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**SUN ART**  
*Retail Group Limited*

**TAOBAO CHINA HOLDING LIMITED**

**SUN ART RETAIL GROUP LIMITED**

高鑫零售有限公司

(incorporated in Hong Kong with limited liability)

(incorporated in Hong Kong with limited liability)

(Stock Code: 06808)

**JOINT ANNOUNCEMENT**

**(1) ACQUISITION OF 26.02% INTEREST IN  
SUN ART RETAIL GROUP LIMITED  
BY TAOBAO CHINA HOLDING LIMITED**

**(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)**

**AND**

**(3) RESUMPTION OF TRADING**

**Financial adviser to the Offeror**



**THE SHARE PURCHASE AGREEMENTS**

The Company was informed by the Sellers that on 20 November 2017, Kofu entered into each of the Kofu A-RT SPA and the Kofu Listco SPA with the Offeror, and CGC entered into each of the CGC A-RT SPA and the CGC Listco SPA with the Offeror. Pursuant to the Share Purchase Agreements, the Offeror has conditionally agreed to purchase, and the Sellers have conditionally agreed to sell, (i) the A-RT Sale Shares, representing approximately 19.90% of the entire issued share capital of A-RT as at the date of this joint announcement, for an aggregate consideration of HK\$6,293,315,626 (equivalent to HK\$6.50 per Share on a see-through basis); and (ii) the Listco Sale Shares, representing approximately 26.02% of the entire issued share capital of the Company as at the date of this joint announcement, for an aggregate consideration of HK\$16,131,825,541 (representing HK\$6.50 per Share).

Completion of the Share Purchase Agreements is subject to the fulfilment or waiver of the conditions precedent to the A-RT SPAs and Listco SPAs described in the section headed "Conditions precedent to each of the Kofu A-RT SPA and the CGC A-RT SPA" and "Conditions precedent to each of the Kofu Listco SPA and the CGC Listco SPA" in this joint announcement.

**THE SHARE EXCHANGE AND TRANSFER AGREEMENTS**

The Company was also informed by the Sellers and Auchan that, on 20 November 2017, Auchan Retail International and Monicole BV entered into the Share Exchange and Transfer Agreements with CGC and Kofu respectively pursuant to which the parties thereto will reorganise their respective shareholdings in A-RT and in the Company by way of (i) Auchan Retail International transferring its approximately 9.71% shareholding in the Company to Kofu and CGC respectively (in proportion to Kofu and CGC's existing respective shareholdings in the Company) in consideration of Kofu and CGC respectively transferring an aggregate of approximately 19.04% shareholding in A-RT (in proportion to Kofu and CGC's existing respective shareholdings in A-RT) to Auchan Retail International; and (ii) Kofu and CGC respectively transferring an aggregate of approximately 0.90% shareholding in A-RT (in proportion to Kofu and CGC's existing respective shareholdings in A-RT) to Monicole BV for the aggregate cash consideration of HK\$284,622,364 (equivalent to HK\$6.50 per Share on a see-through basis).

**THE SHAREHOLDERS' AGREEMENT**

The Offeror, the Sellers and Auchan will enter into the Shareholders' Agreement, which will be effective upon Completion, for the purpose of, among other things, regulating the management of A-RT and its subsidiaries, its relationship with each other and certain aspects of the affairs of, and the shareholders' dealings relating to, A-RT.

**THE BUSINESS COOPERATION AGREEMENT**

Hangzhou Alibaba Zetai Information Technology Company Limited (being an indirect wholly-owned subsidiary of Alibaba Group), the Company, Auchan China and RT Mart China will enter into the Business Cooperation Agreement, which will be effective upon Completion. Pursuant to the Business Cooperation Agreement, Hangzhou Alibaba Zetai Information Technology Company Limited will agree to provide services including (a) granting access by the stores operated by Auchan China and RT Mart China to its business model and online platform; (b) data sharing; and (c) integration of systems and POS hardware, as part of its "Taobao Daojia" ("淘寶到家") service offering to the stores operated by the Group.

## **POSSIBLE MANDATORY UNCONDITIONAL CASH OFFER**

As at the date of this joint announcement, the Offeror does not hold, control or have direction over any Shares in the share capital or voting rights of the Company.

Assuming no changes to the issued share capital of the Company from the date of this joint announcement to the Second Completion and the Offeror has not designated the Co-Investor(s) to acquire any Shares, immediately after Second Completion, the Offeror will be interested in 2,481,819,314 Shares in the Company (representing approximately 26.02% of the issued share capital of the Company) and A-RT will remain to be interested in 4,865,338,686 Shares in the Company (representing approximately 51.00% of the issued share capital of the Company). As such, the Offeror and A-RT will be presumed to be concert parties by virtue of class (1) of the presumptions under the definition of “acting in concert” in the Takeovers Code.

Subject to and upon 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\$6.50 in cash

The Offer Price of HK\$6.50 for each Offer Share is equal to the price payable by the Offeror for each Listco Sale Share under the Kofu Listco SPA and the CGC Listco SPA.

On the basis of the Offer Price of HK\$6.50 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\$62,008,080,550.

## **GENERAL**

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

The Independent Board Committee, comprising all three 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 the making of the Offer is subject to Completion, which in turn is subject to satisfaction of the conditions precedent to Completion that are not expected to be satisfied within 21 days of this joint announcement, the Offeror will make an application to the Executive under Note 2 to Rule 8.2 of the Takeovers Code for the Executive's consent to extend the deadline of despatch of the Composite Document to a date within 7 days upon Completion or such later date as the Executive may approve. Further announcement(s) will be made by the Offeror and the Company on the timing of dispatch of the Composite Document.

#### **RESUMPTION OF TRADING**

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 9:00 a.m. on 13 November 2017 pending the release of this joint announcement. Application has been made by the Company for resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 20 November 2017.

**WARNING: The making of the Offer is subject to Completion which in turn is subject to satisfaction and/or waiver of the conditions precedent contained in the Share Purchase Agreements. 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 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 made public by the SFC, 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 19.90% OF THE ISSUED SHARES IN A-RT AND 26.02% OF THE ISSUED SHARES IN THE COMPANY AND SHARE EXCHANGE AND TRANSFER BETWEEN THE SELLERS AND AUCHAN**

The Company was informed by the Sellers that on 20 November 2017, Kofu entered into each of the Kofu A-RT SPA and the Kofu Listco SPA with the Offeror, and CGC entered into each of the CGC A-RT SPA and the CGC Listco SPA with the Offeror, the principal terms of which are summarised below.

**(1) The Kofu A-RT SPA and the CGC A-RT SPA**

The principal terms of the Kofu A-RT SPA and the CGC A-RT SPA are substantially similar, and are summarised as follows.

