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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)**

### **CONNECTED TRANSACTION PROVISION OF LOAN**

#### **PROVISION OF LOAN**

On 23 May 2023, the Lender, RT-Mart China, a subsidiary of the Company, entered into the Loan Agreement with the Borrower, pursuant to which the Lender agreed to provide the Borrower with a Loan Facility of up to RMB100,000,000.

#### **IMPLICATIONS UNDER THE LISTING RULES**

Taobao China directly holds approximately 27.33% and indirectly holds approximately 46.33% of the total issued 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.

The Borrower, Shanghai Runhe Internet Technology Co., Ltd\* (上海潤盒網絡科技有限公司), is a limited liability company incorporated in the PRC and jointly held by RT-Mart China (holding 51% equity interest) and Hema China (holding 49% equity interest). As Hema China is an indirect wholly-owned subsidiary of Alibaba Holding, the Borrower is therefore a connected subsidiary of the Company under Chapter 14A of the Listing Rules. Accordingly, the transaction under the Loan Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules exceed 0.1% but less than 5%, the transaction under the Loan Agreement is subject to the reporting and announcement requirements but exempt from the circular, independent financial advice and shareholders' approval requirements under Rule 14A.76 of the Listing Rules.

## THE LOAN AGREEMENT

On 23 May 2023, the Lender, RT-Mart China, a subsidiary of the Company, entered into the Loan Agreement with the Borrower, pursuant to which the Lender agreed to provide the Borrower with a Loan Facility of up to RMB100,000,000.

### PRINCIPAL TERMS OF THE LOAN AGREEMENT

<b>Date</b>	23 May 2023
<b>Parties</b>	(1) Concord Investment (China) Co., Ltd.* (康成投資(中國)有限公司), as lender; and  (2) Shanghai Runhe Internet Technology Co., Ltd* (上海潤盒網絡科技有限公司), as borrower
<b>Principal amount of the Loan Facility</b>	RMB100,000,000
<b>Interest Rate</b>	Equivalent to the loan prime rate (LPR) of 3.65% per annum published by the National Interbank Funding Center
<b>Term</b>	One (1) year commencing from the date of drawdown
<b>Purpose</b>	the Loan Facility shall be applied and used by the Borrower solely for the general working capital of the Borrower's principal business
<b>Repayment</b>	The outstanding principal amount of the loan together with all accrued interests are to be repaid at the end of the term of the Loan Agreement.
<b>Default Interest</b>	If the Borrower fails to pay any sum which becomes due under the Loan Agreement, it shall pay interest on such unpaid sum (i.e. outstanding principal amount of the loan together with all accrued interests) from and including the due date up to and including the date of actual payment at a default rate of 0.05% per day on the outstanding principal amount of the loan together with all accrued interests

## **INFORMATION OF THE PARTIES INVOLVED**

### **The Group**

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

### **The Lender**

The Lender is a company incorporated under the laws of PRC and is principally engaged in the operation of hypermarkets in the PRC.

### **The Borrower**

The Borrower is a company incorporated under the laws of PRC and is principally engaged in the authorised operation of Hema Stores.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE LOAN AGREEMENT**

The interest rate under the Loan Agreement has been determined by reference to the prevailing market interest rates as well as the financial background and repayment ability of the Borrower. The Loan Agreement is expected to generate a stable interest income for the Lender, which will indirectly benefit the Company.

## **IMPLICATIONS UNDER THE LISTING RULES**

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The Borrower, Shanghai Runhe Internet Technology Co., Ltd\* (上海潤盒網絡科技有限公司), is a limited liability company incorporated in the PRC and jointly held by RT-Mart China (holding 51% equity interest) and Hema China (holding 49% equity interest). As Hema China is an indirect wholly-owned subsidiary of Alibaba Holding the Borrower is therefore a connected subsidiary of the Company under Chapter 14A of the Listing Rules. Accordingly, the transaction under the Loan Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules exceed 0.1% but less than 5%, the transaction under the Loan Agreement is subject to the reporting and announcement requirements but exempt from the circular, independent financial advice and shareholders' approval requirements under Rule 14A.76 of the Listing Rules.

As of the date of this announcement, Mr. Lin Xiaohai is the vice-president of Alibaba Holding, Mr. Han Liu is the vice president of Local Service Group and president of Fengniao Logistic of Alibaba Holding and Mr. Liu Peng is the president of Taobao & Tmall Commercial Group Industrial Development Department II of Alibaba Holding, for good corporate governance, each of Mr. Lin Xiaohai, Mr. Han Liu and Mr. Liu Peng had voluntarily abstained from voting on the relevant board resolution in connection with entering into of the Loan Agreement. The Directors (including the independent non-executive Directors) consider that the terms of the Loan Agreement (including the granting of the Loan Facility) were arrived upon arm's length negotiation between the Lender and Borrower and in the ordinary and usual course of business of the Company; and have been entered into on normal commercial terms and the terms thereof are fair and reasonable and are in the interests of the Company and its shareholders as a whole.

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the meanings set out below:

“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)
“Borrower” or “Shanghai Runhe”	Shanghai Runhe Internet Technology Co., Ltd* (上海潤盒網絡科技有限公司), is a limited liability company incorporated in the PRC and jointly held by RT-Mart China (holding 51% equity interest) and Hema China (holding 49% equity interest)
“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 thereto in the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hema China”	Hema (China) Company Limited.* (盒馬(中國)有限公司), a company incorporated under the laws of the PRC and an indirect wholly-owned subsidiary of Alibaba Holding
“Hema Stores”	the retail store(s) operated by Shanghai Runhe which adopts the “Hema Fresh” (“盒馬鮮生”) business model
“Hong Kong”	Hong Kong Special Administrative Region of the PRC

“Lender” or “RT-Mart China”	Concord Investment (China) Co., Ltd.* (康成投資(中國)有限公司), a limited liability company incorporated in the PRC and a subsidiary of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan Agreement”	the loan agreement dated 23 May 2023 entered into between the Borrower and the Lender in respect of the provision of the Loan Facility
“Loan Facility”	a loan facility in the principal amount of RMB100,000,000 to be granted by the Lender to the Borrower under the Loan Agreement
“PRC”	the People’s Republic of China excluding, for the purposes of this announcement only, Hong Kong, Macao and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shares”	ordinary shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“Taobao China”	Taobao China Holding Limited (淘寶中國控股有限公司), a limited liability company incorporated in Hong Kong and an indirect wholly-owned subsidiary of Alibaba Holding
“%”	per cent.

\* For identification purposes only

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

Hong Kong, 23 May 2023

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

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

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

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