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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)

CONTINUING CONNECTED TRANSACTIONS – (I) 2021 MASTER SUPPLY AGREEMENT; AND (II) 2021 MASTER BUSINESS COOPERATION AGREEMENT

2021 MASTER SUPPLY AGREEMENT

References are made to the announcements of the Company made on 12 April 2019, 31 May 2019, 14 August 2019, 19 August 2020 and 20 August 2019 (collectively, hereinafter referred to as the “**Supply Related Announcements**”) in relation to the continuing connected transactions entered into between the Group and Alibaba Affiliates in relation to the Sales of Goods and Services by the Group to Alibaba Affiliates.

As disclosed in the Supply Related Announcements, since the alliance with Alibaba Group in 2017, the Group has been developing this long-term relationship and has carried out on-going transactions with Alibaba Affiliates. In April 2019, the Company entered into a number of master agreements with Taobao China for different categories of goods and services.

Under the category of Sale of Goods and Services by the Group to Alibaba Affiliates, the Company has entered into the 2019 Master Supply Agreement with Taobao China to govern certain transactions between the Group and Alibaba Affiliates, the Northeast China Hema Supply Agreement and the Hainan Hema Supply Agreement, and the Promotional Goods Supply Agreement, details of which were disclosed in the 12 April Announcement and the announcements of the Company dated 31 May 2019 and 19 August 2019, respectively. Further Subsisting Supply Agreements have also been entered into subsequent to the 12 April Announcement in relation to the Sales of Goods and Services by the Group to Alibaba Affiliates.

As the current term of the 2019 Master Supply Agreement will expire on 31 December 2021, and for the purpose of aligning the annual caps under the category of Sale of Goods and Services by the Group to Alibaba Affiliates with the financial year end of the Group, the Board is pleased to announce that the Company and Taobao China have entered into the 2021 Master Supply Agreement on 22 June 2021, pursuant to which the Group will supply the Relevant Supply Products and the Relevant Supply Services to Alibaba Affiliates.

2021 MASTER BUSINESS COOPERATION AGREEMENT

References are made to the announcements of the Company made on (i) 8 December 2017, (ii) 19 March 2018, (iii) 15 January 2019, (iv) 12 April 2019, (v) 31 May 2019, (vi) 20 August 2019, (vii) 18 October 2019, (viii) 27 December 2019, (ix) 27 February 2020, (x) 16 March 2020, (xi) 1 April 2020, (xii) 2 July 2020, (xiii) 26 February 2021, (xiv) 18 March 2021, (xv) 31 March 2021 and (xvi) 28 May 2021 in relation to, amongst others, the continuing connected transactions under the category of Business Cooperation between the Group and Alibaba Affiliates.

In view of the increasing business cooperation transactions with Alibaba Affiliates, and for the purpose of better governing the conduct of the continuing connected transactions in this respect between the Group and Alibaba Affiliates going forward, the Board is pleased to announce that the Company and Taobao China have entered into the 2021 Master Business Cooperation Agreement on 22 June 2021, pursuant to which the Group and Alibaba Affiliates will undertake the Relevant Cooperation.

IMPLICATIONS UNDER THE LISTING RULES

Taobao China directly holds approximately 27.33% and indirectly holds approximately 46.33% of the total Shares as at the date of this announcement and is therefore a substantial shareholder and a connected person of the Company under the Listing Rules. Taobao China is an indirect wholly-owned subsidiary of Alibaba Holding. Alibaba Holding is therefore also a connected person of the Company under the Listing Rules. Accordingly, the 2021 Master Supply Agreement and the 2021 Master Business Cooperation Agreement and the respective transactions contemplated thereunder constitute continuing connected transactions of the Company under the Chapter 14A of the Listing Rules.

In relation to each category of the transactions between the Group and Alibaba Affiliates, i.e. (i) Sale of Goods and Services by the Group to Alibaba Affiliates, and (ii) Business Cooperation between the Group and Alibaba Affiliates, as one or more of the applicable percentage ratios as defined under Rule 14.07 of the Listing Rules in respect of the proposed annual caps of each category exceed 5%, the continuing connected transactions under the 2021 Master Supply Agreement and the 2021 Master Business Cooperation Agreement are subject to reporting, announcement, annual review and the independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

A circular containing, among other things, details of 2021 Master Supply Agreement and the Relevant Supply Annual Caps and the 2021 Master Business Cooperation Agreement and the Relevant Business Cooperation Annual Caps, a letter from the independent board committee and a letter of advice from the independent financial adviser together with a notice to convene the EGM, will be despatched to the shareholders of the Company on or before 23 July 2021, which is more than 15 Business Days after the publication of this announcement, so as to allow sufficient time for the preparation of the relevant information to be included in the circular and for the independent financial adviser to review and advise on the entering into of the 2021 Master Supply Agreement and the 2021 Master Business Cooperation Agreement as well as the Relevant Supply Annual Caps and the Relevant Business Cooperation Annual Caps.

I. BACKGROUND – 2021 MASTER SUPPLY AGREEMENT

References are made to the Supply Related Announcements in relation to the continuing connected transactions entered into between the Group and Alibaba Affiliates in relation to the Sales of Goods and Services by the Group to Alibaba Affiliates. The transactions contemplated under this category are similar in nature and are therefore aggregated pursuant to the requirement under Rule 14A.81 of the Listing Rules.

As disclosed in the Supply Related Announcements, since the alliance with Alibaba Group in 2017, the Group has been developing this long-term relationship and has carried out on-going transactions with Alibaba Affiliates. In April 2019, the Company entered into a number of master agreements with Taobao China for different categories of goods and services.

Under the category of Sale of Goods and Services by the Group to Alibaba Affiliates, the Company has entered into the 2019 Master Supply Agreement with Taobao China to govern certain transactions between the Group and Alibaba Affiliates, the Northeast China Hema Supply Agreement and the Hainan Hema Supply Agreement, and the Promotional Goods Supply Agreement, details of which were disclosed in the 12 April Announcement and the announcements of the Company dated 31 May 2019 and 19 August 2019, respectively.

As the current term of the 2019 Master Supply Agreement will expire on 31 December 2021, and for the purpose of aligning the annual caps under the category of Sale of Goods and Services by the Group to Alibaba Affiliates with the financial year end of the Group, the Board is pleased to announce that the Group and Alibaba Affiliates have entered into the 2021 Master Supply Agreement on 22 June 2021 (details of which are set out in section III of this announcement), pursuant to which the Group will supply the Relevant Supply Products and the Relevant Supply Services to Alibaba Affiliates.