**Date:** 20 November 2017

**Parties:**

**Seller:** Kofu (in respect of the Kofu A-RT SPA)  
CGC (in respect of the CGC A-RT SPA)

**Purchaser:** the Offeror

Subject to and in accordance with the respective terms and conditions of the Kofu A-RT SPA and the CGC A-RT SPA, the Offeror has conditionally agreed to purchase and Kofu and CGC

have conditionally agreed to sell 17,917,224 and 19,321,330 ordinary shares in A-RT (representing approximately 9.57% and 10.33% of the issued share capital of A-RT as at the date of this joint announcement) (collectively, the “**A-RT Sale Shares**”) to the Offeror, for HK\$3,028,010,856 and HK\$3,265,304,770 respectively, making the aggregate consideration of HK\$6,293,315,626 (equivalent to HK\$6.50 per Share on a see-through basis which is the same as the Offer Price per Share). The consideration for the A-RT 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 2017; and (ii) the financial position of the Company.

**Conditions precedent to each of the Kofu A-RT SPA and the CGC A-RT SPA**

Completion of the purchase of the A-RT Sale Shares under each of the Kofu A-RT SPA and the CGC A-RT SPA is conditional on:

(i) Kofu or CGC (as the case may be) having complied fully up to Completion with its obligations set out in the Kofu A-RT SPA or the CGC A-RT SPA (as the case may be) in relation to its conduct of business of A-RT before Completion;

(ii) from the date of the Kofu A-RT SPA or the CGC A-RT SPA (as the case may be), no change that has an A-RT Material Adverse Effect having occurred at any time prior to Completion;

(iii) each of the Share Exchange and Transfer Agreements having been entered into, all conditions to completion thereof (other than the condition relating to the conditions to Completion under the Kofu A-RT SPA, the CGC A-RT SPA, Kofu Listco SPA and the CGC Listco SPA) having been satisfied or waived, and it not having been rescinded or terminated in accordance with its terms or otherwise at any time prior to Completion;

(iv) (in respect of the Kofu A-RT SPA) the CGC A-RT SPA and (in respect of the CGC A-RT SPA) the Kofu A-RT SPA having been entered into, all conditions to completion thereof (other than the conditions relating to (i) (in respect of the Kofu A-RT SPA) the Kofu A-RT SPA or (in respect of the CGC A-RT SPA) the CGC A-RT SPA, (ii) the Kofu Listco SPA and (iii) the CGC Listco SPA) having been satisfied or waived, and it not having been rescinded or terminated in accordance with its terms or otherwise at any time prior to Completion;

(v) the Kofu Listco SPA having been entered into, all conditions to first completion thereof (other than the conditions relating to the Kofu A-RT SPA, the CGC A-RT SPA and the CGC Listco SPA) having been satisfied or waived, and it not having been rescinded or terminated in accordance with its terms or otherwise at any time prior to Completion;

(vi) the CGC Listco SPA having been entered into, all conditions to first completion thereof (other than the conditions relating to Kofu A-RT SPA, the CGC A-RT SPA and the Kofu Listco SPA) having been satisfied or waived, and it not having been rescinded or terminated in accordance with its terms or otherwise at any time prior to Completion;

(vii) the Shareholders’ Agreement having been duly executed by each of Auchan Retail International, Monicole and A-RT and such execution not having been rescinded or revoked at any time prior to Completion; and

(viii) the Business Cooperation Agreement having been duly executed by each of the Company, Auchan China and RT Mart China and such execution not having been rescinded or revoked at any time prior to Completion.

The Offeror may waive in writing in whole or in part all or any of the conditions listed in (i), (ii), (vii) and (viii) above. The conditions set out in (iii) to (vi) (inclusive) above may not be waived, in whole or in part, by any party.

#### **Long Stop Date of each of the Kofu A-RT SPA and the CGC A-RT SPA**

If any of the above conditions precedent (other than the conditions listed in (vii) or (viii) above) has not been satisfied and, where applicable, remains unsatisfied or is not waived by midnight on the date falling three months after the date of the Kofu A-RT SPA or the CGC A-RT SPA (as the case may be) (or, in each case, any such later time or date as the Offeror and Kofu or CGC (as the case may be) may agree elect to postpone by up to 10 Business Days) or, in respect of the conditions listed in (vii) or (viii) above, by 5:00 p.m. on the date of Completion, the Offeror, or Kofu or CGC (as the case may be) may terminate the Kofu A-RT SPA or the CGC A-RT SPA (as the case may be) by notice in writing to the other party.

#### **Warranties, undertakings and indemnities in each of the Kofu A-RT SPA and the CGC A-RT SPA**

Each of Kofu and CGC has agreed to give certain customary warranties, undertakings and indemnities in favour of the Offeror.

#### **Completion of each of the Kofu A-RT SPA and the CGC A-RT SPA**

Completion of the Kofu A-RT SPA or the CGC A-RT SPA (as the case may be) will take place on the 15th Business Day following the day on which the last in time of the conditions precedent (other than the conditions listed in (vii) or (viii) above) shall have been satisfied or waived in accordance with the Kofu A-RT SPA or the CGC A-RT SPA (as the case may be) or such other date as the parties may agree.

#### **(2) The Kofu Listco SPA and the CGC Listco SPA**

The principal terms of the Kofu Listco SPA and the CGC Listco SPA are substantially similar, and are summarised as follows.

**Date:** 20 November 2017

**Parties:**

**Seller:** Kofu (in respect of the Kofu Listco SPA)  
CGC (in respect of the CGC Listco SPA)

**Purchaser:** the Offeror

Subject to and in accordance with the respective terms and conditions of the Kofu Listco SPA and the CGC Listco SPA, the Offeror has conditionally agreed to purchase and Kofu and CGC have conditionally agreed to sell 1,194,120,278 and 1,287,699,036 ordinary shares in the Company (representing approximately 12.52% and 13.50% of the issued share capital of the

Company as at the date of this joint announcement) (collectively, the “**Listco Sale Shares**”) to the Offeror or the co-investor as it may designate in accordance with the Kofu Listco SPA and the CGC Listco SPA (as the case may be), for the consideration of HK\$7,761,781,807 and HK\$8,370,043,734 respectively, making an aggregate of HK\$16,131,825,541 (representing approximately HK\$6.50 per Listco Sale Share). The consideration for the Listco 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 2017; and (ii) the financial position of the Company.

