

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this joint announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this joint announcement.

This joint announcement is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for any securities of Sun Art Retail Group Limited.

SUN ART
Retail Group Limited

TAOBAO CHINA HOLDING LIMITED

淘寶中國控股有限公司

(incorporated in Hong Kong with limited liability)

SUN ART RETAIL GROUP LIMITED

高鑫零售有限公司

(incorporated in Hong Kong with limited liability)

(Stock Code: 06808)

JOINT ANNOUNCEMENT

**(1) ACQUISITION OF 70.94% INTEREST IN
A-RT RETAIL HOLDINGS LIMITED
BY TAOBAO CHINA HOLDING LIMITED**

AND

**(2) POSSIBLE MANDATORY UNCONDITIONAL CASH OFFER BY
CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG
SECURITIES LIMITED
ON BEHALF OF TAOBAO CHINA HOLDING LIMITED
TO ACQUIRE ALL OF THE ISSUED SHARES IN
SUN ART RETAIL GROUP LIMITED
(OTHER THAN THOSE SHARES ALREADY OWNED OR AGREED TO
BE ACQUIRED BY TAOBAO CHINA HOLDING LIMITED
AND PARTIES ACTING IN CONCERT WITH IT)**

Financial adviser to the Offeror



THE SPA

The Company was informed by the Sellers that on 18 October 2020, the Sellers entered into the SPA with the Offeror. Pursuant to the SPA, the Offeror has conditionally agreed to purchase, and the Sellers have conditionally agreed to sell, the Auchan Sale Shares and the Monicole Sale Shares, representing approximately 70.94% of the entire issued share capital of A-RT as at the date of this joint announcement, for an aggregate consideration of US\$3,607,358,544 (approximately HK\$27,957,028,716) (equivalent to approximately US\$1.05 (HK\$8.10) per Share on a see-through basis).

SPA Completion is subject to the fulfilment or waiver of the conditions precedent to the SPA described in the section headed “Conditions precedent to the SPA” in this joint announcement.

TERMINATION OF SHAREHOLDERS’ AGREEMENT AND UNDERTAKING TO KOFU AND CGC

On 18 October 2020, the Offeror, the Sellers, Kofu, CGC and A-RT agreed to terminate the Shareholders’ Agreement with effect from SPA Completion. On the same date, the Offeror gave an undertaking to Kofu and CGC (with effect from SPA Completion) to continue with the following key terms previously agreed between the parties under the Shareholders’ Agreement: Provided that Kofu and CGC first offer any proposed transfer of shares in A-RT by them to the Offeror and the Offeror does not accept such offer and Kofu and CGC have complied with restrictive covenants in favour of the Offeror and other requirements provided for under the undertaking, Kofu and CGC will have the right to swap their shares in A-RT for the Shares. Thereafter Kofu and CGC will be required to negotiate with the Offeror in good faith the transfer of those Shares on an exclusive basis for a specified period of time.

TRANSITIONAL LICENCE AND SUB-LICENCE AGREEMENT

On 18 October 2020, Auchan Retail International and Auchan China (a subsidiary of the Company) entered into the Transitional Licence and Sub-licence Agreement, pursuant to which, Auchan Retail International agreed to grant a royalty-free licence to Auchan China to use certain “Auchan” related trademarks and domain names at the Stores in the PRC and for the products sold with these trademarks by Auchan China from the date of the SPA Completion to the date which is the first year anniversary of the date of SPA Completion.

Auchan Retail International is one of the controlling shareholders of the Company as of the date of this joint announcement and will continue to be until the SPA Completion (“**Relevant Period**”), Auchan Retail International therefore is a connected person of the Company under the Listing Rules during the Relevant Period. During the Relevant Period, the transactions contemplated by the Transitional Licence and Sub-licence Agreement would constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. After the SPA Completion, Auchan Retail International shall cease to be a controlling shareholder of the Company and the transactions contemplated under the Transitional Licence and Sub-licence Agreement shall also cease to be continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As all the applicable percentage ratios as defined under Rule 14.07 of the Listing Rules are below 0.1%, the transactions contemplated under the Transitional Licence and Sub-licence Agreement are fully exempted from reporting, announcement and the independent shareholders’ approval requirement under Chapter 14A of the Listing Rules.

THE BUSINESS COOPERATION AGREEMENT

As a result of the termination of the Shareholders' Agreement, Hangzhou Alibaba Zetai Information Technology Company Limited (being an indirect wholly-owned subsidiary of Alibaba Group) has served notice on the Company in accordance with the Original BCA to terminate the Original BCA on the termination of the Shareholders' Agreement (the termination of which will in turn take effect upon SPA Completion). Pursuant to the terms of the Original BCA, the parties' cooperation (save for the parties' mutual undertakings of non-compete) will have a transitional period for two years, commencing from the date of the termination, which extends to the two Implementation Agreements (which are ancillary to the Original BCA). The parties will discuss further the terms of a new strategic cooperation agreement governing the relationship between them, which will be announced separately in accordance with the Listing Rules.

POSSIBLE MANDATORY UNCONDITIONAL CASH OFFER

Immediately prior to SPA Completion, the Offeror is directly interested in 2,001,753,643 Shares (representing approximately 20.98% of the issued share capital of the Company), the New Retail Fund is interested in 480,369,231 Shares (representing approximately 5.04% of the issued capital of the Company) and A-RT is interested in 4,865,338,686 Shares (representing approximately 51.00% of the issued share capital of the Company).

Assuming no changes to the issued share capital of the Company during the Relevant Period, immediately after SPA Completion, the Offeror will through the acquisition of the Sale Shares gain statutory control of A-RT which holds approximately 51.00% of the issued share capital of the Company and thus is required under the Takeovers Code to extend a mandatory general offer to the Independent Shareholders.

Subject to and upon SPA Completion, the Offer will be made by CICC on behalf of the Offeror in compliance with the Takeovers Code on the following basis:

The Offer Price

For each Offer ShareHK\$8.10 in cash

The Offer Price of HK\$8.10 for each Offer Share is equal to the price payable by the Offeror for each Sale Share under the SPA on a see-through basis due to the fact that A-RT is a special purpose vehicle established solely to hold 51.00% of the issued share capital of the Company. The Offer Price will be reduced by any dividend declared, paid, made or agree to be paid or made, by the Company on or after the date of this joint announcement and up to closing of the Offer. The Company has confirmed that it does not intend to declare any dividend before 31 December 2020.

On the basis of the Offer Price of HK\$8.10 per Share and 9,539,704,700 Shares in issue as at the date of this joint announcement, the entire issued share capital of the Company is valued at approximately HK\$77,271,608,070.

GENERAL

Independent Board Committee of the Company and appointment of Independent Financial Adviser

The Independent Board Committee, comprising all four independent non-executive Directors who have no direct or indirect interest in the Offer, has been established. The Independent Board Committee will advise the Independent Shareholders as to whether the terms of the Offer are fair and reasonable and as to acceptance of the Offer.

The Independent Financial Adviser will be appointed by the Company (with approval from the Independent Board Committee) to advise the Independent Board Committee in relation to the Offer. An announcement will be made by the Company as soon as possible after the Independent Financial Adviser has been appointed.

Composite Document

If the Offer is made, it is the intention of the Offeror and the Company that a Composite Document comprising the offer document from the Offeror and the response document from the Board be jointly despatched by the Offeror and the Company to the Shareholders in accordance with the requirements of the Takeovers Code. The Composite Document will contain, among other things, the terms and details of the Offer, the recommendations of the Independent Board Committee in respect of the Offer and a letter of advice from the Independent Financial Adviser.

