the 2024 EBC Reimbursement Framework Agreement. The Company will take prompt action to make necessary disclosure and obtain the approval as required under the Listing Rules.
- (5) On a quarterly basis (including at the end of each financial year), the independent non-executive Directors will review the continuing connected transactions under the 2024 EBC Reimbursement Framework Agreement with a view to see whether such continuing connected transactions have been conducted on normal commercial terms or better, in accordance with the 2024 EBC Reimbursement Framework Agreement and the relevant Definitive Agreement on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole, and whether the internal control procedures put in place by the Company are adequate and effective to ensure that such continuing connected transactions are conducted in accordance with the basis of determination of amount to be allocated and/or settled set out in the 2024 EBC Reimbursement Framework Agreement.
- (6) Pursuant to the Listing Rules, the Company's external auditors will review the connected transactions under the 2024 EBC Reimbursement Framework Agreement annually to check and confirm (among others) whether the basis of determination of amount to be allocated and/or settled has been adhered to and whether the relevant annual caps have been exceeded.

The Directors (including the independent non-executive Directors) are of the view that the above methods and procedures can ensure that the amount to be allocated and/or settled and other contract terms for the continuing connected transactions contemplated under the 2024 EBC Reimbursement Framework Agreement are on normal commercial terms, fair and reasonable and in the interests of the Group and the shareholders of the Company as a whole and that such transactions are conducted in compliance with Chapter 14A of the Listing Rules.

This announcement is supplemental to and should be read in conjunction with the Announcement. The above additional information does not affect other information and content set out in the Announcement. Save as disclosed herein, the contents of the Announcement remain unchanged and shall continue to be valid for all purposes.

By Order of the Board
Sun Art Retail Group Limited
HUANG Ming-Tuan
Chairman of the Board

Hong Kong, 8 April 2024

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

Executive Director:

SHEN Hui (*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