**Conditions precedent to each of the Kofu Listco SPA and the CGC Listco SPA**

Completion of the purchase of the Listco Sale Shares under each of the Kofu Listco SPA and the CGC Listco SPA on the first completion thereof is conditional on:

(i) Kofu or CGC (as the case may be) having complied fully up to Completion with its obligations set out in the Kofu Listco SPA or the CGC Listco SPA (as the case may be) in relation to the conduct of business of the Company before Completion;

(ii) from the date of the Kofu Listco SPA or the CGC Listco SPA (as the case may be), no change that has a Group Material Adverse Effect having occurred at any time prior to Completion;

(iii) each of the Share Exchange and Transfer Agreements having been entered into, all conditions to completion thereof (other than the condition relating to the conditions to Completion under the Kofu A-RT SPA, the CGC A-RT SPA, the Kofu Listco SPA and the CGC Listco SPA) having been satisfied or waived, and it not having been rescinded or terminated in accordance with its terms or otherwise at any time prior to Completion;

(iv) the Kofu A-RT SPA having been entered into, all conditions to completion thereof (other than the conditions relating to the Kofu Listco SPA, the CGC A-RT SPA and the CGC Listco SPA) having been satisfied or waived, and it not having been rescinded or terminated in accordance with its terms or otherwise at any time prior to Completion;

(v) the CGC A-RT SPA having been entered into, all conditions to completion thereof (other than the conditions relating to the Kofu A-RT SPA, the Kofu Listco SPA and the CGC Listco SPA) having been satisfied or waived, and it not having been rescinded or terminated in accordance with its terms or otherwise at any time prior to Completion;

(vi) (in respect of the Kofu Listco SPA) the CGC Listco SPA and (in respect of the CGC Listco SPA) the Kofu Listco SPA having been entered into, all conditions to first completion thereof (other than the conditions relating to (i) the Kofu A-RT SPA, (ii) the CGC A-RT SPA and (iii) (in respect of the Kofu Listco SPA) the Kofu Listco SPA or (in respect of the CGC Listco SPA) the CGC Listco SPA)) having been satisfied or waived, and each of them not having been rescinded or terminated in accordance with its terms or otherwise at any time prior to Completion;

(vii) the Shareholders’ Agreement having been duly executed by each of Auchan Retail International, Monicole and A-RT and such execution not having been rescinded or revoked at any time prior to Completion;



(viii) the Business Cooperation Agreement having been duly executed by each of the Company, Auchan China and RT Mart China and such execution not having been rescinded or revoked at any time prior to Completion; and

(ix) each of the confidentiality and non-compete agreements substantially in a form set out in the Kofu Listco SPA or the CGC Listco SPA (as the case may be) between a member of the Group, on the one hand, and each of certain individuals who are employees of the Group, on the other hand, having been entered into and not having been rescinded or terminated in accordance with its terms or otherwise at any time prior to Completion.

The Offeror may waive in writing in whole or in part all or any of the conditions listed in (i), (ii), (vii), (viii) and (ix) above. The conditions set out in (iii) to (vi) (inclusive) above may not be waived, in whole or in part, by any party.

### **Long Stop Date of each of the Kofu Listco SPA and the CGC Listco SPA**

If any of the above conditions precedent (other than the conditions listed in (vii) or (viii) above) has not been satisfied and, where applicable, remains unsatisfied or is not waived by midnight on the date falling three months after the date of the Kofu Listco SPA or the CGC Listco SPA (as the case may be) (the “**Long Stop Date**”) (or, in each case, any such later time or date as the Offeror and Kofu or CGC (as the case may be) may agree elect to postpone by up to 10 Business Days (the “**Postponed Long Stop Date**”) or, in respect of the conditions listed in (vii) or (viii) above, by 5:00 p.m. on the date of Completion, the Offeror, or Kofu or CGC (as the case may be) may terminate the Kofu Listco SPA or the CGC Listco SPA (as the case may be) by notice in writing to the other party.

### **Warranties, undertakings and indemnities in each of the Kofu Listco SPA and the CGC Listco SPA**

Each of Kofu and CGC has agreed to give certain customary warranties, undertakings and indemnities in favour of the Offeror.

### **Completion of each of the Kofu Listco SPA and the CGC Listco SPA**

First completion of each of the Kofu Listco SPA (in respect of 962,991,992 Shares, representing approximately 10.09% of the total number of issued Shares) and the CGC Listco SPA (in respect of 1,038,458,091 Shares, representing approximately 10.89% of the total number of issued Shares) will take place on the 15th Business Day following the day on which the last in time of the conditions precedent (other than the conditions listed in (vii) or (viii) above) shall have been satisfied or waived in accordance with the Kofu Listco SPA or the CGC Listco SPA (as the case may be) or such other date as the parties may agree.

Second completion (“**Second Completion**”) of each of the Kofu Listco SPA (in respect of 231,128,286 Shares, representing approximately 2.42% of the total number of issued Shares) and the CGC Listco SPA (in respect of 249,240,945 Shares, representing approximately 2.61% of the total number of issued Shares) will take place, subject to first completion having taken place, on a date specified by notice by the Offeror to Kofu or CGC (as the case may be) provided that such date shall be: (a) on or after the date of first completion; (b) no later than the 15th Business Day following the Long Stop Date or Postponed Long Stop Date of the Kofu Listco SPA or the CGC Listco SPA (as the case may be); and (c) on or after the 5th Business Day

following the date of the Offeror's notice to Kofu or CGC (as the case may be). The Offeror may designate any fund(s) whose general partner is a wholly-owned subsidiary of Alibaba Group (the "**Co-Investor(s)**") to acquire the Shares under the second completion of each of the Kofu Listco SPA and the CGC Listco SPA.

The Company will publish a further announcement upon each of first completion and second completion of each of the Kofu Listco SPA and the CGC Listco SPA.

### **(3) SHARE EXCHANGE AND TRANSFER AGREEMENTS**

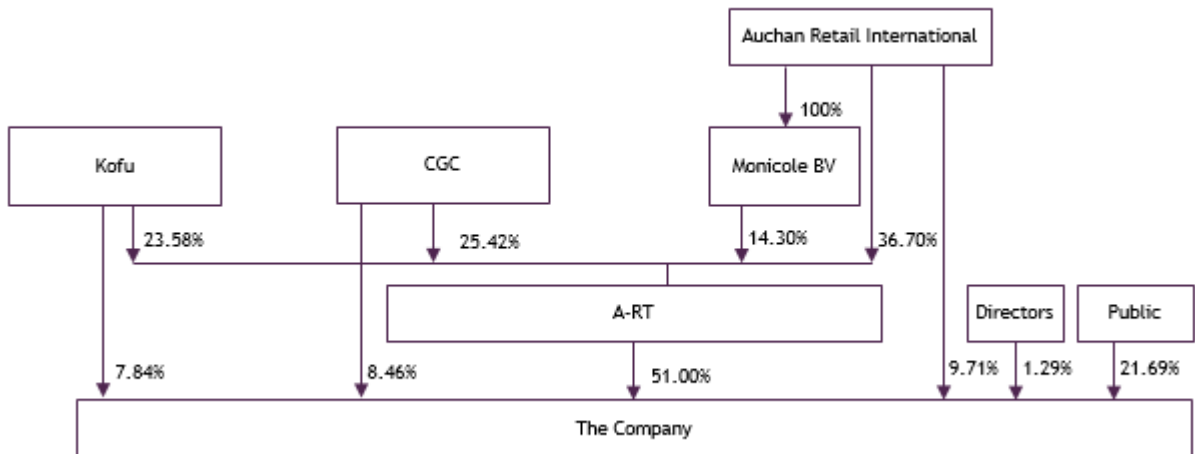
The Company was also informed by the Sellers and Auchan that, on 20 November 2017, Auchan Retail International and Monicole BV entered into the Share Exchange and Transfer Agreements with CGC and Kofu respectively pursuant to which the parties thereto will reorganise their respective shareholdings in A-RT and in the Company by way of (i) Auchan Retail International transferring its approximately 9.71% shareholding in the Company to Kofu and CGC respectively (in proportion to Kofu and CGC's existing respective shareholdings in the Company) in consideration of Kofu and CGC respectively transferring an aggregate of approximately 19.04% shareholding in A-RT (in proportion to Kofu and CGC's existing respective shareholdings in A-RT) to Auchan Retail International; and (ii) Kofu and CGC respectively transferring an aggregate of approximately 0.90% shareholding in A-RT (in proportion to Kofu and CGC's existing respective shareholdings in A-RT) to Monicole BV for the aggregate cash consideration of HK\$284,622,364 (equivalent to HK\$6.50 per Share on a see-through basis).