Pursuant to Rule 8.2 of the Takeovers Code, the Offeror and the Company are required to despatch the Composite Document within 21 days from the date of this joint announcement. However, as more time is expected to be required for preparation of the Composite Document, including preparation of a property valuation report (if applicable), the Offeror will make an application to the Executive under Rule 8.2 of the Takeovers Code for the Executive's consent to extend the deadline of despatch of the Composite Document to such later date as the Executive may approve. Further announcement(s) will be made by the Offeror and the Company on the timing of despatch of the Composite Document.

WARNING: The making of the Offer is subject to SPA Completion which in turn is subject to satisfaction and/or waiver of the conditions precedent contained in the SPA. The Offer therefore may or may not be made. The Shareholders and potential investors are advised to exercise extreme caution when dealing in the securities of the Company, and if they are in any doubt about their position, they should consult their professional advisers. This joint announcement is made in compliance with the Takeovers Code for the purpose of, among other things, informing the Shareholders and potential investors of the Company of the possibility that the Offer may be made.

WARNING: Shareholders are encouraged to read the Composite Document carefully, including the advice of the Independent Financial Adviser to the Independent Board Committee and the recommendation from the Independent Board Committee to the Shareholders in respect of the Offer, before deciding whether or not to accept the Offer.

Shareholders and potential investors are reminded to exercise caution when trading in the Shares.

NOTICE TO US HOLDERS OF SHARES

The Offer is being made for the securities of a company incorporated in Hong Kong with limited liability and is subject to Hong Kong disclosure requirements, which are different from those of the United States. The financial information included in this joint announcement has been prepared in accordance with Hong Kong Financial Reporting Standards and thus may not be comparable to financial information of U.S. companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the United States. The Offer will be made in the United States pursuant to the applicable U.S. tender offer rules and otherwise in accordance with the requirements of the SFO. Accordingly, the Offer will be subject to disclosure and other procedural requirements, including with respect to withdrawal rights, offer timetable, settlement procedures and timing of payments that are different from those applicable under U.S. domestic tender offer procedures and law.

In accordance with normal Hong Kong practice, the Offeror hereby discloses that it or its affiliates, or its nominees, or their respective brokers (acting as agents) may from time to time make certain purchases of, or arrangements to purchase, Shares outside of the United States, other than pursuant to the Offer, before or during the period in which the Offer remains open for acceptance. In accordance with the Takeovers Code, CICC and some of its affiliates may continue to act as exempt principal traders and exempt fund managers in the Shares on the Stock Exchange. These purchases may occur either in the open market at prevailing prices or in private transactions at negotiated prices, provided that any such purchase or arrangement complies with applicable law and is made outside the United States. Any information about such purchases will be reported to the SFC and, to the extent required to be publicly disclosed under the Takeovers Code, will be available on the website of the SFC at <http://www.sfc.hk>.

The receipt of cash pursuant to the Offer by a U.S. holder of Shares may be a taxable transaction for U.S. federal income tax purposes and under applicable state and local, as well as foreign and other tax laws. Each holder of Shares is urged to consult his/her/its independent professional advisor immediately regarding the tax consequences of acceptance of the Offer.

U.S. holders of Shares may encounter difficulty enforcing their rights and any claims arising out of the U.S. federal securities laws, as each of the Offeror Parent, the Offeror and the Company is located in a country outside the United States and some or all of their respective officers and directors may be residents of a country other than the United States. U.S. holders of Shares may not be able to sue a non-U.S. company or its officers or directors in a non-U.S. court for violations of the U.S. securities laws. Further, U.S. holders of Shares may encounter difficulty compelling a non-U.S. company and its affiliates to subject themselves to a U.S. court's judgment.

PART A: SALE AND PURCHASE OF APPROXIMATELY 70.94% OF THE ISSUED SHARES IN A-RT

The Company was informed by the Sellers that on 18 October 2020, Auchan Retail International and Monicole BV entered into the SPA with the Offeror, the principal terms of which are summarised below.

(1) The SPA

The principal terms of the SPA are summarised as follows.

Date: 18 October 2020

Parties:

Sellers: Auchan Retail International
Monicole BV

Purchaser: the Offeror

Subject to and in accordance with the SPA, the Offeror has conditionally agreed to purchase and Auchan Retail International and Monicole BV have conditionally agreed to sell 104,313,385 and 28,437,752 ordinary shares in A-RT respectively (representing approximately 55.74% and 15.20% of the issued share capital of A-RT respectively as at the date of this joint announcement) (collectively, the “**Sale Shares**”) to the Offeror, for US\$2,834,595,538 and US\$772,763,006 respectively, making the aggregate consideration US\$3,607,358,544 (approximately HK\$27,957,028,716) (equivalent to approximately US\$1.05 (HK\$8.10) per Share on a see-through basis which is the same as the Offer Price per Share). The consideration for the Sale Shares was determined after arm’s length negotiations between the Offeror and the Sellers and having regard to (i) the net asset value of the Company as at 30 June 2020; and (ii) the financial position of the Company.

Conditions precedent to the SPA

SPA Completion of the sale and purchase of the Sale Shares under the SPA is conditional upon:

- (i) no order or judgment (which has not been stayed, removed or withdrawn) of any Governmental Authority having been issued or made prior to SPA Completion, and no Governmental Authority having imposed in writing a Regulatory Condition (which has not been withdrawn and remains unsatisfied), which has the effect of making unlawful or otherwise prohibiting or suspending the transfer of the Sale Shares to the Offeror;
- (ii) each Seller having complied in all material respects up to SPA Completion with its obligations set out in the SPA in relation to its conduct of the business of A-RT before SPA Completion; and
- (iii) the Offeror having complied in all material respects up to SPA Completion with its obligations set out in the SPA in relation to its conduct of the business of A-RT before SPA Completion.

The Offeror may waive in writing the condition listed in (ii) above. The Sellers may waive in writing the condition listed in (iii) above.

Long Stop Date of the SPA

The SPA may be terminated prior to SPA Completion by the Offeror or the Sellers if SPA Completion has not occurred on or prior to 18 January 2021 (Hong Kong time), being the date falling three months after the date of the SPA (or, any such other date as the Offeror and the Sellers may otherwise agree), provided that the terminating party's failure to fulfil any obligation under the SPA has not been the cause of the failure of SPA Completion to occur.

Warranties, undertakings and indemnities in the SPA

Each of the Sellers has agreed to give certain warranties, undertakings and indemnities (including a bank guarantee) in favour of the Offeror. Auchan Retail International has agreed to limited post-SPA Completion non-compete restrictions.

The Offeror has agreed that, from the date of the SPA until the date falling six months after SPA Completion, it will not dispose of any of its shares in A-RT to a third party at a price per share that is higher than US\$27.17 (or its equivalent in a currency other than USD), except the Offeror will be permitted to transfer shares in A-RT to any of its affiliates and the New Retail Fund as long as the transferee agrees to be bound by this restriction.