II. BACKGROUND – 2021 MASTER BUSINESS COOPERATION AGREEMENT

References are made to the announcements of the Company made on (i) 8 December 2017, (ii) 19 March 2018, (iii) 15 January 2019, (iv) 12 April 2019, (v) 31 May 2019, (vi) 20 August 2019, (vii) 18 October 2019, (viii) 27 December 2019, (ix) 27 February 2020, (x) 16 March 2020, (xi) 1 April 2020, (xii) 2 July 2020, (xiii) 26 February 2021, (xiv) 18 March 2021, (xv) 31 March 2021, and (xvi) 28 May 2021 in relation to, amongst others, the continuing connected transactions under the category of Business Cooperation between the Group and Alibaba Affiliates. The transactions contemplated under this category are similar in nature and are therefore aggregated pursuant to the requirement under Rule 14A.81 of the Listing Rules.

In view of the increasing business cooperation transactions with Alibaba Affiliates, and for the purpose of better governing the conduct of the continuing connected transactions in this respect between the Group and Alibaba Affiliates going forward, the Board is pleased to announce that the Company and Taobao China have entered into the 2021 Master Business Cooperation Agreement on 22 June 2021, pursuant to which the Group and Alibaba Affiliates will undertake the Relevant Cooperation.

Following the entering into of the 2021 Master Business Cooperation Agreement and subject to obtaining the requisite independent Shareholders' approval, connected transactions under the category of Business Cooperation between the Group and Alibaba Affiliates will be primarily governed by the 2021 Master Business Cooperation Agreement, which sets out the principal framework between the Group and Alibaba Affiliates. For the purpose of Rule 14A.81 of the Listing Rules, this category will include the following Existing Business Cooperation Agreements, which at the time they were entered into were subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

- (a) the Original Business Cooperation Agreement, which was entered into between Alibaba Zetai, the Company, Auchan China and RT-Mart China on 7 December 2017. Please refer to the announcement published by the Company on 8 December 2017 for further details;
- (b) the Auchan Implementation Agreement, which was entered into between Auchan China and Taobao Software (a direct wholly-owned subsidiary of Taobao China) on 19 March 2018. Please refer to the announcement published by the Company on 19 March 2018 for further details;
- (c) the RT Implementation Agreement, which was entered into between RT-Mart China and Taobao Software on 19 March 2018. Please refer to the announcement published by the Company on 19 March 2018 for further details;
- (d) the RT-Mart Tao Xianda Quadripartite Implementation Agreement, which was entered into between (i) Taobao Software, (ii) RT-Mart China, (iii) Hangzhou Tao Xian Da and (iv) Hangzhou Rajax on 18 October 2019. Please refer to the announcement published by the Company on 18 October 2019 for further details;

- (e) the Hainan Hema Business Cooperation Agreement, which was entered into between Shanghai Runhe and Shanghai Hema (an indirect wholly-owned subsidiary of Alibaba Holding) on 15 January 2019. Please refer to the announcement published by the Company on 15 January 2019 for further details;
- (f) the Northeast China Hema Business Cooperation Agreement, which was entered into between Shanghai Runhe and Shanghai Hema on 15 January 2019. Please refer to the announcement published by the Company on 15 January 2019 for further details;
- (g) the Ele Me Business Cooperation Agreement, which was entered into between RT-Mart China and Shanghai Rajax on 11 April 2019. Please refer to the announcement published by the Company on 12 April 2019 for further details;
- (h) the Ele Me Business Cooperation Renewal Agreement, which was entered into between RT-Mart China and Shanghai Rajax on 27 December 2019. Please refer to the announcement published by the Company on 27 December 2019 for further details;
- (i) the Dalian Hema Delivery Business Cooperation Agreement which was entered into between Dalian Runhe and Hangzhou Rajax. The Dalian Hema Delivery Business Cooperation Agreement has expired on 29 February 2020 and has been renewed by the parties on 27 February 2020 pursuant to the Dalian Hema Delivery Business Cooperation Renewal Agreement. The Dalian Hema Delivery Business Cooperation Supplementary Agreement was entered into on 16 March 2020 between Dalian Runhe and Hangzhou Rajax. The Dalian Hema Delivery Business Cooperation Renewal Agreement expired on 28 February 2021 and has been renewed by the parties on 26 February 2021 pursuant to the Dalian Hema Delivery Business Cooperation 2021 Renewal Agreement and has been revised by the parties on 26 February 2021 pursuant to the 2021 Dalian Hema Delivery Business Cooperation Supplementary Agreement. Please refer to the announcement published by the Company on 12 April 2019 for further details of the Dalian Hema Delivery Business Cooperation Agreement, the announcement published by the Company on 27 February 2020 for further details of the Dalian Hema Delivery Business Cooperation Renewal Agreement, the announcement published by the Company on 16 March 2020 for further details of the Dalian Hema Delivery Business Cooperation Supplementary Agreement, and the announcement published by the Company on 26 February 2021 for further details of the 2021 Dalian Hema Delivery Business Cooperation Supplementary Agreement;
- (j) the Shenyang Hema Delivery Business Cooperation Agreement which was entered into between Shenyang Runhe (an indirect non-wholly owned subsidiary of the Company) and Hangzhou Rajax. The Shenyang Hema Delivery Business Cooperation Agreement expired on 29 February 2020 and has been renewed by the parties on 27 February 2020 pursuant to the Shenyang Hema Delivery Business Cooperation Renewal Agreement. The Shenyang Hema Delivery Business Cooperation Renewal Agreement expired on 28 February 2021 and has been renewed by the parties on 26 February 2021 pursuant to the Shenyang Hema Delivery Business Cooperation 2021 Renewal Agreement. Please refer to the announcement published by the Company on 31 May 2019 for further details of the Shenyang Hema Delivery Business Cooperation Agreement, the announcement published by the Company on 27 February 2020 further details of the Shenyang Hema Delivery Business Cooperation Renewal Agreement, and the announcement published by the Company on 26 February 2021 for further details of the Shenyang Hema Delivery Business Cooperation 2021 Renewal Agreement;