Completion of the Share Exchange and Transfer Agreements will take place simultaneously with the completion of Kofu A-RT SPA and the CGC A-RT SPA and the first completion of the Kofu Listco SPA and the CGC Listco SPA.

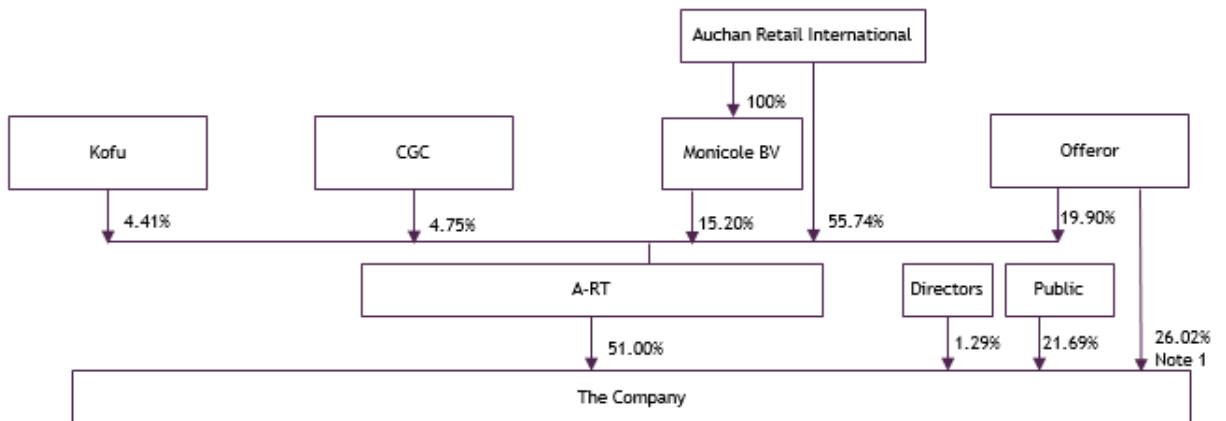
### **(4) SHAREHOLDING STRUCTURE OF THE COMPANY BEFORE AND AFTER COMPLETION OF THE SHARE PURCHASE AGREEMENTS**

The following charts show the shareholding structure of the Company (i) as at the date of this joint announcement; and (ii) immediately after Second Completion (and completion of the Share Exchange and Transfer Agreements):

***As at the date of this joint announcement:***



**Immediately after Second Completion (and completion of the Share Exchange and Transfer Agreements):**



Note 1: As mentioned in the paragraph headed "Completion of each of the Kofu Listco SPA and the CGC Listco SPA" above, the Offeror may designate the Co-Investor(s) to acquire up to the number of Shares representing approximately 5.04% of total issued share capital in the Company.

The following table sets out the shareholding structure of the Company (i) as at the date of this joint announcement; and (ii) immediately after Second Completion but before the commencement of the Offer, assuming there is no change in number of the issued Shares from the date of this joint announcement up to the date of Second Completion and Second Completion takes place before the commencement of the Offer:

	As at the date of this joint announcement		Immediately after Second Completion but before the commencement of the Offer	
	No. of Shares	Approximate %	No. of Shares	Approximate %
<b>Offeror (Note 1) and its concert parties (including presumed concert parties)</b>				
- Offeror (note 1)	0	0.00%	2,481,819,314	26.02%
- A-RT	4,865,338,686	51.00%	4,865,338,686	51.00%
- Auchan International	926,418,766	9.71%	0	0.00%
<b>CGC</b>	807,024,010	8.46%	0	0.00%
<b>Kofu</b>	748,376,538	7.84%	0	0.00%
<b>Directors or former Director</b>	123,429,074	1.29%	123,429,074	1.29%
<b>Public Shareholders (note 2)</b>	2,069,117,626	21.69%	2,069,117,626	21.69%
<b>Total</b>	<b>9,539,704,700</b>	<b>100.00%</b>	<b>9,539,704,700</b>	<b>100.00%</b>

*Note 1: including the Co-Investor(s) nominated by the Offeror to purchase the Shares*

*Note 2: These Shares include 10,000 Shares held by CICC group (except those which are exempt principal traders recognised by the Executive as such for the purpose of the Takeovers Code) as at the date of this joint announcement in respect of non-discretionary trades conducted for and on behalf of its clients (who are entitled to accept the Offer, if made).*

## **PART B: THE SHAREHOLDERS' AGREEMENT AND THE BUSINESS COOPERATION AGREEMENT**

### **(1) THE SHAREHOLDERS' AGREEMENT**

The Offeror, the Sellers and Auchan will enter into the Shareholders' Agreement, which will be effective upon Completion, for the purpose of, among other things, regulating the management of A-RT and its subsidiaries, its relationship with each other and certain aspects of the affairs of,

and the shareholders' dealings, with A-RT. The principal terms of the Shareholders' Agreement are summarised below.

### **Parties**

- (i) the Offeror;
- (ii) Auchan Retail International;
- (iii) Monicole BV;
- (iv) CGC;
- (v) Kofu; and
- (vi) A-RT.

### **Board composition**

The board of A-RT will comprise five directors, where the Offeror will have the right to appoint two directors and Auchan will have the right to appoint three directors.

The Board will comprise nine Directors, three of which will be independent non-executive Directors. The Offeror will have the right to nominate at least two non-independent Directors and one independent non-executive Director and the chairman of the Board. The Offeror will have the right for one of its nominee directors of the Company to be a member of each of the audit committee, remuneration committee, nomination committee, investment committee and operations committee of the Company (each a "**Committee**").

Auchan will have the right to nominate at least four non-independent Directors and two independent non-executive Directors to the Board of the Company. Auchan shall have the right to appoint two of its nominee Directors to be members of each Committee.

The Offeror will have the right to appoint the majority of the board of directors and the chairman, chief executive officer and chief financial officer of each of Concord Champion International Ltd., RT Mart Holdings Limited and RT Mart China (collectively, "**RT-Mart Companies**"), whereas Auchan will have the right to appoint the remaining members of the board of directors of each of those companies. Auchan will have right to increase such number of directors appointed in the RT-Mart Companies to achieve majority in the board of directors of RT-Mart Companies (the "**Nomination Right**").