SPA Completion

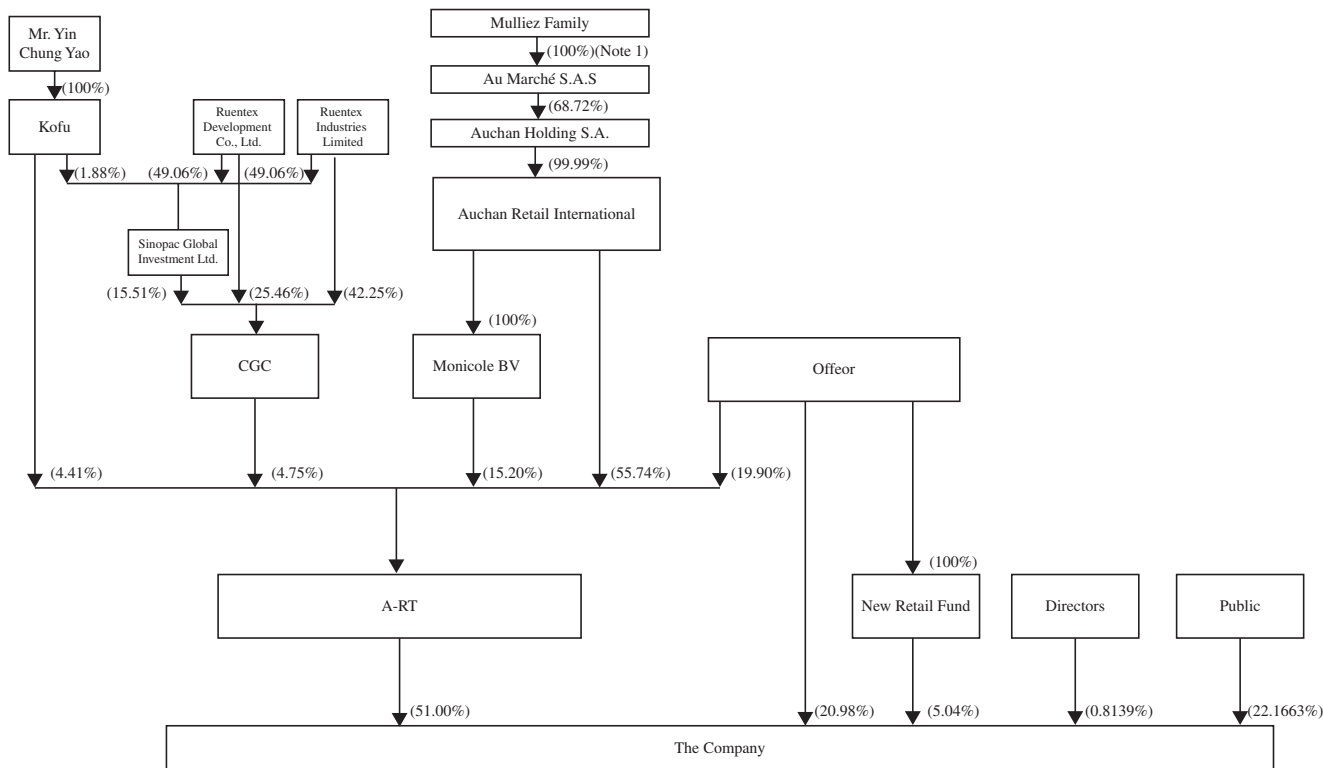
SPA Completion will take place on or within three Business Days of the date of the SPA or in any event, by no later than 5:00pm on the Long Stop Date.

The Company will publish a further announcement upon SPA Completion.

(2) SHAREHOLDING STRUCTURE OF THE COMPANY BEFORE AND AFTER SPA COMPLETION

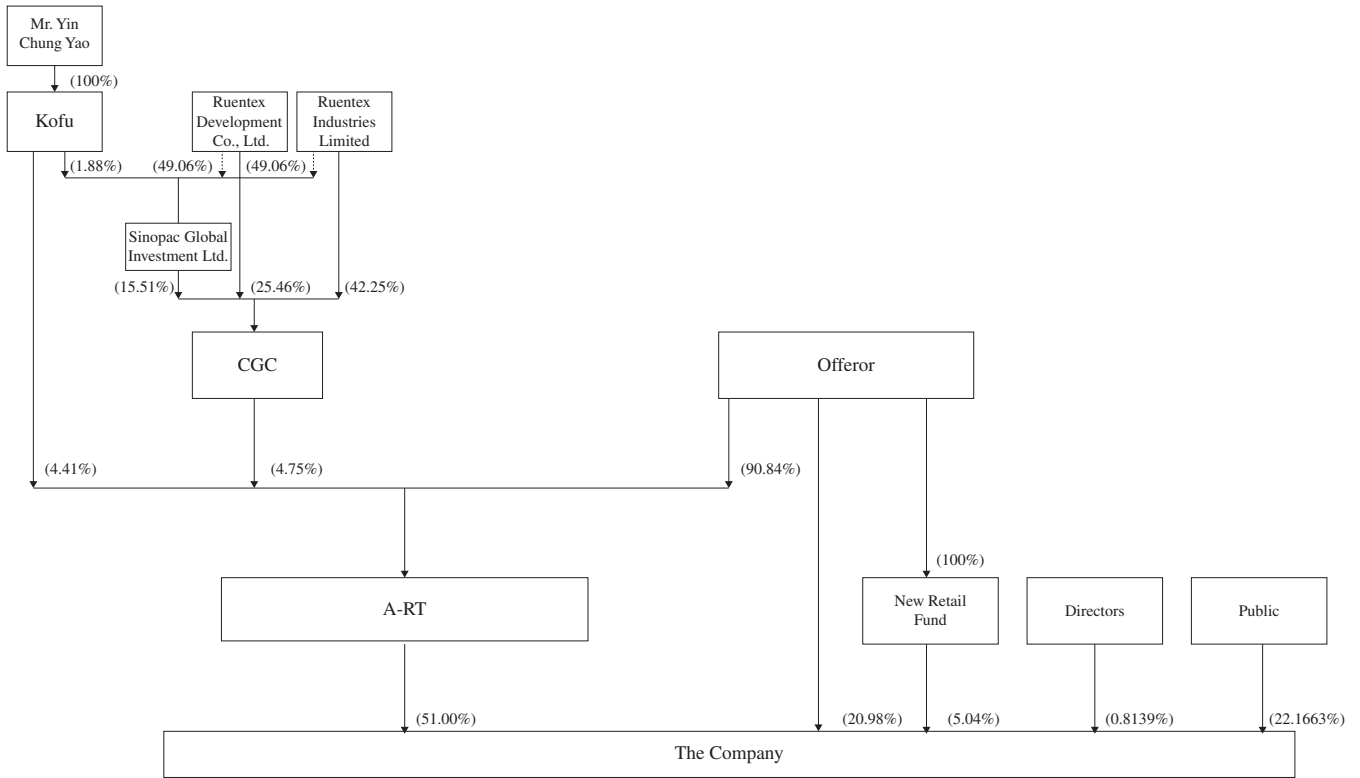
The following charts show the shareholding structure of the Company (i) immediately prior to SPA Completion; and (ii) immediately after SPA Completion:

Immediately prior to SPA Completion:



Note 1: Au Marché S.A.S is wholly-owned by the Mulliez Family through certain intermediate holding companies.

Immediately after SPA Completion:



The Sellers have confirmed that they do not hold any Shares directly in the Company.