- (k) the Auchan Tao Xianda Quadripartite Implementation Agreement which was entered into between (i) Taobao Software, (ii) Auchan China, (iii) Hangzhou Tao Xian Da and (iv) Hangzhou Rajax on 18 October 2019. Please refer to the announcement published by the Company on 18 October 2019 for further details;
- (l) (1) the 2020 RT-Mart China Rajax Network Shanghai Ele Me Business Cooperation Agreement (Promotion Service), which was entered into between RT-Mart China and Rajax Network Shanghai on 1 April 2020, and (2) the 2020 Auchan China Rajax Network Shanghai Ele Me Business Cooperation Agreement (Promotion Service), which was entered into between Auchan China and Rajax Network Shanghai on 1 April 2020. Please refer to the announcement published by the Company on 1 April 2020 for further details;
- (m) the RT-Mart China Ele Me Online Food Ordering Business Cooperation Agreement, which was entered into between RT-Mart China and the Rajax Entities on 1 July 2020. Please refer to the announcement published by the Company on 2 July 2020 for further details;
- (n) the Auchan China Ele Me Online Food Ordering Business Cooperation Agreement, which was entered into between Auchan China and the Rajax Entities on 2 July 2020. Please refer to the announcement published by the Company on 2 July 2020 for further details;
- (o) (1) the Tao Xian Da Business Cooperation Agreement, which was entered into between RT-Mart China and Hangzhou Tao Xian Da on 18 March 2021, (2) the RT-Mart China Zhejiang Niaochao Delivery Business Cooperation Agreement, which was entered into between RT-Mart China and Zhejiang Niaochao on 18 March 2021, (3) the 2021 RT-Mart China Zhejiang Niaochao Delivery Business Cooperation Supplementary Agreement entered into between RT-Mart China and Zhejiang Niaochao on 28 May 2021. and (4) the Taobao Business Cooperation Agreement, which was entered into between RT-Mart China and Taobao Entities on 18 March 2021. Please refer to the announcements published by the Company on 18 March 2021 and 28 May 2021 for further details;
- (p) (1) the Ele Me Business Cooperation 2021 Renewal Agreement, which was entered into between RT-Mart China and Rajax Entities on 31 March 2021, and (2) the 2021 RT-Mart China Rajax Network Shanghai Ele Me Business Cooperation Agreement (Promotion Service) 31 March 2021. Please refer the announcement published by the Company on 31 March 2021 for further details; and
- (q) the 2021 Shenyang Hema Delivery Business Cooperation Supplementary Agreement entered into between Shenyang Runhe and Hangzhou Rajax on 28 May 2021. Please refer the announcement published by the Company on 28 May 2021 for further details.

III. 2021 MASTER SUPPLY AGREEMENT

(i) Key terms of the 2021 Master Supply Agreement

The principal terms of the 2021 Master Supply Agreement are as follows:

Date	:	22 June 2021 (after trading hours)
Parties	:	(i) The Company; and (ii) Taobao China (on behalf of and together with Alibaba Affiliates).
Term	:	The term shall commence from the Effective Date (2021 MSA) and ending on 31 March 2024, unless at any time prior to the expiry of the 2021 Master Supply Agreement either party gives the other party of not less than one (1) month's prior notice to terminate the 2021 Master Supply Agreement.
Effective Date (2021 MSA)	:	The date which independent shareholders' approval of the Company has been obtained in respect of the 2021 Master Supply Agreement in the EGM.
Nature of transaction	:	Pursuant to the 2021 Master Supply Agreement, Taobao China (through members of Alibaba Affiliates) agreed to and shall procure Alibaba Affiliates to, purchase from the Group, and the Group agreed to supply to Alibaba Affiliates, the Relevant Supply Products and/or Relevant Supply Services (together with any other services and/or products as may be agreed in writing by the parties from time to time).

Each of the Company and Taobao China shall, and shall procure the relevant entities within the Group and Alibaba Affiliates (as appropriate) to, enter into relevant agreements (as applicable) setting out the terms and conditions of the sales of the Relevant Supply Products and/or the Relevant Supply Services.

- Prices and fees** : The selling price for the Relevant Supply Products and/or the Relevant Supply Services (inclusive of any value-added tax, customs duties, other relevant taxes payable by the Group, packaging and delivery costs, etc. included) will be determined at the time of the particular sale based on arm's length negotiations with reference to (i) the selling price charged for the same category of services and/or products offered to independent purchasers at the time of a particular transaction; (ii) the gross profit margin expected by the Group in respect of the Relevant Supply Products and/or Relevant Supply Services of the same categories; and (iii) the price of products and services of the same categories as the Relevant Supply Products and/or Relevant Supply Services generally offered on the market by independent third parties.
- Payment arrangements** : Payment of the relevant consideration of the Relevant Supply Products and/or the Relevant Supply Services shall be settled by Alibaba Affiliates in cash fortnightly on the 5th day and the 20th day of each calendar month, or any other dates as agreed by parties.
- Relationship with the 2019 Master Supply Agreement** : With effect from the Effective Date (2021 MSA), the Parties agreed that the Subsisting Supply Agreements that used to be governed by the 2019 Master Supply Agreement shall instead be governed by and subject to the 2021 Master Supply Agreement and the annual caps of the Subsisting Supply Agreements have been incorporated into the Master Supply Annual Caps.

(ii) General transaction principles

The Group shall conduct review and evaluation of the fees chargeable under the 2021 Master Supply Agreement with reference to the rates quoted by other independent third party service providers of comparable products and/or services in order to ensure that the fees under such agreements are conducted on normal commercial terms.

Where it is impracticable to make reference to the rate of the fees chargeable for the products and/or services offered by independent third party service providers for comparable products and/or services, the Group will take into consideration the specifications, cost structure, profit margin, market condition and development strategy in determining the rate for the fees chargeable by the Group pursuant to the 2021 Master Supply Agreement, ensuring the terms of the agreements are in the interest of the Group.

(iii) Historical transaction amounts and the Relevant Supply Annual Caps

Following the entering into of the 2021 Master Supply Agreement and subject to obtaining the requisite independent Shareholders' approval, the category of Sale of Goods and Services by the Group to Alibaba Affiliates will be primarily governed by the 2021 Master Supply Agreement, which shall include the annual caps of the Subsisting Supply Agreements.

The aggregate of the transaction amounts under the category of Sale of Goods and Services by the Group to Alibaba Affiliates, being the aggregate of the transaction amounts chargeable by the Group to Alibaba Affiliates (i) for the two years ended 31 December 2019 and 2020 and (ii) for the three month ended 31 March 2021 amounted to approximately RMB373.1 million, approximately RMB2,519 million and approximately RMB1,016 million (audited), respectively.

Accordingly, the Relevant Supply Annual Caps for the three years ending 31 March 2024, are set out as follows:

	For the financial year ending 31 March 2022 <i>RMB</i>	For the financial year ending 31 March 2023 <i>RMB</i>	For the financial year ending 31 March 2024 <i>RMB</i>
Relevant Supply Annual Caps	18,000,000,000	25,300,000,000	35,000,000,000

The above proposed annual caps are not intended, and do not purport, to be an indication of the Group's future performance or profitability and investors should not rely on the proposed annual caps in deciding whether to invest in the Shares.

(iv) Basis for the Relevant Supply Annual Caps

In determining the Relevant Supply Annual Caps, the Board has taken into account the following factors:

- (a) the historical amount of fees received by the Group under the category of Sale of Goods and Services by the Group to Alibaba Affiliates;
- (b) the wide range of the Relevant Supply Products and/or the Relevant Supply Services supplied and to be supplied under the 2021 Master Supply Agreement;
- (c) the quality of the Relevant Supply Products and/or the Relevant Supply Services supplied and to be supplied under the 2021 Master Supply Agreement;

- (d) the anticipated number of stores of the Group participating in the shared inventory arrangements (“共享庫存”);
 - (e) the estimated number of orders and amount per order for each type of participating stores referred to in (d) above;
 - (f) the implementation timeline of the shared inventory arrangement;
 - (g) the anticipated number of the products and services that the Group will supply to the Alibaba Affiliates under the Subsisting Supply Agreements;
 - (h) the Company’ ongoing strategy to utilise the internet technologies and the expansion in the market segment offered through the “Hema Fresh” (“盒馬鮮生”) model and online platforms including the “Ele Me” (“餓了麼”), the “Tao Xian Da” (“淘鮮達”) and the “Niaochao Delivery”(“鳥潮配送”) to increase the efficiency of the traditional hypermarket and supermarket Stores;
 - (i) the estimated transaction value of Relevant Supply Products and/or the Relevant Supply Services under “Cainiao” (“菜鳥驛站”);
 - (j) the estimated transaction value of Relevant Supply Products and/or and/or the Relevant Supply Services under “Tmall Supermarket” (“天貓超市”); and
 - (k) the anticipated increase in the scale of operation of the Group.
- (v) Reasons for and benefits of entering into the 2021 Master Supply Agreement**

The Company believes that the growing business cooperation between the Group and Alibaba Affiliates under the 2021 Master Supply Agreement will enable the Group to promote and increase sales of its products through various distribution channels, including retail stores and online platforms which are essential in the growing PRC retail market.

