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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 a stockbroker or other registered dealer in securities, a 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, together with the enclosed 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)

**PROPOSED RE-ELECTION OF RETIRING DIRECTORS AND
ELECTION OF NEW DIRECTOR,
PROPOSED GRANTING OF GENERAL MANDATES TO
BUY BACK SHARES AND TO ISSUE NEW SHARES,
PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION
AND
NOTICE OF ANNUAL GENERAL MEETING**

The notice convening the Annual General Meeting of Sun Art Retail Group Limited to be held at Jade Room, 6/F, Marco Polo Hongkong Hotel, Harbour City, 3 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong on Friday, 17 May 2019 at 3:00 p.m. is set out in this circular.

Whether or not you are able to attend the Annual General Meeting, please complete and sign the enclosed form of proxy for use at the Annual 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 holding the Annual General Meeting (i.e. not later than 3:00 p.m. on Wednesday, 15 May 2019 (Hong Kong time)) or the adjourned meeting (as the case may be). Completion and return of the form of proxy will not preclude the Shareholders from attending and voting in person at the Annual 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 (<http://www.hkexnews.hk>) and the Company (www.sunartretail.com).

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

11 April 2019

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DEFINITIONS

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

“A-RT”	A-RT Retail Holdings Limited (吉鑫控股有限公司), the immediate controlling shareholder of our Company, a limited liability company incorporated in Hong Kong, whose principal business is investment holding and a company owned by Auchan Retail International S.A., Taobao China Holding Limited, Concord Greater China Limited, Kofu International Limited and Monicole Exploitation Maatschappij BV (a company incorporated in the Netherlands, which is indirectly wholly-owned by Auchan Retail International S.A.);
“Alibaba Group”	Alibaba Group Holding Limited, a company incorporated in the Cayman Islands and its American depositary shares are listed on the New York Stock Exchange;
“Annual General Meeting”	the annual general meeting of the Company to be held at Jade Room, 6/F, Marco Polo Hongkong Hotel, Harbour City, 3 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong on Friday, 17 May 2019 at 3:00 p.m., to consider and, if appropriate, to approve the resolutions contained in the notice of the meeting which is set out on pages 17 to 21 of this circular, or any adjournment thereof;
“Articles of Association”	The articles of association of the Company adopted by special resolution passed on 14 May 2015 and currently in force;
“Auchan Holding”	Auchan Holding S.A. (formerly “Groupe Auchan S.A.”), a company incorporated in France and comprises various companies controlled by Gerard Mulliez and the other members of the Mulliez Family through which they conduct or pursue their various business interests in hypermarkets operations, supermarkets operations, real estate development, banking and e-commerce;
“Auchan Retail”	Auchan Retail International S.A. (formerly “Auchan Hyper S.A.”), a company incorporated in France which is wholly-owned by Auchan Holding;
“Board”	the board of Directors of the Company;

DEFINITIONS

“Company”	Sun Art Retail Group Limited, a company incorporated in Hong Kong with limited liability, the Shares of which are listed on the Main Board of Stock Exchange;
“Director(s)”	the director(s) of the Company;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Issuance Mandate”	a general and unconditional mandate proposed to be granted to the Directors to issue, allot or deal with additional Shares of not exceeding 20% of the total number of issued shares of the Company as at the date of passing of proposed ordinary resolution contained in paragraph 6 of the notice of the Annual General Meeting;
“Latest Practicable Date”	8 April 2019, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange as amended from time to time;
“Proposed Amendments”	the proposed amendments to the Articles of Association as set out in this circular;
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong;
“Share(s)”	ordinary share(s) in the capital of the Company;
“Share Buy-back Mandate”	a general mandate proposed to be granted to the Directors to buy back Shares on the Stock Exchange of not exceeding 10% of the total number of issued shares of the Company as at the date of passing of the proposed ordinary resolution contained in paragraph 5 of the notice of the Annual General Meeting;
“Shareholder(s)”	holder(s) of Share(s);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;

DEFINITIONS

“Takeovers Code”	The Codes on Takeovers and Mergers and Share Buy-backs issued by the Securities and Futures Commission in Hong Kong as amended from time to time;
“Taobao China”	Taobao China Holding Limited, the immediate controlling shareholder of our Company, a company incorporated in Hong Kong with limited liability, and is directly wholly-owned by Taobao Holding Limited, which is in turn owned by Alibaba Group;
“%”	per cent.