The following table sets out the shareholding structure of the Company (i) immediately prior to SPA Completion; and (ii) immediately after SPA Completion but before the commencement of the Offer, assuming there is no change in number of the issued Shares during the Relevant Period and SPA Completion takes place before the commencement of the Offer:

	Immediately prior to SPA Completion		Immediately after SPA Completion but before the commencement of the Offer	
	No. of Shares	Approximate %	No. of Shares	Approximate %
Offeror and its concert parties (including presumed concert parties)				
– Offeror	2,001,753,643	20.98%	2,001,753,643	20.98%
– New Retail Fund	480,369,231	5.04%	480,369,231	5.04%
– A-RT	4,865,338,686	51.00%	4,865,338,686	51.00%
Subtotal	7,347,461,560	77.02%	7,347,461,560	77.02%
Directors				
– Mr. HUANG Ming-Tuan ^{Note 1}	77,590,702	0.8133%	77,590,702	0.8133%
– Mr. Desmond MURRAY	55,000	0.0006%	55,000	0.0006%
Subtotal	77,645,702	0.8139%	77,645,702	0.8139%
Public Shareholders				
– Mr. HSU Sheng-Yu	12,018,343	0.1260%	12,018,343	0.1260%
– Other public shareholders	2,102,579,095	22.0403%	2,102,579,095	22.0403%
Subtotal	2,114,597,438	22.1663%	2,114,597,438	22.1663%
Total	9,539,704,700	100.00%	9,539,704,700	100.00%

Note 1: Mr. HUANG Ming-Tuan is interested in the Shares through his spouse, Ms. LEE Chih-Lan who holds 76,039,464 Shares through Unique Grand Trading Limited and 1,551,238 Shares under her name.

PART B: ANCILLARY MATTERS

(1) TERMINATION OF THE SHAREHOLDERS' AGREEMENT AND UNDERTAKING TO KOFU AND CGC

On 18 October 2020, the Offeror, the Sellers, Kofu, CGC and A-RT agreed to terminate the Shareholders' Agreement with effect from SPA Completion. On the same date, the Offeror gave an undertaking to Kofu and CGC (with effect from SPA Completion) to continue with the following key terms previously agreed between the parties: provided that Kofu and CGC first offer any proposed transfer of shares in A-RT by them to the Offeror and the Offeror does not accept such offer and Kofu and CGC have complied with restrictive covenants in favour of the Offeror and other requirements provided for under the undertaking, Kofu and CGC will have the right to swap their shares in A-RT for the Shares. Thereafter Kofu and CGC will be required to negotiate with the Offeror in good faith the transfer of those Shares on an exclusive basis for a specified period of time.

(2) TRANSITIONAL LICENCE AND SUB-LICENCE AGREEMENT

On 18 October 2020, Auchan Retail International and Auchan China (a subsidiary of the Company) entered into the Transitional Licence and Sub-licence Agreement which will take effect at SPA Completion, pursuant to which, Auchan Retail International agreed to grant a royalty-free licence to Auchan China to use certain "Auchan" related trademarks and domain names at the Stores in the PRC and for the products sold with these trademarks by Auchan China from the date of the SPA Completion to the date which is the first year anniversary of the date of SPA Completion.

Auchan Retail International is one of the controlling shareholders of the Company as of the date of this joint announcement and will continue to be during the Relevant Period, Auchan Retail International therefore is a connected person of the Company under the Listing Rules during the Relevant Period. During the Relevant Period, the transactions contemplated by the Transitional Licence and Sub-licence Agreement would constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. After the SPA Completion, Auchan Retail International shall cease to be a controlling shareholder of the Company and the transactions contemplated under the Transitional Licence and Sub-licence Agreement shall also cease to be continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As all the applicable percentage ratios as defined under Rule 14.07 of the Listing Rules are below 0.1%, the transactions contemplated under the Transitional Licence and Sub-licence Agreement are fully exempted from reporting, announcement and the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

(3) THE BUSINESS COOPERATION AGREEMENT

As a result of the termination of the Shareholders' Agreement, Hangzhou Alibaba Zetai Information Technology Company Limited (being an indirect wholly-owned subsidiary of Alibaba Group) has served notice on the Company in accordance with the Original BCA to terminate the Original BCA on the termination of the Shareholders' Agreement (the termination of which will in turn take effect upon SPA Completion). Pursuant to the terms of the Original BCA, the parties' cooperation (save for the parties' mutual undertakings of non-compete) will have a transitional period for two years commencing from the date of the termination which extends to the two Implementation Agreements (which are ancillary to the Original BCA). The parties will discuss further the terms of a new strategic cooperation agreement governing the relationship between them, which will be announced separately in accordance with the Listing Rules.

PART C: POSSIBLE MANDATORY UNCONDITIONAL CASH OFFER

Immediately prior to SPA Completion, the Offeror is directly interested in 2,001,753,643 Shares (representing approximately 20.98% of the issued share capital of the Company), the New Retail Fund is interested in 480,369,231 Shares (representing approximately 5.04% of the issued capital of the Company) and A-RT is interested in 4,865,338,686 Shares (representing approximately 51.00% of the issued share capital of the Company).

Assuming no changes to the issued share capital of the Company during the Relevant Period, immediately after SPA Completion, the Offeror will through the acquisition of the Sale Shares gain statutory control of A-RT which holds approximately 51.00% of the issued share capital of the Company. The Offeror is thus required under Rule 26.1 of the Takeovers Code to extend a mandatory unconditional general offer in cash for all the issued Shares (other than those already owned or agreed to be acquired by the Offeror and its concert parties) to the Independent Shareholders.

As at the date of this joint announcement, there are 9,539,704,700 Shares in issue.

The Company has no outstanding securities, options, warrants or derivatives which are convertible into or which confer rights to require the issue of Shares and the Company has no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) other than the Shares as at the date of this joint announcement.

Subject to and upon SPA Completion, the Offer will be made by CICC on behalf of the Offeror in compliance with the Takeovers Code on the following basis:

The Offer Price

For each Offer Share HK\$8.10 in cash

The Offer Price of HK\$8.10 for each Offer Share is equal to the price payable by the Offeror for each Sale Share under the SPA on a see-through basis due to the fact that A-RT is a special purpose vehicle established solely to hold 51.00% of the issued share capital of the Company (applying an exchange rate of US\$1 to HK\$7.75 as quoted by Bloomberg FX Fixings at 12 p.m. (CET) on 13 October 2020). The Offer Price will be reduced by any dividend declared, paid, made or agree to be paid or made, by the Company on or after the date of this joint announcement and up to the closing of the Offer. The Company has confirmed that it does not intend to declare any dividends before 31 December 2020.

On the basis of the Offer Price of HK\$8.10 per Share and 9,539,704,700 Shares in issue as at the date of this joint announcement, the entire issued share capital of the Company is valued at approximately HK\$77,271,608,070.

Comparison of value

The Offer Price of HK\$8.10 per Share represents:

- (a) a premium of approximately 189.31% or HK\$5.30 per Share over the audited net asset value attributable to equity holders as at 31 December 2019 of approximately HK\$2.80 per Share based on 9,539,704,700 Shares in issue as at the date of this joint announcement, based on RMB to HK\$ exchange rate of RMB0.89578 to HK\$1 (being the exchange rate as quoted by the People's Bank of China on 31 December 2019);
- (b) a premium of approximately 186.03% or HK\$5.27 per Share over the unaudited net asset value attributable to equity holders per Share as at 30 June 2020 of approximately HK\$2.83 per Share based on 9,539,704,700 Shares in issue as at the date of this joint announcement, based on RMB to HK\$ exchange rate of RMB0.91344 to HK\$1 (being the exchange rate as quoted by the People's Bank of China on 30 June 2020);
- (c) a premium of approximately 2.14% or HK\$0.17 per Share over the closing price of HK\$7.93 per Share on the Last Trading Date;
- (d) a premium of approximately 1.00% or HK\$0.08 per Share over the average closing price of approximately HK\$8.02 per Share for the last five trading days up to and including the Last Trading Date; and
- (e) a discount of approximately 8.27% or HK\$0.73 per Share to the average closing price of approximately HK\$8.83 per Share for the last 30 trading days up to and including the Last Trading Date.

