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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)

GRANT OF TRUST UNITS PURSUANT TO THE EMPLOYEE TRUST BENEFIT SCHEMES

This announcement is made by the Company pursuant to Rule 17.06 of the Listing Rules.

On 14 November 2023, the Board of Directors is pleased to announce that each of the ACI Group and the CIC Group proposed to contribute to the Trusts of the Auchan Scheme and RT-Mart Scheme in the aggregate amount of approximately US\$131,122.31 and US\$654,348.78, respectively, for the relevant Employer's Contribution (including the Retirement Saving Contribution) and Employee's Contribution (subject to acceptance by the Grantees, the Grantees' election to make voluntary cash contribution towards Employee's Contribution, and prior to the matching exercise of the purchase elections and disposal elections), representing a total of approximately 54,980.23 Trust Units and 20,373.19 Trust Units granted to the Grantees under the Auchan Scheme and the RT-Mart Scheme, respectively. The details of the Trust Units granted to the Grantees are as follows:

Date of grant:	14 November 2023
Grantee:	A total of 11,176 grantees under the Auchan Scheme, comprising 11,097 General Employees and 79 Managerial Employees of the ACI Group; and A total of 78,326 grantees under the RT-Mart Scheme, comprising 77,727 General Employees and 599 Managerial Employees of the CIC Group
Number of Trust Units granted (including Trust Units acquired through Employee's Contribution, Retirement Saving Contribution and Employer's Contribution):	A total of 54,980.23 Trust Units under the Auchan Scheme; and A total of 20,373.19 Trust Units under the RT-Mart Scheme (subject to acceptance, the Grantee's election to make voluntary cash contribution towards Employee's Contribution, and prior to the matching exercise of the purchase elections and disposal elections)

Purchase price of the Trust Units:	<p>RMB17.12 per Trust Unit under the Auchan Scheme; and</p> <p>RMB230.56 per Trust Unit under the RT-Mart Scheme</p> <p>(the purchase price was determined with reference to the annual appraisal reports of ACI and CIC (as the case may be) which are prepared by an independent expert and are reviewed by another independent expert)</p>
Market price of the shares in ACI and CIC on the date of grant:	<p>Not applicable since the shares of ACI and CIC are not listed on the Stock Exchange</p>
Vesting period of the Trust Units:	<p>The Trust Units shall vest immediately with the Grantees on the date of grant. However, pursuant to the terms of the Employee Trust Benefit Schemes, Trust Units acquired through Employer's Contribution and held by the Grantees are subject to the disposal restrictions of not less than twelve (12) months with the freeze period or lock-up period depending on whether the Grantee is a General Employee or a Managerial Employee. For further details of the freeze period and lock-up period of the Trust Units for different categories of employees, please refer to the circular issued by the Company in respect of the amendments to the Employee Trust Benefit Schemes on 1 August 2023.</p> <p>Trust Units acquired through 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 Grantee 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.</p>
Performance targets:	<p>The Trust Units granted are not subject to performance targets.</p> <p>Having considered that (i) the Grantees of the Auchan Scheme and the RT-Mart Scheme are general employees of the ACI Group and CIC Group (as the case may be); and (ii) the value of the Trust Units reflects the financial performance of the ACI Group and the CIC Group (as the case may be), which motivates the Grantees to remain with, and to continuously increase the value of, the ACI Group and the CIC Group, and is beneficial to the Company and therefore, aligns with the purpose of the Auchan Scheme and the RT-Mart Scheme, the Remuneration Committee is of the view that performance targets are not necessary for the Trust Units granted to the Grantees.</p>

Clawback mechanism: Trust Units 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 Grantee 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).

Financial assistance: For Trust Units acquired through Employer's Contribution and Retirement Saving Contribution, payments were made by the CIC Group and/or the ACI Group (as the case may be) on behalf of the Grantees.

For Trust Units acquired through Employee's Contribution, voluntary cash contributions were made by the Grantees and there are no arrangements for the Company or any of its subsidiaries to provide financial assistance to the Grantees to facilitate the purchase of these Trust Units.

LISTING RULES IMPLICATIONS

Save as disclosed above and to the best of the knowledge of the Directors having made all reasonable enquiries, as at the date of grant, (i) none of the Grantees is a Director, chief executive or substantial shareholder of the Company or an associate (as defined under the Listing Rules) of any of them; (ii) none of the Grantees is a participant with options and awards granted and to be granted exceeding the 1% individual limit under Rule 17.03D(1) of the Listing Rules; and (iii) none of the Grantees is a related entity participant or a service provider (as defined under the Listing Rules). The above grant of Trust Units would not result in the awards granted and to be granted to a Grantee in the 12-month period up to and including the date of grant in aggregate exceed 1% of the ACI Registered Capital or the CIC Registered Capital, as the case may be. None of the grant will be subject to approval by the Shareholders.