LETTER FROM THE BOARD

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:

Ludovic, Frédéric, Pierre HOLINIER
(Chief Executive Officer)

Non-executive Directors:

ZHANG Yong *(Chairman)*
Benoit, Claude, Francois, Marie, Joseph, LECLERCQ
Xavier, Marie, Alain DELOM de MEZERAC
Wilhelm, Louis HUBNER
CHEN Jun

Independent Non-executive Directors:

Karen Yifen CHANG
Desmond MURRAY
HE Yi

Head Office and Registered Office:

Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

Place of business in the People's

Republic of China:
No. 255 Jiang Chang Xi Road
Jing'an District
200436, Shanghai
China

11 April 2019

To the Shareholders

Dear Sir/Madam,

**PROPOSED RE-ELECTION OF RETIRING DIRECTORS AND
ELECTION OF NEW DIRECTOR,
PROPOSED GRANTING OF GENERAL MANDATES TO
BUY BACK SHARES AND TO ISSUE NEW SHARES,
PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION
AND
NOTICE OF ANNUAL GENERAL MEETING**

1. INTRODUCTION

The purpose of this circular is to provide the Shareholders with information in respect of certain resolutions to be proposed at the Annual General Meeting for (i) the re-election of retiring Directors and election of new Director; (ii) the granting to the Directors of the Share Buy-back Mandate and the Issuance Mandate to buy back Shares and to issue new Shares, (iii) the proposed amendments to the articles of association respectively.

LETTER FROM THE BOARD

2. PROPOSED RE-ELECTION OF RETIRING DIRECTORS AND ELECTION OF NEW DIRECTOR

In accordance with article 95 of the Articles of Association, Mr. Wilhelm, Louis HUBNER (“**Mr. HUBNER**”), Mrs. Karen Yifen CHANG (“**Ms. CHANG**”) and Mr. Desmond MURRAY (“**Mr. MURRAY**”) shall retire at the Annual General Meeting.

Mr. HUBNER has not offered himself for re-election at the Annual General Meeting and accordingly will retire as a Non-executive Director at the conclusion of the Annual General Meeting. Following the retirement of Mr. Hubner, Mr. Benoit, Claude, Francois, Marie, Joseph LECLERCQ, Mr. Xavier, Marie, Alain, DELOM de MEZERAC and Mr. Ludovic, Frédéric, Pierre HOLINIER will cease to act as his alternate immediately after the conclusion of the Annual General Meeting.

Each of the other two retiring Directors, namely Mrs. CHANG and Mr. MURRAY being eligible, will offer themselves for re-election at the Annual General Meeting.

The Board has proposed to nominate Mr. Edgard, Michel, Marie, BONTE (“**Mr. BONTE**”) as a candidate for election as a Non-executive Director, subject to the approval of the Shareholders at the Annual General Meeting. Mr. BONTE’s term of office will commence from the date on which approval of his election by the Shareholders is obtained at the Annual General Meeting. Subject to Mr. BONTE’s appointment as a Non-executive Director, Mr. BONTE will be appointed as a member of the Nomination Committee, the Audit Committee, the Remuneration Committee, the Investment Committee and the Operations Committee.

The Nomination Committee has reviewed the structure and composition of the Board, the confirmations and disclosures given by the Directors, the qualifications, skills and experience, time commitment and contribution of the retiring Directors with reference to the nomination principles and criteria set out in the Company’s Board Diversity Policy and Director Nomination Policy and the Company’s corporate strategy, and the independence of all Independent Non-executive Directors. The Nomination Committee has recommended to the Board on re-election of Mrs. CHANG and Mr. MURRAY who are eligible to offer themselves for re-election at the Annual General Meeting and election of Mr. BONTE as the new Director. The Company considers that the retiring Independent Non-executive Directors are independent in accordance with the independence guidelines set out in the Listing Rules and will continue to bring valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning and diversity.

Details of the directors proposed for re-election and director proposed for election at the Annual General Meeting are set out in Appendix I to this circular.