In light of the above as well as the categories and quality of the Relevant Supply Products and/or the Relevant Supply Services offered and to be offered under the 2021 Master Supply Agreement, the Directors (excluding the independent non-executive Directors who will provide their views after considering the opinion of the independent financial adviser) believe that it is for the benefit of the Group to enter into the 2021 Master Supply Agreement and consider that the transactions contemplated thereunder are in the usual and ordinary course of business of the Group.

The Directors (excluding the independent non-executive Directors who will provide their views after considering the opinion of the independent financial adviser) are of the view that (i) the entering into of the 2021 Master Supply Agreement and Relevant Supply Annual Caps are fair and reasonable and are in the interests of the Company and its Shareholders as a whole; and (ii) the entering into of the 2021 Master Supply Agreement and the transactions contemplated thereunder were on normal commercial terms or better, in the ordinary and usual course of business of the Group.

(vi) Implications under the Listing Rules

Taobao China directly holds approximately 27.33% and indirectly holds approximately 46.33% of the total Shares as at the date of this announcement and is therefore a substantial shareholder and a connected person of the Company under the Listing Rules. Taobao China is an indirect wholly-owned subsidiary of Alibaba Holding. Alibaba Holding is therefore also a connected person of the Company under the Listing Rules. Accordingly, the 2021 Master Supply Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under the Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios as defined under Rule 14.07 of the Listing Rules for Relevant Supply Annual Caps exceed 5%, the continuing connected transactions under the 2021 Master Supply Agreement are subject to the reporting and announcement requirements, annual review and the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

IV. 2021 MASTER BUSINESS COOPERATION AGREEMENT

(i) Key terms of the 2021 Master Business Cooperation Agreement

The principal terms of the 2021 Master Business Cooperation Agreement are as follows:

Date	:	22 June 2021 (after trading hours)
Parties	:	(i) The Company; and (ii) Taobao China (on behalf of and together with Alibaba Affiliates)
Term	:	The term shall commence from the Effective Date (2021 MBCA) and ending on 31 March 2024, unless at any time prior to the expiry of the 2021 Master Business Cooperation Agreement either party gives the other party of not less than one (1) month's prior notice to terminate the 2021 Master Business Cooperation Agreement.
Effective Date (2021 MBCA)	:	The date which independent shareholders' approval of the Company has been obtained in respect of the 2021 Master Business Cooperation Agreement in the EGM.

Nature of transaction : Pursuant to the 2021 Master Business Cooperation Agreement, Taobao China (through members of Alibaba Affiliates) agreed to, and shall procure Alibaba Affiliates to, engage in the Relevant Cooperation with the Group, and the Group agrees to engage in the Relevant Cooperation with Alibaba Affiliates (together with any other cooperation as may be agreed in writing by the parties from time to time), which may be required by the Group in circumstances which are of commercial benefit to the Group.

Each of the parties shall, and shall procure the relevant entities within Alibaba Affiliates or the Group (as appropriate) to, enter into relevant agreements (as applicable) setting out the terms and conditions of the Relevant Cooperation.

Prices and fees : The consideration for the Relevant Cooperation (inclusive of any value-added tax, customs duties, other relevant taxes payable by the relevant cooperating partner(s), and packaging and delivery costs) with the cooperating partner(s), that is determined at the time of the particular cooperation based on arm's length negotiation with due regards to (i) the price charged for the same category of services as the Relevant Cooperation offered by independent third party service providers at the time of a particular transaction; and (ii) the price of identical or similar Relevant Cooperation generally offered on the market by independent third parties.

Payment arrangements : Payment of the relevant consideration shall be made as and when due pursuant to the terms of each relevant agreement. Each Party shall make each payment and undertake the Relevant Cooperation in accordance with the terms and conditions of each relevant agreement.

Relationship with the Existing Business Cooperation Agreements : With effect from the Effective Date (2021 MBCA), the parties agreed that the Existing Business Cooperation Agreements shall be governed by and subject to the 2021 Master Business Cooperation Agreement and the annual caps of the Existing Business Cooperation Agreements have been incorporated into the annual caps of the 2021 Master Business Cooperation Agreement.

(ii) General transaction principles

The Group shall conduct review and evaluation of the fees payable under the 2021 Master Business Cooperation Agreement with reference to the rates quoted by other independent third party service providers of comparable services, in order to ensure that the fees under such agreements are conducted on normal commercial terms.

Where it is impracticable to make reference to the rate of the service fees offered by independent third party service providers for comparable services, the Group will take into consideration the cooperative specifications, cost structure, profit margin, market condition and development strategy in determining the rate for the fees payable by the Group pursuant to the 2021 Master Business Cooperation Agreement, ensuring the terms of the agreements are in the interest of the Group.

(iii) Historical transaction amounts and the Relevant Business Cooperation Annual Caps

Following the entering into of the 2021 Master Business Cooperation Agreement and subject to obtaining the requisite independent Shareholders' approval, the category of Business Cooperation between the Group and Alibaba Affiliates will be primarily governed by the 2021 Master Business Cooperation Agreement, which shall include the annual caps of the Existing Business Cooperation Agreements for the purpose of Rule 14A.81 of the Listing Rules.

The aggregate of the transaction amounts under the category of Business Cooperation between the Group and Alibaba Affiliates, being the aggregate of the transaction amounts payable by the Group to Alibaba Affiliates (i) for the two years ended 31 December 2019 and 2020 and (ii) for the three months ended 31 March 2021 amounted to approximately RMB1,148.8 million, RMB1,655.3 million and approximately RMB491.2 million (audited), respectively.

Accordingly, Relevant Business Cooperation Annual Caps for the three years ending 31 March 2024, are set out as follows:

	For the financial year ending 31 March 2022 <i>RMB</i>	For the financial year ending 31 March 2023 <i>RMB</i>	For the financial year ending 31 March 2024 <i>RMB</i>
Relevant Business Cooperation Annual Caps	7,800,000,000	12,400,000,000	17,000,000,000

The above proposed annual caps are not intended, and do not purport, to be an indication of the Group's future performance or profitability and investors should not rely on the proposed annual caps in deciding whether to invest in the Shares of the Company.