The Offer Price of HK\$8.10 for each Offer Share is equal to the price payable by the Offeror to the Sellers for each Sale Share under the SPA, which was determined after arm's length negotiations between the Offeror and the Sellers and having regard to (i) the net asset value of the Company as at 30 June 2020; and (ii) the financial position of the Company.

Highest and lowest share prices of Shares

During the six-month period preceding the date of this joint announcement and the commencement of the offer period (as defined under the Takeovers Code) and up to the date of this joint announcement, the highest closing price of Shares as quoted on the Stock Exchange was HK\$13.24 on 30 June 2020, and the lowest closing price of Shares as quoted on the Stock Exchange was HK\$7.73 on 7 October 2020.

Total value of the Offer

On the basis of the Offer Price of HK\$8.10 per Offer Share and 9,539,704,700 Shares in issue as at the date of this joint announcement, the entire issued share capital of the Company is valued at approximately HK\$77,271,608,070. As the Offeror and its concert parties (and presumed concert parties) will hold 7,347,461,560 Shares immediately after SPA Completion, and taking into account the 89,664,045 IU Shares (as defined in the paragraph headed “Irrevocable undertakings not to accept the Offer” below), 2,102,579,095 Shares will be subject to the Offer and the total value of the Offer will be HK\$17,030,890,669.50 based on the Offer Price.

Irrevocable undertakings not to accept the Offer

As at the date of this joint announcement, (i) Ms. LEE Chih-Lan (spouse of Mr. HUANG Ming-Tuan who is an executive director and the chief executive officer of the Company) and her associates hold 77,590,702 Shares (representing approximately 0.81% of the issued share capital of the Company as at the date of this joint announcement); (ii) Mr. Desmond MURRAY (who is an independent non-executive director of the Company) holds 55,000 Shares (representing approximately 0.0006% of the issued share capital of the Company as at the date of this joint announcement) and (iii) and Mr. HSU Sheng-Yu (who is the chief financial officer of the subsidiaries of the Group operating under the “RT-Mart” banner) holds 12,018,343 Shares (representing approximately 0.13% of the issued share capital of the Company as at the date of this joint announcement) (the “**IU Shares**”). Each of them has given an irrevocable undertaking in favour of the Offeror, pursuant to which each of them has undertaken that he/she/it will not (a) sell or transfer his/her/its Shares during the offer period; or (b) accept the Offer in respect of his/her/its Shares.

Confirmation of financial resources

The aggregate of the cash amount payable to the Sellers as consideration for the Sale Shares under the SPA is US\$3,607,358,544. The maximum cash amount to be paid to the Shareholders in respect of acceptances under the Offer is approximately HK\$17,030,890,669.50, based on the Offer Price of HK\$8.10 per Offer Share and 2,102,579,095 Offer Shares (being a total of 9,539,704,700 Shares in issue less (i) 2,001,753,643 Shares held by the Offeror; (ii) 480,369,231 Shares held by New Retail Fund being a presumed concert party of the Offeror; (iii) 4,865,338,686 Shares held by A-RT being a presumed concert party of the Offeror; and (iv) 89,664,045 IU Shares) and subject to the rounding up of payment to the nearest cent as described below. The total cash consideration payable for (i) the Sale Shares under the SPA and (ii) the Offer will be funded by internal resources and/or external debt-financing.

CICC, the financial adviser to the Offeror, is satisfied that sufficient financial resources are available to the Offeror (i) to complete the SPA; and (ii) to satisfy the amount of funds required for the full acceptance of the Offer.

Effect of accepting the Offer

Acceptance of the Offer by any Shareholder will be deemed to constitute a warranty by such person that all the Shares sold by such person under the Offer are free from all Encumbrances and sold together with all rights and benefits attaching to them as at the date of the Composite Document or subsequently becoming attached to them, including but not limited to the right to receive all dividends, distributions and any return of capital, if any, which may be paid, made or declared, or agreed to be made or paid thereon or in respect thereof on or after the date on which the Offer is made, being the date of the Composite Document, unless the Offeror has reduced the Offer Price in respect of any dividend declared, paid/made or agreed to be paid/made by the Company up to the close of the Offer. In the event that the Company decides to declare, pay, make or agree to pay or make any dividends on or after the date of this joint announcement and up to closing of the Offer, the Offeror intends to reduce the Offer Price by the amount of such dividends. The Company has confirmed that it does not intend to declare any dividend before 31 December 2020.

Payment

Payment in cash in respect of acceptances of the Offer will be made within seven business days (as defined under the Takeovers Code) of the date on which the Offer Shares are validly tendered for acceptance of the Offer. Relevant documents of title must be received by the Offeror to render each acceptance of the Offer complete and valid.

No fractions of a cent will be payable and the amount of the consideration payable to a Shareholder who accepts the Offer will be rounded up to the nearest cent.

Hong Kong stamp duty

The seller's Hong Kong ad valorem stamp duty on acceptances of the Offer at a rate of 0.1% of the amount of the consideration payable in respect of the relevant acceptances by the Shareholders or if higher, the market value of the Shares, will be deducted from the amount payable to the Shareholders who accept the Offer. The Offeror will arrange for payment of the seller's ad valorem stamp duty on behalf of the relevant Shareholders accepting the Offer and pay the buyer's Hong Kong ad valorem stamp duty in connection with the acceptance of the Offer.

Availability of the Offer

The Offeror intends to make the Offer available to all Shareholders, including those with registered addresses outside Hong Kong. The availability of the Offer to any persons not resident in Hong Kong may be affected by the applicable laws of the relevant jurisdictions. Any Shareholders who are not resident in Hong Kong and who wish to accept the Offer should inform themselves about and observe any applicable requirements in their own jurisdictions. It is the responsibility of the Shareholders who are not resident in Hong Kong who wish to accept the Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offer (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due from such shareholder in respect of such jurisdictions) and, where necessary, consult their own professional advisers.

In the event that the receipt of the Composite Document by overseas Shareholders is prohibited by any relevant law or regulation or may only be effected after compliance with conditions or requirements that the directors of the Offeror regard as unduly onerous or burdensome (or otherwise not in the best interests of the Offeror), and subject to the Executive's consent the Composite Document will not be despatched to such overseas Shareholders. For that purpose, the Offeror may apply for a waiver pursuant to Note 3 to Rule 8 of the Takeovers Code at such time. Any such waiver will only be granted if the Executive is satisfied that it would be unduly burdensome to despatch the Composite Document to such overseas Shareholders. In granting the waiver, the Executive will be concerned to see that all material information in the Composite Document is made available to such Shareholders. If any such waiver is granted by the Executive, the Offeror reserves the right to make arrangements in respect of the Shareholders not resident in Hong Kong in relation to the terms of the Offer. Such arrangements may include notifying any matter in connection with the Offer to the Shareholders having a registered overseas address by announcement or by advertisement in a newspaper which may or may not be circulated in the jurisdiction within which such persons are resident. The notice will be deemed to have been sufficiently given despite any failure by such Shareholders to receive or see that notice.