LETTER FROM THE BOARD

3. PROPOSED GRANTING OF GENERAL MANDATE TO BUY BACK SHARES

At the annual general meeting of the Company held on 9 May 2018, a general mandate was granted to the Directors to buy back Shares. Such mandate will lapse at the conclusion of the Annual General Meeting. In order to give the Company the flexibility to buy back Shares if and when appropriate, an ordinary resolution will be proposed at the Annual General Meeting to approve the granting of the Share Buy-back Mandate to the Directors to buy back Shares on the Stock Exchange of not exceeding 10% of the total number of issued Shares of the Company as at the date of passing of the proposed ordinary resolution contained in item 5 of the notice of the Annual General Meeting (i.e. a total of 953,970,470 Shares on the basis that the issued share capital of the Company remains unchanged on the date of the Annual General Meeting). The Directors wish to state that they have no immediate plan to buy back any Shares pursuant to the Share Buy-back Mandate.

An explanatory statement required by the Listing Rules to provide the Shareholders with requisite information reasonably necessary for them to make an informed decision on whether to vote for or against the granting of the Share Buy-back Mandate is set out in Appendix II to this circular.

4. PROPOSED GRANTING OF GENERAL MANDATE TO ISSUE NEW SHARES

At the annual general meeting of the Company held on 9 May 2018, a general mandate was granted to the Directors to issue Shares. Such mandate will lapse at the conclusion of the Annual General Meeting. In order to give the Company the flexibility to issue Shares if and when appropriate, an ordinary resolution will be proposed at the Annual General Meeting to approve the granting of the Issuance Mandate to the Directors to issue, allot or deal with additional Shares of not exceeding 20% of the total number of issued Shares of the Company as at the date of passing of the proposed ordinary resolution contained in item 6 of the notice of the Annual General Meeting (i.e. a total of 1,907,940,940 Shares on the basis that the issued share capital of the Company remains unchanged on the date of the Annual General Meeting). An ordinary resolution to extend the Issuance Mandate by adding the number of Shares bought back by the Company pursuant to the Share Buy-back Mandate will also be proposed at the Annual General Meeting.

The Directors wish to state that they have no immediate plan to issue any new Shares pursuant to the Issuance Mandate.

LETTER FROM THE BOARD

5. PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Reference is made to the announcement of the Company dated 3 March 2019 in relation to the Proposed Amendments.

The Board proposed certain amendments to be made to the existing Articles of Association in order to (i) improve corporate governance of the Company; (ii) strengthen the Company's ability to recruit talents to hold office in the management; (iii) enhance the administration or conduct of the business of the Company and (iv) promote the Company's sustainable and healthy development. The Proposed Amendments are subject to the approval by the Shareholders by way of a special resolution at the AGM and will come into effect immediately upon such special resolution being passed. Upon the approval of the Proposed Amendments as a special resolution, the resignation of Mr. Ludovic, Frédéric, Pierre Holinier and the appointment of Mr. Huang Ming-Tuan as the chief executive director of the Company will become effective.

Details of the Proposed Amendments are set out in Appendix III to this circular. Save for the Proposed Amendments, other articles of the Articles of Association remain unchanged.

Our Company's legal advisers have confirmed that the Proposed Amendments are in compliance with the requirements of the Listing Rules and the laws of Hong Kong. The Company also confirms that there is nothing unusual about the proposed amendments to the Articles of Association for a company listed in Hong Kong.

Please note that the Proposed Amendments are prepared in English language. The Chinese translation of the Proposed Amendments is for information only and not an official translation of the English version. In case of any discrepancy, the English version shall prevail.

6. ANNUAL GENERAL MEETING AND PROXY ARRANGEMENT

The notice of the Annual General Meeting is set out on pages 17 to 21 of this circular.

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 Annual General Meeting in the manner prescribed under the Listing Rules.

A form of proxy for use at the Annual General Meeting is enclosed with this circular and such form of proxy is also published on the websites of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the Company (www.sunartretail.com). To be valid, the form of proxy must be completed and signed in accordance with the instructions printed thereon and 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 as soon as possible but in any event not less than 48 hours before the time appointed for holding the

LETTER FROM THE BOARD

Annual General Meeting (i.e. not later than 3:00 p.m. on Wednesday, 15 May 2019 (Hong Kong time)) or the adjourned meeting (as the case may be). Completion and delivery of the form of proxy will not preclude you from attending and voting at the Annual General Meeting if you so wish.