(iv) Basis for the Relevant Business Cooperation Annual Caps

In determining Relevant Business Cooperation Annual Caps, the Board has taken into account the following factors:

- (a) the wide range of the Relevant Cooperation between the Group and Alibaba Affiliates under the 2021 Master Business Cooperation Agreement;
- (b) the historical amount of fees paid by the Group to Alibaba Affiliates under the category of Business Cooperation between the Group and Alibaba Affiliates;
- (c) the estimated transaction value through the online platforms operated by Alibaba Affiliates through its “Tao Xian Da” (“淘鮮達”) and “Ele Me” (“餓了麼”) business based on projected customers’ demand;
- (d) the estimated transaction value and the fee for the delivery services under the “Hema Fresh” (“盒馬鮮生”) model and other business models based on projected customers’ demand;
- (e) the Company’s ongoing strategy to utilise the internet technologies and the expansion in the market segment offered through the “Hema Fresh” (“盒馬鮮生”) model and online platforms including the “Ele Me” (“餓了麼”), the “Tao Xian Da” (“淘鮮達”) and the “Taobao Marketplace” (“淘寶網”) to increase the efficiency of the traditional hypermarket and supermarket Stores; and
- (f) the anticipated increase in the scale of the Group’s operation through any new business model.

(v) Reasons for and benefit of entering into the 2021 Master Business Cooperation Agreement

In light of the continuous business cooperation with members of Alibaba Affiliates, the Company believes that it is for the benefit of the Group to conduct the transactions contemplated under the 2021 Master Business Cooperation Agreement.

The Directors believe that the arrangements contemplated under the 2021 Master Business Cooperation Agreement will facilitate the Group’s on-going leverage of Alibaba Affiliates’ expertise in internet technologies and digital infrastructure to expand its online food ordering business and retail channels to maximise the revenue of the Group. They allow the Group to digitalise and introduce further new retail solutions. The alliance with Alibaba Affiliates will enable the Group’s activities to benefit from Alibaba Affiliates’ digital ecosystem, to promote the expansion of new retail business through the development of the business cooperations including “Ele Me” (“餓了麼”), “Tao Xian Da” (“淘鮮達”), “Taobao Marketplace” (淘寶網), and “Hema Fresh” (“盒馬鮮生”) for the Group.

The Directors (excluding the independent non-executive Directors who will provide their views after considering the opinion of the independent financial adviser) are of the view that the transactions contemplated under the 2021 Master Business Cooperation Agreement are on normal commercial terms and in the ordinary and usual course of business of the Group, and that the terms of such agreements and Relevant Business Cooperation Annual Caps are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

(vi) Implications under the Listing Rules

Taobao China directly holds approximately 27.33% and indirectly holds approximately 46.33% of the total Shares as at the date of this announcement and is therefore a substantial shareholder and a connected person of the Company under the Listing Rules. Taobao China is an indirect wholly-owned subsidiary of Alibaba Holding. Alibaba Holding is therefore also a connected person of the Company under the Listing Rules.

As one or more of the applicable percentage ratios as defined under Rule 14.07 of the Listing Rules for Relevant Business Cooperation Annual Caps exceed 5%, the continuing connected transactions under the 2021 Master Business Cooperation Agreement are subject to the reporting and announcement requirements, annual review and the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

V. GENERAL INFORMATION AND EGM

The Company will convene the EGM in due course for the independent shareholders to consider and, if thought fit, approve, confirm and ratify the entering into of the 2021 Master Supply Agreement and the 2021 Master Business Cooperation Agreement (including Relevant Supply Annual Caps and Relevant Business Cooperation Annual Caps).

An independent board committee has been formed to advise the independent shareholders in respect of the entering into of the 2021 Master Supply Agreement and the 2021 Master Business Cooperation Agreement (including Relevant Supply Annual Caps and Relevant Business Cooperation Annual Caps).

Alliance Capital Partners Limited has been appointed as the independent financial adviser to advise the independent board committee and the independent shareholders in this regard.

As Mr. Lin Xiaohai is currently the vice-president of Alibaba Holding, Mr. Li Yonghe is currently the vice-president of Alibaba Holding, and Mr. Xu Hong is currently the deputy chief financial officer of Alibaba Holding, they are considered to have material interests in respect of the relevant board resolutions in connection with the entering into of the 2021 Master Supply Agreement and the 2021 Master Business Cooperation Agreement (including the Relevant Supply Annual Caps and Relevant Business Cooperation Annual Caps).

For good corporate governance, Mr. Lin Xiaohai, Mr. Li Yonghe and Mr. Xu Hong had voluntarily abstained from voting on the relevant board resolution in connection with the 2021 Master Supply Agreement and the 2021 Master Business Cooperation Agreement and Relevant Supply Annual Caps and Relevant Business Cooperation Annual Caps.

Save for the aforesaid and to the best knowledge, information and belief of the Company, none of the Directors have any material interest in the 2021 Master Supply Agreement and the 2021 Master Business Cooperation Agreement for which they would be required to abstain from voting on the relevant board resolution approving such documents pursuant to the articles of association of the Company.

VI. DISPATCH OF CIRCULAR

A circular containing, among other things, details of 2021 Master Supply Agreement, the Relevant Supply Annual Caps, the 2021 Master Business Cooperation Agreement and the Relevant Business Cooperation Annual Caps, a letter from the independent board committee and a letter of advice from the independent financial adviser together with a notice to convene the EGM, will be despatched to the shareholders of the Company on or before 23 July 2021, which is more than 15 Business Days after the publication of this announcement, so as to allow sufficient time for the preparation of the relevant information to be included in the circular and for the independent financial adviser to review and advise on the entering into of the 2021 Master Supply Agreement and the 2021 Master Business Cooperation Agreement (including the Relevant Supply Annual Caps and the Relevant Business Cooperation Annual Caps).

VII. INFORMATION OF THE PARTIES

The Group

The principal activity of the Group is the operation of brick-and-mortar stores and online sales channels in the PRC.

Alibaba Holding and Alibaba Group

Alibaba Holding is a company incorporated in the Cayman Islands, with its American depositary shares, each representing eight ordinary shares, listed on the New York Stock Exchange (Stock Symbol: BABA), and its ordinary shares listed on the Main Board of the Stock Exchange (Stock Code: 9988). Alibaba Group's mission is to make it easy to do business anywhere. Alibaba Group aims to build the future infrastructure of commerce and envisions that its customers will meet, work and live at Alibaba, and that it aspires to be a good company that will last for 102 years. Alibaba Group's businesses are comprised of core commerce, cloud computing, digital media and entertainment and innovation initiatives.