Auchan will have the right to appoint the majority of the board of directors of the Key Subsidiaries other than RT Mart China, whereas the Offeror will have the right to appoint the remaining members of the board of directors of each of those companies.

### **Reserved matters**

Certain reserved matters in relation to A-RT Group will require unanimous approval by the board of directors (other than, for the avoidance of doubt, any independent non-executive Director) of A-RT or such subsidiary of A-RT) ("**Reserved Matters**") following the signing of the Shareholders' Agreement. These include winding up A-RT Group members (other than a dormant company or any subsidiary of RT Mart China or Auchan China), amending the constitution of A-RT Group members (other than in relation to the change of the business scope

of any subsidiary of RT Mart China or Auchan China or the change of amount of the registered capital due to capital injection by a member of the A-RT Group), issuing equity security of A-RT Group members to any non-member of the A-RT Group (other than pursuant to an ESOP or upon exchange of any security the issuance of which was previously approved or is currently outstanding), paying dividend (other than to the Company or any wholly-owned subsidiary of the Company or on a pro rata basis to all shareholders of any other subsidiary of the Company or the amount of dividend being distributed being not more than 30% of the distributable profits), creating any debt (other than in the ordinary course of business or to a wholly-owned subsidiary of the Company (a “**Permitted Debt**”)), guaranteeing any indebtedness by any member of the A-RT Group (other than a Permitted Debt), creating any liens over assets by A-RT Group member (except in the ordinary course of business or not materially impairing the use of the asset), providing any loan to any person not involved in A-RT Group’s business (other than current assets incurred in the ordinary course of business, or immaterial loans, or to A-RT Group members), selecting or changing the external auditor other than to a ‘Big Four’ auditor, and making any material changes to the accounting policies (other than required by law, the Listing Rules, or HKFRS), or changing the financial year of any A-RT Group member.

Additional matters will be included as Reserved Matters immediately after the exercise of the Nomination Right by Auchan. These include establishing any A-RT Group company (unless a wholly-owned subsidiary of the Company), adopting or materially amending any ESOP, approving any material transaction or amendment thereof with a shareholder of any member of the A-RT Group (other than shareholders which are already members of the A-RT Group), entering into new lines of business (outside of the existing business of the Group), discontinuing the existing business of the Group (other than lower tier subsidiaries), consolidating any member of the A-RT Group with any other person other than another wholly-owned member of the A-RT Group, disposing of substantially all material assets or goodwill of any member of the A-RT Group, acquiring material assets or entities, entering into, amending or terminating any agreement related to any variable interest entity or waiving or exercising any rights thereunder, entering into any joint venture, partnership, or similar arrangements with any third party or materially amending the terms thereof (other than in the ordinary course of business), granting or amending any exclusivity obligations (other than in the ordinary course of business), commencing, terminating or settling any material litigation or arbitration by any A-RT Group member, and selecting underwriters or listing exchange, or approving the valuation or any material terms in any initial public offering of an A-RT Group member.

### **Dividend policy**

The parties to the Shareholders’ Agreement will procure each of A-RT and the Company, as soon as reasonably practicable, to distribute to its members not less than 30% of its distributable profits. Taking this objective into account, the parties to the Shareholders’ Agreement will use reasonable efforts to discuss and agree in good faith the amount of dividends to be distributed by A-RT and the Company, taking into account the cashflow and other resources required by the Group to continue to invest in future operations.

### **Rights and obligations in relation to the A-RT Shares and Shares held by the parties to the Shareholders’ Agreement**

During (i) the period of one year following the first four-year period after the date of the Shareholders’ Agreement (such one year period, the “**Initial Liquidity Period**”), and (ii) each period of one year (each such one year period, together with the Initial Liquidity Period, a “**Liquidity Offer Period**”) following the expiration of each successive two year period beginning on the expiration of the most recent Liquidity Offer Period, the Offeror will have the right by written

notice to Auchan given to offer all of its A-RT Shares to Auchan at market price (being a “see through” price of the Shares and representing the effective economic interest in the Company of the Offeror through those A-RT Shares). For illustration purposes, the Offeror will be entitled to exercise its liquidity right in the 5<sup>th</sup>, 8<sup>th</sup>, 11<sup>th</sup> years and so on after the date of the Shareholders’ Agreement. If Auchan does not accept the offer, the Offeror will have the right to swap all of its shares in A-RT into the Shares (“**Liquidity Swap**”).

In the event of the exercise of the Nomination Right by Auchan, the Offeror will have the right to offer all of its A-RT Shares to Auchan at a 30% premium. If Auchan does not accept the offer, the Offeror will have the right to exchange its A-RT Shares for such number of Shares representing the Offeror’s “see through” effective economic interest in the Company through those A-RT Shares.

The Offeror will (i) have a right of first refusal over Auchan’s A-RT Shares upon a change in control of A-RT and a tag along right of its A-RT Shares if the Offeror does not accept Auchan’s offer; and (ii) be granted a right of first offer over shares in Auchan Retail International upon a change in control of Auchan Retail International, and if the Offeror does not accept the offer it may offer its A-RT Shares to Auchan at a 15% premium and swap its A-RT Shares for Shares if Auchan does not accept the offer (“**Change in Control Swap**”).

Any exercise of the above rights giving rise to any obligation to make a mandatory general offer (“**MGO**”) to the shareholders of the Company under Rule 26 of the Takeovers Code will be carried out in compliance with the Takeovers Code. The Offeror will take sole responsibility for any MGO obligations arising from its exercise of the Liquidity Swap or the Change in Control Swap.

Each of Auchan and the Offeror will give a right of first offer to each other and the Sellers will give a right of first offer to Auchan first then the Offeror, in each case with respect to any proposed transfer of shares in A-RT by it. In the case of the Sellers, if neither Auchan nor the Offeror accept the Sellers’ offer, the Sellers will have the right to swap its A-RT Shares for Shares, and thereafter the Sellers will first negotiate with Auchan, then the Offeror (if no definitive agreement is reached with Auchan), in each case in good faith the transfer of those Shares. The Offeror will also have a tag along right when Auchan proposes to transfer its shares in A-RT to a third party. Any allotment and issue of the A-RT Shares will be on the same terms to each of the Offeror, the Sellers and Auchan on a pro-rata basis.

The shares in A-RT held by Auchan, the Offeror and the Sellers will be subject to a lock up for four years for Auchan and the Offeror and two years for the Sellers. Issue of shares by A-RT or transfer of shares in A-RT or Shares will not be permitted if such issue or transfer is made to a competitor of Auchan (in case of a transfer of A-RT Shares by the Offeror or of A-RT Shares or Shares by the Sellers) and a competitor of the Offeror (in case of a transfer of A-RT Shares or Shares by Auchan and the Sellers).

### **Restrictive covenants**

Each of Auchan and the Offeror will give restrictive covenants in favour of each other in relation to each other’s competitors under the Shareholders’ Agreement. The Sellers will also give restrictive covenants to Auchan and the Offeror under the Shareholders’ Agreement.