7. RECOMMENDATION

The Directors consider that the proposed re-election of the retiring Directors and election of new Director, granting of the Share Buy-back Mandate, the Issuance Mandate and the Proposed Amendments to the Articles of Association are in the best interests of the Company and the Shareholders. Accordingly, the Directors recommend the Shareholders to vote in favour of the relevant resolutions to be proposed at the Annual General Meeting.

8. 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 Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this document 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 document misleading.

Yours faithfully,

For and on behalf of the Board

Sun Art Retail Group Limited

Ludovic, Frédéric, Pierre HOLINIER

Executive Director and Chief Executive Officer

The following are details of the Directors who will retire and being eligible, offer themselves for re-election and the candidate who is nominated for election as a new Director at the Annual General Meeting.

(1) Mrs. Karen Yifen CHANG

Mrs. Karen Yifen CHANG (張挹芬), aged 55, is an Independent Non-executive Director of the Company and has been a director of the Company since 27 June 2011. Mrs. Chang serves as the chief executive officer of Jack Wolfskin Trading (Shanghai) Co, Ltd, a leading international outdoor brand, since August 2017 after being the non-executive director for 2 years. As a veteran from retail and consumer industry, she was chief executive officer for Natural Beauty Bio-Technology Limited (Stock Code: 157), the chief financial officer, the chief executive officer and the chief executive director of Pou Sheng International (Holdings) Limited (Stock Code: 3813) from October 2007 to December 2015. In addition, Mrs. Chang has many years of management consultancy and investment banking experiences from working with KPMG in Washington DC and Los Angeles in the United States as well as Jardine Fleming, Merrill Lynch and Credit Suisse in Shanghai and Hong Kong from 1992 to 2006.

Mrs. Chang received a Bachelor degree in Arts in English Literature from Fu-Jen Catholic University in Taiwan in 1986 and a Master of Business Administration degree from the George Washington University in Washington D.C. in the United States in 1988.

Mrs. Chang has entered into a service agreement with a term of appointment for a period of three years until 26 June 2020 and subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Articles of Association. Mrs. Chang receives an annual remuneration of HK\$345,000 as per the service agreement.

At the Latest Practicable Date, Mrs. Chang does not have any interest in Shares within the meaning of Part XV of the SFO.

Save as disclosed above, Mrs. Chang did not hold any other directorships in the last three years in any other public companies, the securities of which are listed in Hong Kong or overseas and does not have any relationship with any other Directors, senior management, substantial shareholders or controlling shareholders of the Company.

Save as disclosed above, there is no other information in relation to Mrs. Chang required to be disclosed pursuant to any of the requirements under Rules 13.51(2)(h) to (v) of the Listing Rules and there are no other matters concerning Mrs. Chang that need to be brought to the attention of the Shareholders.

(2) Mr. Desmond MURRAY

Mr. Desmond MURRAY, aged 64, is an Independent Non-executive Director of the Company since 27 June 2011. Mr. Murray graduated with a Bachelor of Commerce from the University College Dublin in 1976 and is a qualified accountant and a member of the Hong Kong Institute of Certified Public Accountants. He was an audit partner in PricewaterhouseCoopers Hong Kong from 1987 to 2000. Since withdrawing from practice with PricewaterhouseCoopers, Mr. Murray has taken on a number of non-executive directorships. These include a major retailer in Ireland and Clear Media Limited (“**CML**”, Stock Code: 100), a company listed on the Main Board of the Stock Exchange. With effect from 1 July 2016, Mr. Murray has relinquished his position as chairman of the remuneration committee of CML. With effect from 9 August 2016, Mr. Murray has resigned as an independent non-executive director, as chairman of the audit committee, and as a member of each of the audit committee, the remuneration committee and the nomination committee of CML.

Mr. Murray was a non-executive director of iShares plc, iShares II plc, iShares III plc, iShares IV plc and iShares V plc, companies all listed on the Main Board of the London Stock Exchange until 31 March 2013. He was also a non-executive director of Black Rock Fixed Income Dublin Funds plc, Black Rock Institutional Pooled Funds plc and Institutional Cash Series plc, companies all listed on the Dublin Stock Exchange until 31 March 2013. Mr. Murray also acts as a business consultant to a number of smaller businesses. While working with PricewaterhouseCoopers, Mr. Murray advised boards and audit committees of companies listed in Hong Kong, both as an audit partner and as an adviser in relation to both internal audit and corporate governance. He was Honorary Consul for Ireland in Hong Kong from 1996 to 1999.