Other arrangements

As at the date of this joint announcement, except for the SPA, there is no arrangement (whether by way of option, indemnity or otherwise) in relation to Shares or shares of the Offeror which might be material to the Offer. Other than the SPA there is no agreement or arrangement to which the Offeror is a party which relates to circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Offer.

Apart from the consideration for the Sale Shares, there is no other consideration, compensation or benefit in whatever form paid or to be paid by the Offeror or any parties acting in concert with it to the Sellers or any party acting in concert with the Sellers in connection with the sale and purchase of the Sale Shares. Other than the arrangements relating to the acquisition of the Sale Shares by the Offeror from the Sellers, the material terms of which have been disclosed in the section headed "(1) The SPA" of Part A of this joint announcement, there is no understanding, arrangement, agreement or special deal between the Offeror or any party acting in concert with it on the one hand, and the Sellers and any party acting in concert with the Sellers on the other hand.

As at the date of this joint announcement, there is no understanding, arrangement or agreement or special deal (as defined under Rule 25 of the Takeovers Code) between (i) any shareholder of the Company; and (ii)(a) the Offeror or (b) the Company. After reasonable enquiries that could be made by the Offeror prior to the issue of this joint announcement, as at the date of this joint announcement, the Offeror is not aware of any understanding, arrangement or agreement or special deal (as defined under Rule 25 of the Takeovers Code) between (i) any shareholder of the Company; and (ii)(a) any parties acting in concert with the Offeror or (b) any subsidiaries or associated companies of the Company.

PART D: INFORMATION ON THE OFFEROR, THE SELLERS AND THE GROUP AND INTENTIONS OF THE OFFEROR ON THE COMPANY

Information on the Offeror

Taobao China Holding Limited is a company incorporated in Hong Kong with limited liability, and is an indirect wholly-owned subsidiary of Alibaba Group. It is the direct holding company of certain PRC subsidiaries relating to Taobao Marketplace and Tmall. Alibaba Group is a company incorporated in the Cayman Islands and its American depositary shares, each representing eight ordinary shares, are listed on the New York Stock Exchange, stock symbol BABA, and its ordinary shares are listed on the main board of the Stock Exchange, stock code 9988. As at the date of this joint announcement, the substantial shareholder (as defined in the Takeovers Code) of Alibaba Group is SoftBank Group Corp., a company listed on the Tokyo Stock Exchange (holding approximately 24.9% of the issued shares of Alibaba Group).

Information on the Sellers

Auchan Retail International is a company incorporated in France, and is 99.99% owned by Auchan Holding S.A. Monicole is a wholly-owned subsidiary of Auchan Retail International. Auchan Holding S.A. is a company incorporated in France and comprises various companies controlled by 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.

Information on the Company and the Group

The principal activities of the Group are the operation of hypermarkets and E-commerce platforms in the PRC.

Offeror's intentions in relation to the Company

On SPA Completion, the Offeror, together with the New Retail Fund which has a 5.04% shareholding in the Company, will hold an economic interest up to approximately 72.35% of the total issued share capital of the Company. The Offeror and its concert parties together will hold an aggregate shareholding of approximately 77.02% of the total issued share capital of the Company.

The Offeror and the Company believe that the strengthened alliance between the Offeror and the Company will enable the Group's activities to continue to benefit from the Offeror's digital ecosystem, leading to, among others, more online traffic, better synchronized online and offline inventory management and enhanced last mile fulfilment for the Group. It will continue to digitalise and introduce new retail solutions at the Group's stores.

Proposed change to the Board composition of the Company

As a result of the SPA, each of Mr. Benoit, Claude, Francois, Marie, Joseph LECLERCQ, Mr. Xavier, Marie, Alain DELOM de MEZERAC, Mr. Edgard, Michel, Marie BONTE and Ms. Isabelle, Claudine, Françoise BLONDÉ ép. BOUVIER has tendered his/her resignation on 17 October 2020 to resign from the Board with effect from the day immediately after the first closing date of the Offer, and from other directorships and positions held within the Group with effect from the date of SPA Completion.

As part of the reorganisation of the members of the Board after the SPA Completion, each of Mr. ZHANG Yong and Mr. CHEN Jun, tendered his resignation on 17 October 2020 to resign from the Board with effect from the day immediately after the first closing date of the Offer, and from other directorships and positions held within the Group with effect from the date of SPA Completion.

Each of the above resigning Directors has confirmed that there is no disagreement with the Board and the Company confirms that there are no matters that need to be brought to the attention of holders of the Shares.

Mr. HUANG Ming-Tuan, the Chief Executive Officer of the Company, was appointed on 17 October 2020 as Chairman of the Board with effect from that date.

Further announcement(s) will be made upon new directors appointed to the Board or any changes to the composition of the Board in accordance with the requirements of the Listing Rules and the Takeovers Code as and when appropriate.

Listing status of the Company

The Offeror intends to maintain the listing status of the issued Shares on the Stock Exchange after the close of the Offer. Pursuant to the Listing Rules, if, at the closing of the Offer, less than 19.38% of the issued Shares are held by the public or if the Stock Exchange believes that: (i) a false market exists or may exist in the trading of the Shares; or (ii) there are insufficient Shares in public hands to maintain an orderly market, then the Stock Exchange will consider exercising its discretion to suspend trading in the Shares. The Offeror will take appropriate steps to ensure that sufficient public float exists in the Shares after the close of the Offer.

Shareholders and potential investors are advised to exercise caution when dealing in Shares.

PART E: GENERAL MATTERS RELATING TO THE OFFER

Independent Board Committee of the Company and appointment of Independent Financial Adviser

The Independent Board Committee, comprising all four independent non-executive Directors who have no direct or indirect interest in the Offer, has been established. The Independent Board Committee will advise the Independent Shareholders as to whether the terms of the Offer are fair and reasonable and as to acceptance of the Offer.

Mr. ZHANG Yong, Mr. CHEN Jun, Mr. Benoit, Claude, Francois, Marie, Joseph LECLERCQ, Mr. Xavier, Marie, Alain DELOM de MEZERAC, Mr. Edgard, Michel, Marie BONTE, and Mrs. Isabelle, Claudine, Françoise BLONDÉ ép. BOUVIER, being all the non-executive Directors, shall not form part of the Independent Board Committee due to their respective interest in the Offer as follows:

- (a) Mr. ZHANG Yong is the chairman and chief executive officer of Alibaba Group, the ultimate holding company of the Offeror;
- (b) Mr. CHEN Jun is the senior vice president of Alibaba Group, the ultimate holding company of the Offeror;

- (c) Mr. Benoit, Claude, Francois, Marie, Joseph LECLERCQ is a member of Mulliez family, members of which collectively control Auchan Holding S.A., the controlling shareholder of Auchan Retail International;
- (d) Mr. Xavier, Marie, Alain DELOM de MEZERAC is the former general secretary and member of the executive board of Auchan Holding S.A.;
- (e) Mr. Edgard, Michel, Marie BONTE is the chief executive officer of Auchan Retail International; and
- (f) Mrs. Isabelle, Claudine, Françoise BLONDÉ ép. BOUVIER is the finance, performance and assets chief officer of Auchan Retail International.