Taobao China

Taobao China is a limited liability company incorporated in Hong Kong and an indirect wholly-owned Subsidiary of Alibaba Holding. Taobao China is the direct holding company of certain PRC subsidiaries of Alibaba Holding relating to Taobao Marketplace, China's leading mobile commerce destination with a large and growing social community, and Tmall, the world's leading third-party online and mobile commerce platform for brands and retailers, in each case in terms of gross merchandise volume in the twelve months ended 31 March 2020.

VIII. DEFINITIONS

In this announcement, unless the context otherwise requires, the capitalised terms shall have the meanings as set out below:

“12 April Announcement”	the announcement published by the Company on 12 April 2019 in relation to the entering into of various agreements for the purpose of governing different categories of connected transactions, including the 2019 Master Supply Agreement
“2020 Auchan China Rajax Network Shanghai Ele Me Business Cooperation Agreement (Promotion Service)”	the promotion services cooperation agreement entered into between Rajax Network Shanghai and Auchan China on 1 April 2020 (after trading hours) in relation to the technical services relating to marketing activities provided to Auchan China based on the Ele Me platform
“2021 Master Business Cooperation Agreement”	The master business cooperation agreement entered into between the Group and Taobao China on 22 June 2021 in relation to the Relevant Cooperation between the Group and Alibaba Group
“2020 Rajax Network Shanghai Ele Me Business Cooperation Agreements (Promotion Service)”	the 2020 Auchan China Rajax Network Shanghai Ele Me Business Cooperation Agreement (Promotion Service) and the 2020 RT-Mart China Rajax Network Shanghai Ele Me Business Cooperation Agreement (Promotion Service)
“2021 Dalian Hema Delivery Business Cooperation Supplementary Agreement”	the supplementary agreement to continue the spring festival event bonus arrangement entered into between Dalian Hema and Hangzhou Rajax on 26 February 2021 under the Dalian Hema Delivery Business Cooperation Supplementary Agreement
“2019 Master Supply Agreement”	the master supply agreement entered into between the Group and Taobao China (on behalf and together with Alibaba Affiliates) on 11 April 2019 and amended on 14 August 2019 according to the Supply Addendum in relation to the supply of Relevant Supply Products and/or the Relevant Supply Services to Alibaba Affiliates

“2020 RT-Mart China Rajax Network Shanghai Ele Me Business Cooperation Agreement (Promotion Service)”	the promotion services cooperation agreement entered into between Rajax Network Shanghai and RT-Mart China on 1 April 2020 (after trading hours) in relation to the technical services relating to marketing activities provided to RT-Mart China based on the Ele Me platform
“2021 RT-Mart China Rajax Network Shanghai Ele Me Business Cooperation Agreement (Promotion Service)”	the technical services cooperation agreement entered into between Rajax Network Shanghai and RT-Mart China on 31 March 2021 (after trading hours) in relation to the technical and marketing services provided to RT-Mart China via the Ele Me platform
“2021 RT-Mart China Zhejiang Niaochao Delivery Business Cooperation Supplementary Agreement”	the delivery business cooperation supplementary agreement entered into between RT-Mart China and Zhejiang Niaochao on 28 May 2021 (after trading hours) in relation to logistics and delivery services provided Zhejiang Niaochao
“2021 Shenyang Hema Delivery Business Cooperation Supplementary Agreement”	the delivery service agreement entered into between Shenyang Runhe and Hangzhou Rajax on 28 May 2021 (after trading hours) in relation to the details of the bonus arrangement of the business cooperation under the Shenyang Hema Delivery Business Cooperation 2021 Renewal Agreement
“affiliates”	has the meaning of “associate” ascribed to it under the Listing Rules
“Alibaba Zetai”	杭州阿里巴巴澤泰信息技術有限公司 (Hangzhou Alibaba Zetai Information Technology Company Limited*), a company incorporated in the PRC and an indirect wholly owned subsidiary of Alibaba Holding
“Alibaba Affiliates”	Taobao China, Alibaba Holding, subsidiaries and affiliates of Alibaba Holding, and for the purpose of this announcement, excluding the members of the Group other than any subsidiaries which are connected subsidiaries of the Company
“Alibaba Group”	Alibaba Holding and its associates, and for the purpose of this announcement, it excludes the Group
“Alibaba Holding”	Alibaba Group Holding Limited (阿里巴巴集團控股有限公司), a company incorporated in the Cayman Islands, with its American depositary shares, each representing eight ordinary shares, listed on the New York Stock Exchange (Stock Symbol: BABA), and its ordinary shares listed on the Main Board of the Stock Exchange (Stock Code: 9988)

“Alipay (Hangzhou)”	支付寶(杭州)信息技術有限公司 (Alipay (Hangzhou) Information Technology Co., Ltd.*), a company incorporated under the laws of the PRC
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Auchan China”	歐尚(中國)投資有限公司 (Auchan (China) Investment Co., Ltd.*), a company incorporated in the PRC and a subsidiary of the Company
“Auchan Stores”	the hypermarkets and supermarkets operated by Auchan China designated under the Auchan Implementation Agreement
“Auchan China Ele Me Online Food Ordering Business Cooperation Agreement”	the agreement entered into between Auchan China and the Rajax Entities on 1 July 2020 in relation to the technical services relating to online food ordering, online promotion and delivery, as well as other related services to help Auchan China to meet its needs in operating online food ordering business on the Rajax Entities’ platforms (including the Ele Me platform)
“Auchan Implementation Agreement”	the implementation agreement entered into between Auchan China and Taobao Software on 19 March 2018 relating to the cooperation between the parties thereto
“Auchan Tao Xianda Quadripartite Implementation Agreement”	the implementation agreement entered into between Taobao Software, Auchan China, Hangzhou Tao Xian Da and Hangzhou Rajax on 18 October 2019 relating to the cooperation between the parties thereof in relation to the Auchan Implementation Agreement
“Board”	The board of Directors
“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
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“connected subsidiaries”	has the meaning ascribed to it under the Listing Rules
“Dalian Hema Delivery Business Cooperation Agreement”	the delivery cooperation agreement entered into between Hangzhou Rajax and Dalian Runhe on 11 April 2019 in relation to the delivery services for the “Hema Fresh” business model contemplated under the Hainan Hema Business Cooperation Agreement and the Northeast China Hema Business Cooperation Agreement