Mr. Murray has entered into a service agreement with a term of appointment for a period of three years until 26 June 2020 and subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Articles of Association. Mr. Murray receives an annual remuneration of HK\$425,000 as per the service agreement.

At the Latest Practicable Date, Mr Murray had interest of 55,000 Shares in the Company within the meaning of Part XV of the SFO.

Save as disclosed above, Mr. Murray did not hold any other directorships in the last three years in any other public companies, the securities of which are listed in Hong Kong or overseas and does not have any relationship with any other Directors, senior management, substantial shareholders or controlling shareholders of the Company.

Save as disclosed above, there is no other information in relation to Mr. Murray required to be disclosed pursuant to any of the requirements under Rules 13.51(2)(h) to (v) of the Listing Rules and there are no other matters concerning Mr. Murray that need to be brought to the attention of the Shareholders.

(3) Mr. Edgard, Michel, Marie, BONTE

Mr. Edgard, Michel, Marie, BONTE, aged 46, he has been appointed as Chief Executive Officer of Auchan Retail International S.A., as well as Chairman and Member of the Executive Board of Auchan Holding S.A., a company founded by Mr. Gerard Mulliez. Mr. Bonte was also appointed as director of A-RT Retail Holdings Ltd., the controlling shareholder of the Company since 11 December 2018.

Since leaving high school in France, Mr. Bonte has accumulated extensive experience working in businesses including trading and retail. Since February 2011, Mr. Bonte has been the Chairman of Kiabi, a French ready-to-wear retail group created in 1978 and one of the leaders in this sector. Taking effect on 12 December 2009, he was also appointed as Chairman of Volumiq Software SAS, a French company active in engineering sector.

Mr. Bonte is also a Director in two Hong Kong incorporated companies International Trading Fashion and Apparel Supply Ltd and Kiabi International Supply Services Ltd since 2014. In addition, since May 2017, Mr. Bonte has held a mandate as Chairman of Kweb SAS, a French company engaged in mail order activities.

Upon the approval of appointment, Mr. Bonte will enter into a service agreement with a term of appointment for a period of three years commencing from the date on which approval of his election by the Shareholders is obtained at the Annual General Meeting and subject to retirement by rotation and re-election at the general meeting of the Company in accordance with the Articles of Association. Mr. Bonte will not receive any remuneration as per the service agreement.

At the Latest Practicable Date, Mr Bonte had an interest in one Share in the Company within the meaning of Part XV of the SFO.

Mr. Bonte was appointed as a director and chief executive officer of For Magic Reasons SA (“**For Magic Reasons**”), a private company incorporated in France principally engaged in wholesale of goods, in July 2005, following his acquisition of a majority shareholding in For Magic Reasons. Shortly after completion of the acquisition, Mr. Bonte discovered that For Magic Reasons was in financial difficulties (which pre-dated the acquisition), and promptly took steps to assess the financial position of the company, through the appointment of external auditors, before declaring the insolvency of For Magic Reasons in the French Commercial Court in December 2005. Court proceedings were subsequently brought against all of the directors of For Magic Reasons, including Mr. Bonte, by the liquidator of For Magic Reasons in the Commercial Court of Roubaix-Tourcoing in France in connection with the company’s insolvency. The Commercial Court of Roubaix-Tourcoing ruled in June 2011 that there had been no wrongdoing by Mr. Bonte and he had acted appropriately. Mr. Bonte resigned as a chief

executive officer of For Magic Reasons in January 2019. As at the latest practicable date, the insolvency process of For Magic Reasons was ongoing. The financial amount involved in the insolvency proceedings in respect of For Magic Reasons was approximately USD6 million.

Based on the above, the Directors consider that the insolvency process of For Magic Reasons does not adversely affect the suitability of Mr. Bonte being appointed as a Non-Executive Director of the Company.

Save as disclosed above, Mr. Bonte did not hold any other directorships in the last three years in any other public companies, the securities of which are listed in Hong Kong or overseas and does not have any relationship with any other Directors, senior management, substantial shareholders or controlling shareholders of the Company.