The Independent Financial Adviser will be appointed by the Company (with approval from the Independent Board Committee) to advise the Independent Board Committee in relation to the Offer. An announcement will be made by the Company as soon as possible after the Independent Financial Adviser has been appointed.

Composite Document

If the Offer is made, it is the intention of the Offeror and the Company that a Composite Document comprising the offer document from the Offeror and the response document from the Board be jointly despatched by the Offeror and the Company to the Shareholders in accordance with the requirements of the Takeovers Code. The Composite Document will contain, among other things, the terms and details of the Offer, the recommendations of the Independent Board Committee in respect of the Offer and a letter of advice from the Independent Financial Adviser.

Pursuant to Rule 8.2 of the Takeovers Code, the Offeror and the Company are required to despatch the Composite Document within 21 days from the date of this joint announcement. However, as more time is expected to be required for preparation of the Composite Document, including preparation of a property valuation report (if applicable), the Offeror will make an application to the Executive under Rule 8.2 of the Takeovers Code for the Executive's consent to extend the deadline of despatch of the Composite Document to such later date as the Executive may approve. Further announcement(s) will be made by the Offeror and the Company on the timing of despatch of the Composite Document.

Interests of the Offeror in Shares

As at the date of this joint announcement, (i) the Offeror directly holds 2,001,753,643 Shares (representing approximately 20.98% of the issued share capital of the Company as at the date of this joint announcement; (ii) the New Retail Fund (being a presumed concert party of the Offeror) holds 480,369,231 Shares (representing approximately 5.04% of the issued share capital of the Company as at the date of this joint announcement and (iii) A-RT (being a presumed concert party of the Offeror) holds 4,865,338,686 Shares (representing approximately 51.00% of the issued share capital of the Company as at the date of this joint announcement). Save for the above, the Offeror and, to the best of its knowledge, its concert parties (including presumed concert parties), do not hold, control or have direction over any other Shares, convertible securities, warrants or options and do not have, control or have direction over any other interests in the issued Shares or voting rights of the Company. The Offeror and, to the best of its knowledge, its concert parties have not entered into any outstanding derivatives in respect of the Shares.

Assuming no changes to the issued share capital of the Company, upon SPA Completion, the Offeror will own or control (through its direct and indirect shareholdings in the Company), together with the New Retail Fund, the following Shares:

The Offeror.	7,347,461,560
----------------------	---------------

(approximately 77.02% of the issued Shares)

As at the date of this joint announcement, there are 9,539,704,700 Shares in issue. The Company does not as at the date of this joint announcement have and is not expected to have in issue any outstanding options, warrants, derivatives or securities that carry a right to subscribe for or which are convertible into the Shares.

Save for the dealings in the Shares by CICC which are conducted on a non-discretionary basis for and on behalf of its clients, the Offeror and its concert parties have not dealt in the Shares, convertible securities, warrants, options or derivatives of the Company during the six-month period immediately prior to 18 October 2020 (being the date of this joint announcement and the commencement of the offer period (as defined under the Takeovers Code)).

As at the date of this joint announcement, neither the Offeror nor its concert parties have borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company.

Details of holdings, borrowings or lendings of, and dealings in, the Shares, convertible securities, warrants, options or derivatives of the Company held by or entered into by other parts of the CICC group (except in respect of Shares held by exempt principal traders or exempt fund managers or Shares held on behalf of non-discretionary investment clients of other parts of the CICC group) will be obtained as soon as possible after the date of this joint announcement in accordance with Note 1 to Rule 3.5 of the Takeovers Code. A further announcement will be made by the Company if the holdings, borrowings, lendings, or dealings of the other parts of the CICC group are significant and in any event, such information will be disclosed in the Composite Document. The statements in this joint announcement as to holdings, borrowings or lendings of, or dealings in, the Shares, convertible securities, warrants, options or derivatives of the Company by persons acting in concert with the Offeror are subject to the holdings, borrowings, lendings, or dealings (if any) of members in such other parts of the CICC group.

Any dealings in the Shares during the six months prior to 18 October 2020 (being the date of this joint announcement and the commencement of the offer period (as defined under the Takeovers Code)) and since the commencement of the offer period to the latest practicable date prior to the despatch of the Composite Document by CICC group (excluding dealings in Shares by CICC group members who are exempt principal traders or exempt fund managers or dealings in the Shares by CICC group members for the account of non-discretionary investment clients of the CICC group) will be disclosed in the Composite Document and pursuant to Rule 22 of the Takeovers Code.

Disclosure of Dealings

Associates of the Offeror or the Company (including persons holding 5% or more of any class of relevant securities of the Offeror or the Company) are reminded to disclose their dealings in the Shares. In accordance with Rule 3.8 of the Takeovers Code, reproduced below is the full text of Note 11 to Rule 22 of the Takeovers Code:

“Responsibilities of stockbrokers, banks and other intermediaries

Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates of an offeror or the offeree company and other persons under Rule 22 and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than \$1 million.

This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”

WARNING: The making of the Offer is subject to SPA Completion which in turn is subject to satisfaction and/or waiver of the conditions precedent contained in the SPA. The Offer therefore may or may not be made. The Shareholders and potential investors are advised to exercise extreme caution when dealing in the securities of the Company, and if they are in any doubt about their position, they should consult their professional advisers. This joint announcement is made in compliance with the Takeovers Code for the purpose of, among other things, informing the Shareholders and potential investors of the Company of the possibility that the Offer may be made.

WARNING: Shareholders are encouraged to read the Composite Document carefully, including the advice of the Independent Financial Adviser to the Independent Board Committee and the recommendation from the Independent Board Committee to the Shareholders in respect of the Offer, before deciding whether or not to accept the Offer.

Shareholders and potential investors are reminded to exercise caution when trading in the Shares.

DEFINITIONS

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

A-RT	A-RT Retail Holdings Limited (吉鑫控股有限公司), a company incorporated in Hong Kong with limited liability, a Shareholder holding approximately 51.00% in the Company as at the date of this joint announcement
acting in concert (or concert parties)	has the meaning given to it in the Takeovers Code
Alibaba Group	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
associate(s)	has the meaning given to it in the Takeovers Code
Auchan China	Auchan (China) Investment Co., Ltd., a company which is 99.78% owned by Auchan (China) Hong Kong Limited, a wholly owned subsidiary of the Company
Auchan Retail International	Auchan Retail International S.A., a company which is 99.9% owned by Auchan Holding S.A. which in turn is 68.72% owned by Au Marche S.A.S (which is wholly-owned by the Mulliez family through certain intermediate holding companies)
Auchan Sale Shares	104,313,385 ordinary shares in A-RT held by Auchan Retail International (representing approximately 55.74% of the issued share capital of A-RT as at the date of this joint announcement)
Board	the board of Directors
Business Day	any day (excluding a Saturday or Sunday or public holiday) on which banks are generally open for business in France, the British Virgin Islands, Taiwan, Hong Kong and the PRC
CGC	Concord Greater China Limited, a company which is ultimately beneficially owned 49.06% by Ruentex Development Co., Ltd., 49.06% by Ruentex Industries Limited and 1.88% by Kofu
CICC	China International Capital Corporation Hong Kong Securities Limited, the financial adviser to the Offeror in relation to the Offer. CICC is a licensed corporation under the SFO, licensed to carry out Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts) and Type 6 (advising on corporate finance) regulated activities