### **Termination of the Shareholders’ Agreement**

If the Offeror ceases to own at least 19.9% shares in A-RT, each of Auchan and the Offeror will have the right to terminate the Shareholders’ Agreement.

## **(2) THE BUSINESS COOPERATION AGREEMENT**

Hangzhou Alibaba Zetai Information Technology Company Limited (being an indirect wholly-owned subsidiary of Alibaba Group), the Company, Auchan China and RT Mart China will enter into the Business Cooperation Agreement, which will be effective upon Completion. Pursuant to the Business Cooperation Agreement, Hangzhou Alibaba Zetai Information Technology Company Limited will agree to provide services including (a) granting access by the stores operated by Auchan China and RT Mart China to its business model and online platform; (b) data sharing; and (c) integration of systems and POS hardware, as part of its “Taobao Daojia” (“淘寶到家”) service offering to the stores operated by the Group. “Taobao Daojia” aims to operate a business model to enable traditional hypermarket and supermarket businesses to increase business efficiency through utilising internet technologies and Taobao traffic.

The consideration payable under the Business Cooperation Agreement to Hangzhou Alibaba Zetai Information Technology Company Limited will be based on a percentage of the value of transactions completed through the online platform and certain transaction handling fees, calculated with reference to market rates.

The transactions contemplated under the Business Cooperation Agreement will constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. The Company will issue a further announcement in accordance with the requirements of Chapter 14A of the Listing Rules after the Business Cooperation Agreement has been entered into upon Completion.

## **PART C: POSSIBLE MANDATORY UNCONDITIONAL CASH OFFER**

As at the date of this joint announcement, the Offeror does not hold, control or has direction over any Shares in the share capital or voting rights of the Company.

Assuming no changes to the issued share capital of the Company from the date of this joint announcement to Second Completion and the Offeror has not designated the Co-Investor(s) to acquire any Shares, immediately after Second Completion, the Offeror will be interested in 2,481,819,314 Shares in the Company (representing approximately 26.02% of the issued share capital of the Company) and A-RT will remain to be interested in 4,865,338,686 Shares in the Company (representing approximately 51.00% of the issued share capital of the Company). As such, the Offeror and A-RT will be presumed to be concert parties by virtue of class (1) of the presumptions under the definition of “acting in concert” in the Takeovers Code.

Assuming no changes to the issued share capital of the Company from the date of this joint announcement to the Second Completion and the Offeror has not designated the Co-Investor(s) to acquire any Shares, immediately upon Second Completion, the Offeror and parties acting in concert with it will be interested in a total of approximately 77.02% of the issued share capital of the Company immediately after Second Completion. Pursuant to Rule 26.1 of the Takeovers Code, subject to Completion, the Offeror will be required to make 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).



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 as disclosed above as at the date of this joint announcement.

Subject to and upon 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\$6.50 in cash

The Offer Price of HK\$6.50 for each Offer Share is equal to the price payable by the Offeror for each Listco Sale Share under the Kofu Listco SPA and the CGC Listco SPA.

On the basis of the Offer Price of HK\$6.50 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\$62,008,080,550.

**Comparison of value**

The Offer Price of HK\$6.50 per Share represents:

(a) a premium of approximately HK\$3.9471 per Share over the audited net asset value attributable to equity holders as at 31 December 2016 of approximately HK\$2.5529 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 RMB0.89451 to HK\$1 (being the exchange rate as quoted by the People's Bank of China on 31 December 2016);

(b) a premium of approximately 150.62% over the net asset value attributable to equity holders per Share as at 30 June 2017, based on RMB to HK\$ exchange rate of RMB0.86792 to HK\$1 (being the exchange rate as quoted by the People's Bank of China on 30 June 2017);

(c) a discount of approximately HK\$2.10 per Share of the closing price of HK\$8.60 per Share on the Last Trading Date;

(d) a discount of approximately HK\$1.806 per Share of the average closing price of approximately HK\$8.3060 per Share for the last five trading days up to and including the Last Trading Date; and

(e) a discount of approximately HK\$1.2480 per Share of the average closing price of approximately HK\$7.7480 per Share for the last 30 trading days up to and including the Last Trading Date.

The Offer Price of HK\$6.50 for each Offer Share is equal to the price payable by the Offeror to the Sellers for each Listco Sale Share under the Kofu Listco SPA and the CGC Listco 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 2017; 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\$8.60 on 10 November 2017, and the lowest closing price of Shares as quoted on the Stock Exchange was HK\$5.99 on 20 July 2017.

### **Total value of the Offer**

On the basis of the Offer Price of HK\$6.50 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\$62,008,080,550. As the Offeror and its concert parties (and presumed concert parties) will hold 7,347,158,000 Shares immediately after Second Completion (assuming the Offeror has not designated the Co-Investor(s) to acquire any Shares), and taking into account of the 123,429,074 IU Shares (as defined in the paragraph headed “Irrevocable undertakings not to accept the Offer” below), 2,069,117,626 Shares will be subject to the Offer and the total value of the Offer will be HK\$13,449,264,569 based on the Offer Price.

### **Letter of undertaking between the Offeror and Auchan**

On 20 November 2017, the Offeror and Auchan entered into a letter of undertaking, pursuant to which the Offeror has undertaken to Auchan, among others, that it will be solely responsible for the Offer; to sell such number of Shares held by the Offeror and its concert parties (other than Auchan and its associated companies) in order to reduce the aggregate effective interest in the Company to a level less than that of Auchan and A-RT and their respective associated companies; and that it will (and will not through any co-investor) acquire under the Share Purchase Agreements (a) no less than 2,001,450,083 Shares (representing approximately 20.98% of the issued share capital of the Company as at the date of this joint announcement) and (b) all the A-RT Sale Shares.

### **Irrevocable undertakings not to accept the Offer**

As at the date of this joint announcement, (i) Bruno Robert MERCIER; (ii) HUANG Ming-Tuan and his associates; (iii) CHENG Chuan-Tai; (iv) Desmond MURRAY hold 123,429,074 Shares in aggregate (representing approximately 1.29% 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 to 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 its Shares.

### **Confirmation of financial resources**

The aggregate of the cash amount payable to the Sellers as consideration for the A-RT Sale Shares and Listco Sale Shares under the Share Purchase Agreements is HK\$22,425,141,167. The maximum cash amount to be paid to the Shareholders in respect of acceptances under the Offer is approximately HK\$13,449,264,569, based on the Offer Price of HK\$6.50 per Offer Share

and 2,069,117,626 Offer Shares (being a total of 9,539,704,700 Shares in issue less (i) the 2,481,819,314 Listco Sale Shares agreed to be acquired by the Offeror under the Share Purchase Agreements; (ii) 4,865,338,686 Shares held by A-RT being a presumed concert party of the Offeror; and (iii) the 123,429,074 IU Shares) and subject to the rounding up of payment to the nearest cent as described below. The total cash consideration payable for 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 Share Purchase Agreements; 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 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.