Save as disclosed above, there is no other information in relation to Mr. Bonte required to be disclosed pursuant to any of the requirements under Rules 13.51(2)(h) to (v) of the Listing Rules and there are no other matters concerning Mr. Bonte that need to be brought to the attention of the Shareholders.

The following is an explanatory statement required by the Listing Rules to provide the Shareholders with requisite information reasonably necessary for them to make an informed decision on whether to vote for or against the ordinary resolution to be proposed at the Annual General Meeting in relation to the granting of the Share Buy-back Mandate. It also constitutes the memorandum under sections 239(2) of the Companies Ordinance, Chapter 622 of the Laws of Hong Kong.

1. SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company comprised 9,539,704,700 Shares.

Subject to the passing of the ordinary resolution set out in item 5 of the notice of the Annual General Meeting in respect of the granting of the Share Buy-back Mandate and on the basis that the issued share capital of the Company remains unchanged on the date of the Annual General Meeting, i.e. being 9,539,704,700 Shares, the Directors would be authorized under the Share Buy-back Mandate to buy back, during the period in which the Share Buy-back Mandate remains in force, a total of 953,970,470 Shares, representing 10% of the total number of Shares in issue as at the date of the Annual General Meeting.

2. REASONS FOR SHARE BUY-BACK

The Directors believe that the granting of the Share Buy-back Mandate is in the best interests of the Company and the Shareholders.

Shares buy-back may, depending on the market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be made when the Directors believe that such a buy-back will benefit the Company and the Shareholders.

3. FUNDING OF SHARE BUY-BACK

The Company may only apply funds legally available for share buy-back in accordance with its Articles of Association, the laws of Hong Kong and/or any other applicable laws, as the case may be.

4. IMPACT OF SHARE BUY-BACK

There might be a material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the audited accounts contained in the annual report of the Company for the year ended 31 December 2018) in the event that the Share Buy-back Mandate was to be carried out in full at any time during the proposed buy-back period. However, the Directors do not intend to exercise the Share Buy-back Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

5. MARKET PRICES OF SHARES

The highest and lowest prices per Share at which Shares have traded on the Stock Exchange during each of the previous 12 months were as follows:

Month	Highest HK\$	Lowest HK\$
March, 2018	10.78	8.60
April, 2018	9.83	8.86
May, 2018	9.50	8.86
June, 2018	11.52	9.08
July, 2018	10.70	9.85
August, 2018	10.22	8.62
September, 2018	10.26	8.33
October, 2018	10.50	8.45
November, 2018	9.76	8.55
December, 2018	9.21	7.83
January, 2019	8.01	7.26
February, 2019	8.55	7.42
March, 2019	8.00	6.72
April, 2019 (<i>up to the Latest Practicable Date</i>)	7.84	7.16

6. GENERAL

To the best of their knowledge and having made all reasonable enquiries, none of the Directors nor any of their respective close associates (as defined in the Listing Rules) have any present intention to sell any Shares to the Company in the event that the granting of the Share Buy-back Mandate is approved by the Shareholders.

The Company has not been notified by any core connected persons (as defined in the Listing Rules) of the Company that they have a present intention to sell any Shares to the Company, or that they have undertaken not to sell any Shares held by them to the Company in the event that the granting of the Share Buy-back Mandate is approved by the Shareholders.

The Directors have undertaken to the Stock Exchange to exercise the power of the Company to buy back Shares pursuant to the Share Buy-back Mandate in accordance with the Listing Rules and the applicable laws of Hong Kong.

7. TAKEOVERS CODE

If as a result of a buy-back of Shares pursuant to the Share Buy-back Mandate, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition of voting rights for the purposes of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert (within the meaning under the Takeovers Code), depending on the level of increase in the Shareholder's interest, could obtain or consolidate control of the Company and thereby become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

To the best knowledge of the Company, as at the Latest Practicable Date, A-RT, Auchan Retail, Taobao China and New Retail Strategic Opportunities Investment 1 Limited were interested in a total of 7,347,461,560 Shares representing approximately 77.02% of the total issued share capital of the Company. In the event that the Directors exercise the proposed Share Buy-back Mandate in full, the aggregate shareholding of the above shareholders would be increased to approximately 85.58% of the issued share capital of the Company.