Companies Ordinance	the Companies Ordinance (Chapter 622 of the laws of Hong Kong)
Company	Sun Art Retail Group Limited 高鑫零售有限公司, a company incorporated in Hong Kong with limited liability, the issued Shares of which are listed on the main board of the Stock Exchange (Stock Code: 06808)
Composite Document	the proposed composite offer and response document to be issued jointly by the Offeror and the Company to the Shareholders in accordance with the Takeovers Code in relation to the Offer
controlling shareholder	has the meaning given to it in the Listing Rules
Director(s)	director(s) of the Company
Encumbrance	any encumbrance including any mortgage, pledge, charge, lien, deposit or assignment by way of security, bill of sale, right to acquire, option or right of pre-emption, beneficial ownership (including usufruct and similar entitlements), any provisional or executorial attachment and any other interest or right of any nature held, or claim that could be raised, by a third party, and any agreement, commitment or right to give, create or enforce any of the foregoing
Executive	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
Governmental Authority	supranational, national, state, municipal or local government (including any subdivision, court, administrative agency or commission, stock or securities exchange, self-regulatory organisation or other governmental or regulatory body) or any other supranational, intergovernmental, quasi-governmental authority, body, department or organisation, or any regulatory body appointed by any of the foregoing in each case, in any jurisdiction
Group	the Company and its subsidiaries and the terms “Group Company” and “member of the Group” shall be construed accordingly
HK\$	Hong Kong dollars, the lawful currency of Hong Kong
Hong Kong	the Hong Kong Special Administrative Region of the PRC
Implementation Agreements	(1) the implementation agreement dated 19 March 2018 between 淘寶(中國)軟件有限公司Taobao (China) Software Co., Ltd.* and Auchan China; and (2) the implementation agreement dated 19 March 2018 between 淘寶(中國)軟件有限公司Taobao (China) Software Co., Ltd.* and RT Mart China which implement certain provisions of the Original BCA
Independent Board Committee	an independent board committee of the Board established pursuant to the Takeovers Code to give recommendations to the Independent Shareholders in respect of the Offer

Independent Financial Adviser	the independent financial adviser to be appointed by the Independent Board Committee to advise the Independent Board Committee and the Independent Shareholders in respect of the Offer
Independent Shareholder(s)	the Shareholder(s) apart from the Offeror and its concert parties
Kofu	Kofu International Limited, a company which is owned by Mr. Yin Chung Yao
Last Trading Date	16 October 2020, being the last day on which the Shares were traded on the Stock Exchange prior to the publication of this joint announcement pursuant to Rule 3.5 of the Takeovers Code
Listing Rules	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
Monicole BV	Monicole Exploitiatiemaatschappij BV, a wholly-owned subsidiary of Auchan Retail International
Monicole Sale Shares	28,437,752 ordinary shares in A-RT held by Monicole BV (representing approximately 15.20% of the issued share capital of A-RT as at the date of this joint announcement)
New Retail Fund	New Retail Strategic Opportunities Investments 1 Limited, an investment vehicle of New Retail Strategic Opportunities Fund, L.P., over whose investment decision Alibaba Group is able to exercise significant influence through its subsidiary New Retail Strategic Opportunities GP Limited, the ultimate general partner of New Retail Strategic Opportunities Fund, L.P.
Offer	the possible mandatory unconditional cash offer to be made by CICC on behalf of the Offeror to acquire all the issued Shares not already owned or agreed to be acquired by the Offeror and its concert parties in accordance with the Takeovers Code as a result of (and subject to) SPA Completion
Offer Price	the price per Offer Share payable in cash by the Offeror on the terms of the Offer
Offer Shares	the Shares which are subject to the Offer
Offeror	Taobao China Holding Limited 淘寶中國控股有限公司, a company incorporated in Hong Kong and a wholly-owned subsidiary of Alibaba Group
Original BCA	the business cooperation agreement entered into between 杭州阿里巴巴澤泰信息技術有限公司 Hangzhou Alibaba Zetai Information Technology Company Limited*, the Company, Auchan China and RT Mart China on 7 December 2017 relating to the cooperation between the parties thereof in relation to certain businesses of the Company and subsidiaries of the Company

PRC	the People’s Republic of China, which expression, solely for the purpose of construing this joint announcement, does not include Hong Kong, Macau Special Administrative Region or Taiwan
Regulatory Condition	means consent, approval, clearance, confirmation or licence required by a Governmental Authority of the PRC
Relevant Period	the period from the date of this joint announcement to SPA Completion
RMB	Renminbi, the lawful currency of the PRC
Sale Shares	the Auchan Sale Shares and the Monicole Sale Shares
Sellers	each of Auchan Retail International and Monicole BV
SFC	The Securities and Futures Commission of Hong Kong
SFO	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
Shares	ordinary shares in the issued share capital of the Company
Shareholders	holders of the Shares
Shareholders’ Agreement	the shareholders’ agreement dated 7 December 2017 between the Offeror, the Sellers, Kofu, CGC and A-RT for the purpose of, among other things, regulating the management of A-RT, its relationship with each other and certain aspects of the affairs of, and the shareholders’ dealings relating to, A-RT
SPA	the sale and purchase agreement dated 18 October 2020 between the Offeror as purchaser and Auchan Retail International and Monicole BV as the sellers in relation to the sale and purchase of an aggregate of 132,751,137 ordinary shares in A-RT, representing approximately 70.94% of the issued share capital of A-RT as at the date of this joint announcement
SPA Completion	completion of the sale and purchase of the Sale Shares under the SPA
Stores	hypermarkets, supermarkets, proximity stores and other stores in each case to the extent operating under the “Auchan” banner in the PRC as of the date of SPA Completion
Stock Exchange	The Stock Exchange of Hong Kong Limited
Takeovers Code	the Hong Kong Code on Takeovers and Mergers

Transitional Licence and Sub-licence Agreement the transitional licence and sub-licence agreement dated 18 October 2020 between Auchan Retail International and Auchan China

U.S. or United States the United States of America

US\$ United States dollar, the lawful currency of the United States of America

% per cent.

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

Executive Director:

HUANG Ming-Tuan (Chief Executive Officer and Chairman)

Non-executive Directors:

ZHANG Yong

Benoit, Claude, Francois, Marie, Joseph LECLERCQ

Xavier, Marie, Alain DELOM de MEZERAC

Edgard, Michel, Marie BONTE

CHEN Jun

Isabelle, Claudine, Françoise BLONDÉ ép. BOUVIER

Independent Non-executive Directors:

Karen Yifen CHANG

Desmond MURRAY

HE Yi

Dieter YIH

The Directors of the Company jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than any information relating to the Offeror and its concert parties but including in relation to the Group) and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than those expressed by the directors of the Offeror but including those expressed by the Directors of the Company) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement the omission of which would make any statements in this joint announcement misleading.

As at the date of this joint announcement, the directors of the Offeror are Mr. ZHANG Jinwei; Mr. YAO Michael Yuen Jen and Mr. YIP Pak Tung, Jason.

The directors of the Offeror jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than that relating to the Group, the Sellers, Kofu, CGC or any of their associates or any parties acting in concert with them) and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than those expressed by the Directors of the Company) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statement in this joint announcement misleading.

On behalf of the board
Taobao China Holding Limited
ZHANG Jinwei
Director

On behalf of the Board
Sun Art Retail Group Limited
HUANG Ming-Tuan
Chairman and Chief Executive Officer

Hong Kong, 18 October 2020

* *For identification purpose only*