“Dalian Hema Delivery Business Cooperation 2021 Renewal Agreement”	the delivery cooperation agreement entered into between Dalian Runhe and Hangzhou Rajax on 26 February 2021 in relation to the delivery services to be provided by Hangzhou Rajax
“Dalian Hema Delivery Business Cooperation Renewal Agreement”	the delivery cooperation agreement entered into between Hangzhou Rajax and Dalian Runhe on 27 February 2020 in relation to the delivery services for the “Hema Fresh” business model contemplated under the Hainan Hema Business Cooperation Agreement and the Northeast China Hema Business Cooperation Agreement, which renewed the Dalian Hema Delivery Business Cooperation Agreement
“Dalian Hema Delivery Business Cooperation Supplementary Agreement”	the supplementary agreement entered into between Dalian Hema and Hangzhou Rajax on 16 March 2020 in respect of the Dalian Hema Delivery Business Cooperation Agreement
“Dalian Runhe”	大連潤盒雲網絡科技有限公司 (Dalian Runhe Cloud Network Technology Co. Ltd.*), a limited liability company incorporated in the PRC, which is principally engaged in the operation of the Hema Stores. Dalian Runhe is an indirect wholly-owned subsidiary of the Company
“Director(s)”	director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened for the independent shareholders to approve, confirm and ratify the entering into of the 2021 Master Supply Agreement and the 2021 Business Cooperation Agreement and the Relevant Supply Annual Caps and the Relevant Business Cooperation Annual Caps
“Effective Date (2021 MSA)”	The date which independent shareholders’ approval of the Company has been obtained in respect of the 2021 Master Supply Agreement in the EGM
“Effective Date (2021 MBCA)”	The date which independent shareholders’ approval of the Company has been obtained in respect of the 2021 Master Business Cooperation Agreement in the EGM
“Ele Me Business Cooperation Agreement”	the business cooperation agreement entered into between the RT-Mart China and Shanghai Rajax on 11 April 2019 in relation to entering in arrangements in respect of the business cooperation adopting the “Ele Me” model
“Ele Me Business Cooperation Renewal Agreement”	the business cooperation agreement entered into between RT-Mart China and Shanghai Rajax on 27 December 2019 in relation to entering in arrangements in respect of the business cooperation adopting the “Ele Me” model, which renewed the Ele Me Business Cooperation Agreement

<p>“the Ele Me Business Cooperation 2021 Renewal Agreement”</p>	<p>the business cooperation agreement entered into between RT-Mart China and the Rajax Entities on 31 March 2021 in relation to entering in arrangements in respect of the business cooperation adopting the “Ele Me” model, which continued business cooperation contemplated under the Ele Me Business Cooperation Renewal Agreement</p>
<p>“Existing Business Cooperation Agreements”</p>	<p>collectively, the Original Business Cooperation Agreement, the Auchan Implementation Agreement, the RT Implementation Agreement, the Hainan Hema Business Cooperation Agreement, the Northeast China Hema Business Cooperation Agreement, the Dalian Hema Delivery Business Cooperation Agreement, the Ele Me Business Cooperation Agreement, the Ele Me Business Cooperation Renewal Agreement, the Dalian Hema Delivery Business Cooperation Renewal Agreement, the Dalian Hema Delivery Business Cooperation Supplementary Agreement, the Shenyang Hema Delivery Business Cooperation Renewal Agreement, the RT-Mart Tao Xianda Quadripartite Implementation Agreement, the Auchan Tao Xianda Quadripartite Implementation Agreement, the 2020 Rajax Network Shanghai Ele Me Business Cooperation Agreements (Promotion Service), the RT-Mart China Ele Me Online Food Ordering Business Cooperation Agreement, the Auchan China Ele Me Online Food Ordering Business Cooperation Agreement, the Dalian Hema Delivery Business Cooperation 2021 Renewal Agreement, the Shenyang Hema Delivery Business Cooperation 2021 Renewal Agreement, the 2021 Dalian Hema Delivery Business Cooperation Supplementary Agreement, the Tao Xian Da Business Cooperation Agreement, the RT-Mart China Zhejiang Niaochao Delivery Business Cooperation Agreement, the Taobao Business Cooperation Agreement, the Ele Me Business Cooperation 2021 Renewal Agreement, the 2021 RT-Mart China Rajax Network Shanghai Ele Me Business Cooperation Agreement (Promotion Service), 2021 RT-Mart China Zhejiang Niaochao Delivery Business Cooperation Supplementary Agreement and 2021 Shenyang Hema Delivery Business Cooperation Supplementary Agreement</p>
<p>“Group”</p>	<p>the Company and its subsidiaries</p>
<p>“Guangdong Ruenhua”</p>	<p>廣東潤華商業有限公司 (Guangdong Ruenhua Commercial Co., Ltd.*) a company incorporated in the PRC and a subsidiary of the Company</p>
<p>“Hainan Hema”</p>	<p>海南盒馬網絡科技有限公司 (Hainan Hema Network Technology Co. Ltd.*), a company incorporated in the PRC and a subsidiary of Shanghai Hema</p>

“Hainan Hema Business Cooperation Agreement”	the business cooperation agreement dated 15 January 2019 entered into between Shanghai Runhe and Shanghai Hema relating to the cooperation between the parties thereto within the Hainan province of the PRC
“Hainan Hema Supply Agreement”	the supply agreement (inclusive of the sub-commercial agreement) entered into between Guangdong Ruenhua and Hainan Hema on 31 May 2019 in relation to the supply of Relevant Supply Products
“Hangzhou Rajax”	杭州拉扎斯信息科技有限公司 (Hangzhou Rajax Information Technology Company Ltd*), a company incorporated in the PRC and an indirect subsidiary of Alibaba Holding
“Hangzhou Tao Xian Da”	杭州淘鮮達網絡科技有限公司 (Hangzhou Taoxianda Network Technology Co., Ltd.*), a company incorporated in the PRC and a consolidated entity of Alibaba Holding
“Hema Stores”	the retail store(s) operated by Shanghai Runhe, Dalian Runhe and/or Shenyang Runhe, which adopt(s) the “Hema Fresh” (“盒馬鮮生”) business model
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Northeast China Hema Business Cooperation Agreement”	the business cooperation agreement entered into between Shanghai Runhe and Shanghai Hema on 15 January 2019 relating to the cooperation between the parties thereto within the Heilongjiang, Jilin and Liaoning provinces of the PRC
“Northeast China Hema Supply Agreement”	the supply agreement (inclusive of the subcommercial agreement) entered into between Qingdao Ruentax and Shanghai Hema on 31 May 2019 in relation to the supply of Relevant Supply Products
“Original Business Cooperation Agreement”	the business cooperation agreement entered into between Alibaba Zetai, the Company, Auchan China and RT-Mart China on 7 December 2017 in relation to the cooperation to adopt the “Taobao Daojia” (“淘寶到家”) business model across the Stores
“Platform”	the online platform operated by Alibaba Group or RT-Mart China