The Directors are not aware of any consequences which may give rise to an obligation to make a mandatory offer under Rule 26 of the Takeovers Code. The Directors do not propose to exercise the Share Buy-back Mandate to such an extent as would, in the circumstances, give rise to an obligation to make a mandatory offer in accordance with Rule 26 of the Takeovers Code and/or result in the aggregate number of Shares held by the public shareholders falling below the prescribed minimum percentage required by the Stock Exchange.

8. SHARE BUY-BACK MADE BY THE COMPANY

During the 6 months prior to the Latest Practicable Date, the Company had not bought back any of the Shares (whether on the Stock Exchange or otherwise).

The details of the Proposed Amendments set out as follows:

	Existing article	Amended article (Proposed amendment being underlined)
Article 108	The Directors may, from time to time, appoint one or more of their number to hold any office in the management, administration or conduct of the business of the Company as they may decide, for such period and upon such terms and for such remuneration as the Directors shall think fit, and the Directors may also, from time to time (subject to the provisions of any agreement between him or them and the Company) remove him or them from office, and appoint another or others in his or their place or places.	The Directors may, from time to time, appoint one or more <u>persons</u> (<u>irrespective of whether he/she is a Director</u>) to hold any office in the management, administration or conduct of the business of the Company (<u>including but not limited to the Chief Executive Officer</u>) as they may decide, for such period and upon such terms and for such remuneration as the Directors shall think fit, and the Directors may also, from time to time (subject to the provisions of any agreement between him/her or them and the Company) remove him/her or them from office, and appoint another or others in his/hers or their place or places.
Article 110	The Directors may, from time to time, entrust to and confer upon any Director, holding any other office in the management, administration or conduct of the business of the Company, the powers exercisable under these Articles by the Directors subject to such regulations and restrictions as the Board may from time to time make or impose, and may confer such powers for such time, and to be exercised for such objects and purposes, and upon such terms and conditions and with such restrictions as they may consider expedient, and may from time to time revoke, withdraw, alter or vary all or any of such powers. The ability of the Directors to delegate under this Article applies to all their powers and is not limited because certain Articles refer to powers being exercised by the Directors or by a committee authorised by the Directors while other Articles do not.	The Directors may, from time to time, entrust to and confer upon any <u>person</u> holding any office in the management, administration or conduct of the business of the Company, the powers exercisable under these Articles by the Directors subject to such regulations and restrictions as the Board may from time to time make or impose, and may confer such powers for such time, and to be exercised for such objects and purposes, and upon such terms and conditions and with such restrictions as they may consider expedient, and may from time to time revoke, withdraw, alter or vary all or any of such powers. The ability of the Directors to delegate under this Article applies to all their powers and is not limited because certain Articles refer to powers being exercised by the Directors or by a committee authorised by the Directors while other Articles do not.

NOTICE OF ANNUAL GENERAL MEETING



SUN ART RETAIL GROUP LIMITED

高鑫零售有限公司

(Incorporated in Hong Kong with limited liability)

(Stock code: 06808)

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting (the “**Annual General Meeting**”) of Sun Art Retail Group Limited 高鑫零售有限公司 (the “**Company**”) will be held at Jade Room, 6/F, Marco Polo Hongkong Hotel, Harbour City, 3 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong on Friday, 17 May 2019 at 3:00 p.m. for the following purposes:

ORDINARY RESOLUTIONS

To consider and, if thought fit, pass with or without amendments, the following resolutions as ordinary resolutions:

1. To receive the audited consolidated financial statements of the Company and the reports of the directors (the “**Directors**”) and auditors for the year ended 31 December 2018.
2. To declare a final dividend of HK\$0.14 per share for the year ended 31 December 2018.
3.
 - (a) To re-elect Mrs. Karen Yifen CHANG as an Independent Non-executive Director;
 - (b) To re-elect Mr. Desmond MURRAY as an Independent Non-executive Director;
 - (c) To elect Mr. Edgard, Michel, Marie, BONTE as a Non-executive Director; and
 - (d) To authorize the board of Directors (the “**Board**”) to fix the respective Directors’ remuneration.
4. To re-appoint KPMG as auditors and to authorize the Board to fix their remuneration.