### **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 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 sole director of the Offeror regard as unduly onerous or burdensome (or otherwise not in the best interests of the Offeror), the Composite Document will not be dispatched 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 dispatch 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 Share Purchase Agreements and the Share Exchange and Transfer Agreements, 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 Share Purchase Agreements and the Share Exchange and Transfer Agreements, 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.

### **PART D: INFORMATION ON THE OFFEROR AND THE GROUP AND INTENTIONS OF THE OFFEROR ON THE COMPANY**

#### **Information on the Offeror**

Taobao China Holding Limited is 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 the PRC subsidiaries relating to Taobao Marketplace and Tmall and operating entity for the overseas business of Taobao Marketplace and Tmall Global. Alibaba Group is a company incorporated in the Cayman Islands and its American depositary shares are listed on the New York Stock Exchange. As at the date of this joint announcement, substantial shareholders (as defined in the Takeovers Code) of Alibaba Group are SoftBank Group Corp., a company listed on the Tokyo Stock Exchange, and Yahoo! Inc.

### **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**

Assuming no changes to the issued share capital of the Company, upon Second Completion, the Offeror will hold an economic interest up to approximately 36.16% in the share capital of the Company.

It is the intention of the Offeror to cooperate with the Group to continue to develop the existing business after Completion pursuant to the Business Cooperation Agreement. Further details of the terms of the Business Cooperation Agreement will be announced by the Company in accordance with the requirements of Chapter 14A of the Listing Rules after the Business Cooperation Agreement has been entered into upon Completion.

The Offeror and the Company believe that by combining the resources of the Offeror, Auchan and the Sellers, the new alliance will enable the Group's activities to benefit from the Offeror's digital ecosystem. It will digitalise and introduce new retail solutions at the Group's stores.

The Offeror has no intention to terminate any employment of the employees of the Group, except for the proposed change of Board composition as detailed in the section headed "Proposed change to the Board composition of the Company" below.

### **Proposed change to the Board composition of the Company**

Following Completion, it is intended that Mr. CHENG Chuan-Tai and Mr. HUANG Ming-Tuan will resign from the Board with effect from the day immediately after the first closing date of the Offer.

The Offeror intends to nominate new Directors to the Board with effect from a date no earlier than the date of the Composite Document or at a date as permitted under the Takeovers Code.

Further announcement(s) will be made upon 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 three 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. CHENG Chuan-Tai, Mr. Benoit, Claude, Francois, Marie, Joseph LECLERCQ, Mr. Wilhelm, Louis HUBNER and Mr. Xavier, Marie, Alain DELOM de MEZERAC, 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. CHENG Chuan-Tai is the legal representative and a director of Kofu;
- (b) Mr. Benoit Claude Francois Marie Joseph LECLERCQ is a member of Mulliez family, members of which collectively hold approximately 92.80% interests in Auchan Holding S.A., the controlling shareholder of Auchan Retail International;
- (c) Mr. Wilhelm Louis HUBNER is the general manager and legal representative of Auchan Retail International, and member and president of the executive board of Auchan Holding S.A., the controlling shareholder of Auchan Retail International; and
- (d) Mr. Xavier Marie Alain DELOM de MEZERAC is the general secretary and a member of the executive board of Auchan Holding S.A..

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 the making of the Offer is subject to Completion, which in turn is subject to satisfaction of the conditions precedent to Completion that are not expected to be satisfied within 21 days of this joint announcement, the Offeror will make an application to the Executive under Note 2 to Rule 8.2 of the Takeovers Code for the Executive's consent to extend the deadline of despatch of the Composite Document to a date within 7 days upon Completion or such later

date as the Executive may approve. Further announcement(s) will be made by the Offeror and the Company on the timing of dispatch of the Composite Document.

### **Interests of the Offeror in Shares**

As at the date of this joint announcement, save for (i) A-RT (being a presumed concert party of the Offeror) holding 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); and (ii) Auchan Retail International (being a presumed concert party of the Offeror) holding 926,418,766 Shares (representing approximately 9.71% of the issued share capital of the Company as at the date of this joint announcement), the Offeror and its concert parties (including presumed concert parties) do not hold, control or have direction over any other Shares and do not have, control or have direction over any other interests in the issued Shares or voting rights of the Company.

Assuming no changes to the issued share capital of the Company and the Offeror has not designated the Co-Investor(s) to acquire any Shares, assuming and upon Second Completion, the Offeror will own or control the following Shares:

The Offeror .....	2,481,819,314
(approximately 26.02% of the 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 group 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 20 November 2017 (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.

## 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 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.”*

## PART F: RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 9:00 a.m. on 13 November 2017 pending the release of this joint announcement. Application has been made by the Company for resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 20 November 2017.

**WARNING: The making of the Offer is subject to Completion which in turn is subject to satisfaction and/or waiver of the conditions precedent contained in the Share Purchase Agreements. 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:

<b>A-RT</b>	A-RT Retail Holdings Limited, a Shareholder holding approximately 51.00% in the Company as at the date of this joint announcement
<b>A-RT Group</b>	A-RT and its subsidiaries (including the Company)
<b>A-RT Material Adverse Effect</b>	<p>means a material adverse effect on or a material adverse change in:</p> <ul style="list-style-type: none"> <li>(i) the condition (financial or otherwise), assets, operations, prospects or business of A-RT or any RTM Group Company, or the consolidated condition (financial or otherwise), assets, operations, prospects or business of A-RT and its subsidiaries taken as a whole;</li> <li>(ii) the ability of Kofu or CGC (as the case may be) to perform and comply with its obligations under the Share Purchase Documents to which it is a party; or</li> <li>(iii) the validity or enforceability of, or the rights or remedies of the Offeror under any of the Share Purchase Documents</li> </ul> <p>and excluding the effect of (a) any change in financial markets; (b) any change in major supply and customer markets generally unless such change adversely affects the A-RT Group in a materially disproportionate manner; and (c) any event or condition arising solely out of an act or omission committed by any member of the A-RT Group upon the written consent or written direction of the Offeror or by the Offeror itself</p>
<b>A-RT Sale Shares</b>	37,238,554 ordinary shares in A-RT (representing approximately 19.90% of the issued share capital of A-RT as at the date of this joint announcement)
<b>A-RT Shares</b>	the ordinary shares in A-RT
<b>acting in concert (or concert parties)</b>	has the meaning given to it in the Takeovers Code
<b>Alibaba Group</b>	Alibaba Group Holding Limited and its subsidiaries
<b>associate(s)</b>	has the meaning given to it in the Takeovers Code
<b>Auchan</b>	Auchan Retail International and Monicole BV
<b>Auchan China</b>	Auchan (China) Investment Co. Ltd.