REGISTERED CAPITAL AVAILABLE FOR FUTURE GRANT

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

As at the date of this announcement, assuming (i) all Employer's Contribution are accepted by the Grantees; (ii) all Grantees will make voluntary contribution (Employee's Contribution); (iii) no disposal elections will be made by any participants of the Auchan Scheme and RT-Mart Scheme; (iv) there is no minimum requirement of Cash Portion^(Note 1) within the portfolio of trust asset and all Employer's Contribution (including Retirement Saving Contribution) and Employee's Contribution will be used by the Trustee to purchase equity interests in ACI and CIC; and (v) each of the management committees of the Auchan Scheme and the RT-Mart Scheme will decide to devote all Employer's Contribution (including Retirement Saving Contribution) and Employee's Contribution to purchase equity interests in ACI and CIC^(Note 1), hence all Trust Units acquired through the Employer's Contribution (including Retirement Saving Contribution) and the Employee's Contribution would contribute to a subsequent capital injection in ACI and CIC and be deducted from the scheme mandate limits. On the basis of the aforementioned assumptions,

upon the aforesaid grant of the Trust Units, a maximum of approximately 54,980.23 Trust Units and 20,373.19 Trust Units acquired through Employer’s Contribution (including Retirement Saving Contribution) and Employee’s Contribution would contribute to a subsequent capital injection in ACI and CIC, in the amount of US\$131,122.31 and US\$654,348.78, respectively, and be deducted from the scheme mandate limits. Accordingly, US\$37,005,670.69 and US\$24,214,291.52 remain available for a future subsequent capital injection to ACI and/or CIC (as the case may be) by the Trustee under the scheme mandate limits of the Auchan Scheme and the RT-Mart Scheme, respectively. Upon receipt of the purchase elections and disposal elections from the participants of the Auchan Scheme and RT-Mart Scheme and the completion of the matching exercise of the purchase elections and disposal elections by the Trustee, the Company will further disclose in the annual report and the interim report the information of the Auchan Scheme and the RT-Mart Scheme in accordance with the requirements of the Listing Rules.

Note 1: 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 fund to hold cash and invest in cash equivalents (“**Cash Portion**”) and using the remaining portion of the fund to purchase equity interests (“**Share Portion**”) in ACI and CIC, as the case may be, in accordance with the terms of the Auchan Scheme and RT-Mart Scheme.

DEFINITIONS

“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
“Auchan Scheme”	the employee trust benefit scheme established for the employees of the ACI Group
“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 the 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

“Director(s)”	directors of the Company or any one of them
“Employee’s Contribution”	the Grantees may, but are not obliged to, make voluntary cash contributions to the trust which is subject to a maximum cap of 30% of the relevant Grantee’s total income of the relevant year
“Employee Trust Benefit Schemes”	the amended employee trust benefit schemes adopted by the Company at an extraordinary general meeting on 16 August 2023, which consist of the Auchan Scheme and the RT-Mart Scheme, the principal terms of which were set out on pages 14 to 25 of the Company’s circular dated 1 August 2023
“Employer’s Contribution”	under the trust arrangement, each of CIC Group and ACI Group will make cash payments on behalf of the Grantees for their relevant employer’s contribution to the trust
“General Employee(s)”	general employee(s) of the ACI Group and/or the CIC Group, being selected participants of the Employee Trust Benefit Schemes, excluding Managerial Employees
“Grantee(s)”	selected participant(s) who have opted to participate in the Employee Trust Benefit Schemes in accordance with the provisions set out therein
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
“Managerial Employee(s)”	selected participant(s) of the Employee Trust Benefit Schemes who hold the rank of store manager or above
“PRC”	the People’s Republic of China, for the purpose of this announcement, excludes Hong Kong, Macao and Taiwan
“Retirement Saving Contribution”	further cash payment made by the ACI Group and the CIC Group to the trust on behalf of Managerial Employees as retirement benefits in addition to the Employer’s Contribution and the Employee’s Contribution
“RMB”	Renminbi, the lawful currency of PRC
“RT-Mart Scheme”	the employee trust benefit scheme established for the employees of the CIC Group
“Shareholder(s)”	holder(s) of the shares of the Company

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Trust Unit(s)”	unit(s) 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
“US\$”	United States dollar, the lawful currency of the United States

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

Hong Kong, 14 November 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