“PRC”	the People’s Republic of China and for the purpose of this announcement, it excludes Taiwan, Hong Kong and Macau Special Administrative Region of the PRC
“the Promotional Goods Supply Agreement”	the Promotional Goods Supply Agreement entered into between Alipay (Hangzhou) and RT-Mart China on 19 August 2019 in relation to the supply of Relevant Supply Products
“Qingdao Ruentex”	青島潤泰事業有限公司瀋陽分公司 (Qingdao Ruentex Enterprises Co., Ltd., Shenyang branch*), a branch of a subsidiary of the Company
“Rajax Entities”	Rajax Network Shanghai and Shanghai Rajax
“Rajax Network Shanghai”	拉扎斯網絡科技(上海)有限公司 (Rajax Network Technology (Shanghai) Co., Ltd.*), a company incorporated in the PRC and an indirect subsidiary of Alibaba Holding
“Relevant Business Cooperation Annual Caps”	the proposed annual caps under the category of Business Cooperation between the Group and Alibaba Affiliates for each of the three years ending 31 March 2024
“Relevant Cooperation”	the mid to long term business cooperation between Alibaba Affiliates and the Group such as: (i) cooperation to adopt the “Hema Fresh” (“盒馬鮮生”) model across certain stores of the Group and its affiliates, (ii) cooperation to adopt the “Ele Me” (“餓了麼”) model across certain stores of the Group and its affiliates, (iii) cooperation to adopt the “Tao Xian Da and Niaochao Delivery” (“淘鮮達及鳥潮配送”) model across certain stores of the Group and its affiliates, and (iv) any other business cooperation as may be confirmed and agreed by the parties in writing from time to time.
“Relevant Supply Annual Caps”	the proposed annual caps under the category of Sale of Goods and Services by the Group to Alibaba Affiliates for each of the three years ending 31 March 2024
“Relevant Supply Product(s)”	fresh food products, pre-packaged food products, other food products, grocery products, household products, computer, communications and consumer electronic products, and any other merchandise customarily sold in retail outlets, supermarkets operated by the Group
“Relevant Supply Service(s)”	the relevant services to be confirmed and agreed by the Group and Alibaba Affiliates in writing from to time
“RMB”	Renminbi, the lawful currency of the PRC

“RT Implementation Agreement”	the implementation agreement entered into between RT-Mart China and Taobao Software on 19 March 2018 relating to the cooperation between the parties thereto
“RT-Mart China”	康成投資(中國)有限公司 (Concord Investment (China) Co., Ltd.*), a company incorporated in the PRC and a subsidiary of the Company
“RT-Mart China Ele Me Online Food Ordering Business Cooperation Agreement”	the agreement entered into between RT-Mart China and the Rajax Entities on 1 July 2020 in relation to the technical services relating to online food ordering, online promotion and delivery, as well as other related services to help RT-Mart China to meet its needs in operating online food ordering business on the Rajax Entities’ platforms (including the Ele Me platform)
“RT-Mart China Zhejiang Niaochao Delivery Business Cooperation Agreement”	the business cooperation agreement entered into between RT-Mart China and Zhejiang Niaochao on 18 March 2021 whereby Zhejiang Niaochao agreed to provide logistics and delivery services to stores designated by Hangzhou Tao Xian Da for orders placed via the Platform
“RT-Mart Tao Xianda Quadripartite Implementation Agreement”	the implementation agreement entered into between Taobao Software, RT-Mart China, Hangzhou Tao Xian Da and Hangzhou Rajax on 18 October 2019 relating to the cooperation between the parties thereto in relation to the RT Implementation Agreement
“RT Stores”	the hypermarkets and supermarkets operated by RT-Mart China designated under the Tao Xian Da Business Cooperation Agreement to be connected to the Platform
“Shanghai Hema”	上海盒馬網絡科技有限公司 (Shanghai Hema Network Technology Co., Ltd*), a company incorporated in the PRC and an indirect wholly-owned subsidiary of Alibaba Holding
“Shanghai Rajax”	上海拉扎斯信息科技有限公司 (Shanghai Rajax Information Technology Co., Ltd.*), a company incorporated in the PRC and a consolidated entity of Alibaba Holding
“Shanghai Runhe”	上海潤盒網絡科技有限公司 (Shanghai Runhe Internet Technology Co., Ltd*), a company incorporated in the PRC and jointly held by RT-Mart China (holding 51% equity interest) and Alibaba Group (indirectly holding 49% equity interest)
“Share(s)”	ordinary share(s) of the Company in issue
“Shareholder(s)”	holder(s) of Share(s)

“Shenyang Hema Delivery Business Cooperation Agreement”	the delivery cooperation agreement entered into between Shenyang Runhe and Hangzhou Rajax on 31 May 2019 in relation to the delivery services for the “Hema Fresh” business model
“Shenyang Hema Delivery Business Cooperation 2021 Renewal Agreement”	the delivery cooperation agreement entered into between Shenyang Runhe and Hangzhou Rajax on 26 February 2021 in relation to the delivery services to be provided by Hangzhou Rajax
“Shenyang Hema Delivery Business Cooperation Renewal Agreement”	the delivery cooperation agreement entered into between Shenyang Runhe and Hangzhou Rajax on 27 February 2020 in relation to the delivery services for the “Hema Fresh” business model, which renewed the Shenyang Hema Delivery Business Cooperation Agreement
“Shenyang Runhe”	瀋陽潤盒雲科技網絡有限公司 (Shenyang Runhe Network Technology Co.,Ltd.*), a limited liability company incorporated in the PRC and an indirect subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Store(s)”	the retail store(s) operated by the Group
“subsidiary”	has the meaning ascribed to it under the Listing Rules
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Subsisting Supply Agreements”	collectively, the supply agreements as disclosed in the announcements of the Company dated 31 May 2019 and 19 August 2019, respectively, and the agreements for the sales of the Relevant Supply Products/Relevant Supply Services to Alibaba Affiliates under the 2019 Master Supply Agreement
“Supply Addendum”	the addendum agreement entered into between the Company and Taobao China (on behalf of and together with Alibaba Affiliates) on 14 August 2019 in respect of the 2019 Master Supply Agreement
“Taobao Business Cooperation Agreement”	the business cooperation agreement entered into between RT-Mart China and Taobao Entities on 18 March 2021 in relation to the software and information display services provided by Taobao Entities

“Taobao China”	Taobao China Holding Limited, a company incorporated in Hong Kong and an indirect wholly owned subsidiary of Alibaba Holding
“Taobao Entities”	Zhejiang Taobao and Taobao Software
“Taobao Software”	淘寶(中國)軟件有限公司 (Taobao (China) Software Co., Ltd.*), a company incorporated in the PRC and a direct wholly owned subsidiary of Taobao China
“Tao Xian Da Business Cooperation Agreement”	the business cooperation agreement entered into between RT-Mart China and Hangzhou Tao Xian Da on 18 March 2021 whereby RT-Mart China agreed to cooperate with Hangzhou Tao Xian Da to adopt the “Tao Xian Da” (“淘鮮達”) model across the RT stores and Auchan Stores
“Zhejiang Niaochao”	浙江烏潮供應鏈管理有限公司 (Zhejiang Niaochao Supply Chain Management Co., Ltd.*), a company incorporated in the PRC and an indirect subsidiary of Alibaba Holding
“Zhejiang Taobao”	浙江淘寶網絡有限公司 (Zhejiang Taobao Network Technology Co., Ltd.*), a company incorporated in the PRC and an affiliated consolidated entity of Taobao Software
“%”	Per cent

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

Hong Kong, 22 June 2021

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

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

Non-executive Directors:
 HUANG Ming-Tuan (*Chairman*)
 LI Yonghe
 XU Hong

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

* *For identification purpose only*