NOTICE OF ANNUAL GENERAL MEETING

5. “**THAT:**

- (a) subject to paragraph 5(b) below, a general mandate be and is hereby generally and unconditionally given to the Directors of the Company to exercise during the Relevant Period (as defined below) all the powers of the Company to buy back its shares in accordance with all applicable laws, rules and regulations;
- (b) the total number of shares of the Company to be bought back pursuant to the mandate in paragraph 5(a) above shall not exceed 10% of the total number of issued shares of the Company as at the date of passing of this resolution (subject to adjustment in the case of any subsequent consolidation or subdivision of shares of the Company after the date of passing of this resolution); and
- (c) for the purposes of this resolution:

“**Relevant Period**” means the period from the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any applicable laws to be held; and
- (iii) the date on which the authority set out in this resolution is revoked or varied by an ordinary resolution of the shareholders in general meeting.”

6. “**THAT:**

- (a) subject to paragraph 6(b) below, a general mandate be and is hereby generally and unconditionally given to the Directors of the Company to issue, allot and deal with additional shares in the capital of the Company and to make or grant offers, agreements and options which might require the exercise of such powers during or after the end of the Relevant Period (as defined below) in accordance with all applicable laws, rules and regulations;
- (b) the aggregate number of shares allotted or agreed conditionally or unconditionally to be allotted by the Directors pursuant to the mandate in paragraph 6(a) above, otherwise than pursuant to:
 - (i) a Rights Issue (as defined below);

NOTICE OF ANNUAL GENERAL MEETING

- (ii) the exercise of options under a share option scheme of the Company; and
- (iii) any scrip dividend scheme or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on shares of the Company in accordance with the articles of association of the Company

shall not exceed 20% of the total number of the issued shares of the Company as at the date of passing of this resolution and if any subsequent consolidation or subdivision of shares is conducted, the maximum number of shares that may be issued under the mandate in paragraph 6(a) above as a percentage of the total number of issued shares at the date immediately before and after such consolidation or subdivision shall be the same; and

- (c) for the purposes of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any applicable laws to be held; and
- (iii) the date on which the authority set out in this resolution is revoked or varied by an ordinary resolution of the shareholders in general meeting.

“Right Issue” means an offer of shares open for a period fixed by the directors to holders of shares of the Company or any class thereof on the register on a fixed record date in proportion to their then holdings of such shares or class thereof (subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of any relevant jurisdiction or the requirements of any recognized regulatory body or any stock exchange).”

NOTICE OF ANNUAL GENERAL MEETING

7. “**THAT** conditional upon the passing of resolutions set out in paragraph 5 and 6 of the notice convening this meeting (the “**Notice**”), the general mandate referred to in the resolution set out in paragraph 6 of the Notice be and is hereby extended by the addition to the aggregate number of shares which may be issued and allotted or agreed conditionally or unconditionally to be issued and allotted by the Directors pursuant to such general mandate of the number of shares bought back by the Company pursuant to the mandate referred to in resolution set out in paragraph 5 of the Notice, provided that such number of shares shall not exceed 10% of the total number of issued shares of the Company as at the date of passing of this resolution (subject to adjustment in the case of any consolidation or subdivision of shares of the Company after the date of passing of this resolution.”

SPECIAL RESOLUTION

To consider and, if thought fit, pass (with or without amendments) the following resolution as a special resolution:

8. “**THAT** the Proposed Amendments to the Articles of Association of the Company be and are hereby approved.”

By Order of the Board
Sun Art Retail Group Limited
Ludovic, Frédéric, Pierre HOLINIER
Executive Director and Chief Executive Officer

Hong Kong, 11 April 2019

NOTICE OF ANNUAL GENERAL MEETING

Notes:

1. All resolutions 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 Annual General Meeting (i.e. not later than 3:00 p.m. on Wednesday, 15 May 2019 (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 above meeting, the Register of Members of the Company will be closed from Tuesday, 14 May 2019 to Friday, 17 May 2019, both dates inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the Annual General Meeting, 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 share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Friday, 10 May 2019.
5. For determining the entitlement to the proposed final dividend, the record date is fixed on Thursday, 23 May 2019. In order to qualify for the proposed final dividend, 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 share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Thursday, 23 May 2019.
6. A circular containing further details concerning items 3, 5, 6, 7 and 8 set out in the above notice will be sent to all shareholders of the Company.
7. References to time and dates in this notice are to Hong Kong time and dates.