<b>Auchan Retail International</b>	Auchan Retail International S.A.
<b>Board</b>	the board of Directors
<b>Business Cooperation Agreement</b>	the business cooperation agreement to be entered into between Hangzhou Alibaba Zetai Information Technology Company Limited, the Company, Auchan China and RT Mart China upon Completion relating to the cooperation between the parties thereof in relation to certain businesses of the Company and subsidiaries of the Company
<b>Business Day</b>	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
<b>CICC</b>	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
<b>CGC</b>	Concord Greater China Limited
<b>CGC A-RT SPA</b>	the sale and purchase agreement dated 20 November 2017 between the Offeror as purchaser and CGC as seller in relation to the sale and purchase of 19,321,330 ordinary shares in A-RT, representing approximately 10.33% of the issued share capital of A-RT as at the date of this joint announcement
<b>CGC Listco SPA</b>	the sale and purchase agreement dated 20 November 2017 between the Offeror as purchaser and CGC as seller in relation to the sale and purchase of 1,287,699,036 Shares, representing approximately 13.50% of the total number of issued Shares as at the date of this joint announcement
<b>Companies Ordinance</b>	the Companies Ordinance (Chapter 622 of the laws of Hong Kong)
<b>Company</b>	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)
<b>Completion</b>	completion of the Kofu A-RT SPA, the CGC A-RT SPA, the Kofu Listco SPA (save for the second completion thereof) and the CGC Listco SPA (save for the second completion thereof), which will occur substantially contemporaneously

<b>Composite Document</b>	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
<b>controlling shareholder</b>	has the meaning given to it in the Listing Rules
<b>Director(s)</b>	director(s) of the Company
<b>Encumbrance</b>	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
<b>ESOP</b>	means any employee stock option plan or share incentive scheme adopted by any member of A-RT Group
<b>Existing Shareholders' Agreements</b>	the two existing shareholders' agreements in respect of A-RT, in each case, between Auchan Retail International, Monicole BV, CGC and Kofu
<b>Executive</b>	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
<b>Feiniu</b>	Feiniu E-Commerce (Shanghai) Co. Ltd
<b>Fields</b>	Shanghai Fields China Limited
<b>Group</b>	the Company and its subsidiaries and the terms "Group Company" and "member of the Group" shall be construed accordingly
<b>Group Material Adverse Effect</b>	means a material adverse effect on or a material adverse change in: <ul style="list-style-type: none"> <li>(i) the condition (financial or otherwise), assets, operations, prospects or business of the Company or any RTM Group Company, or the consolidated condition (financial or otherwise), assets, operations, prospects or business of the Group taken as a whole;</li> <li>(ii) the ability of Kofu or CGC (as the case may be) to perform and comply with its obligations under the Share Purchase Documents to which it is a party; or</li> <li>(iii) the validity or enforceability of, or the rights or remedies of the Offeror under any of the Share Purchase Documents</li> </ul>

and excluding the effect of (a) any change in financial markets; (b) any change in major supply and customer markets generally unless such change adversely affects the Group in a materially disproportionate manner; and (c) any event or condition arising solely out of an act or omission committed by any Group Company upon the written consent or written direction of the Offeror or by the Offeror itself

<b>HK\$</b>	Hong Kong dollars, the lawful currency of Hong Kong
<b>Hong Kong</b>	the Hong Kong Special Administrative Region of the PRC
<b>Independent Board Committee</b>	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
<b>Independent Financial Adviser</b>	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
<b>Independent Shareholders</b>	the Shareholders apart from the Offeror and its concert parties
<b>Key Subsidiaries</b>	RT Mart China, Auchan China, Fields and Feiniu
<b>Kofu</b>	Kofu International Limited
<b>Kofu A-RT SPA</b>	the sale and purchase agreement dated 20 November 2017 between the Offeror as purchaser and Kofu as seller in relation to the sale and purchase of 17,917,224 ordinary shares in A-RT, representing approximately 9.57% of the issued share capital of A-RT as at the date of this joint announcement
<b>Kofu Listco SPA</b>	the sale and purchase agreement dated 20 November 2017 between the Offeror as purchaser and Kofu as seller in relation to the sale and purchase of 1,194,120,278 Shares, representing approximately 12.52% of the total number of issued Shares as at the date of this joint announcement
<b>Last Trading Date</b>	10 November 2017, 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
<b>Listco Sale Shares</b>	2,481,819,314 Shares, representing approximately 26.02% of the total number of issued Shares as at the date of this joint announcement, and each a “ <b>Listco Sale Share</b> ”
<b>Listing Rules</b>	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

<b>Monicole BV</b>	Monicole Exploitatie Maatschappij BV
<b>Offer</b>	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) Completion
<b>Offer Price</b>	the price per Offer Share payable in cash by the Offeror on the terms of the Offer
<b>Offer Shares</b>	the Shares which are subject to the Offer
<b>Offeror</b>	Taobao China Holding Limited, a company incorporated in Hong Kong
<b>PRC</b>	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
<b>RT Mart China</b>	Concord Investment (China) Limited, a limited liability joint venture company incorporated in the PRC
<b>RTM Group Company</b>	any Group Company of which a majority of the board of directors are appointed by or on behalf of Kofu and/or CGC
<b>Second Completion</b>	second completion of the Kofu Listco SPA and the CGC Listco SPA, which will occur substantially contemporaneously
<b>Sellers</b>	each of CGC and Kofu
<b>SFO</b>	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
<b>Shareholders</b>	holders of the Shares
<b>Shareholders' Agreement</b>	the shareholders' agreement to be entered into between the Offeror, the Sellers, Auchan and A-RT upon Completion 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 with, A-RT
<b>Shares</b>	ordinary shares in the issued share capital of the Company
<b>Share Exchange and Transfer Agreements</b>	the share exchange and transfer agreements dated 20 November 2017, in relation to the transfer of A-RT Shares and Shares entered into between (1) Kofu, Auchan Retail International and Monicole BV and (2) CGC, Auchan Retail International and Monicole BV

<b>Share Purchase Agreements</b>	the Kofu A-RT SPA, the CGC A-RT SPA, the Kofu Listco SPA and the CGC Listco SPA
<b>Share Purchase Documents</b>	among others, the Share Purchase Agreements, the Share Exchange and Transfer Agreements, the Shareholders' Agreement, the Business Cooperation Agreement and any other documents entered into pursuant to any of them
<b>Stock Exchange</b>	The Stock Exchange of Hong Kong Limited
<b>Takeovers Code</b>	the Hong Kong Code on Takeovers and Mergers
<b>%</b>	per cent.

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

*Executive Directors:*

Ludovic, Frédéric, Pierre HOLINIER (Chief Executive Officer)  
HUANG Ming-Tuan

*Non-executive Directors:*

CHENG Chuan-Tai (Chairman)  
Benoit Claude Francois Marie Joseph LECLERCQ  
Xavier Marie Alain DELOM de MEZERAC  
Wilhelm Louis HUBNER

*Independent Non-executive Directors:*

Karen Yifen CHANG  
Desmond MURRAY  
HE Yi

*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 enquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than those expressed by the Offeror and its concert parties but including those expressed by the Group) 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. Timothy Alexander STEINERT, Ms. WU Wei 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) 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 Group) 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**  
Timothy Alexander STEINERT  
*Director*

On behalf of the Board  
**Sun Art Retail Group Limited**  
CHENG Chuan-Tai  
*Chairman*

Hong Kong, 20 November 2017

*\* For identification purpose only*