

March 6, 2025

To the Offer Shareholders and Optionholders

Dear Sir or Madam,

**MANDATORY UNCONDITIONAL CASH OFFERS BY
DEUTSCHE BANK AND UBS
FOR AND ON BEHALF OF PARAGON SHINE LIMITED
TO ACQUIRE ALL THE ISSUED SHARES OF
SUN ART RETAIL GROUP LIMITED
(OTHER THAN THOSE SHARES ALREADY OWNED BY
PARAGON SHINE LIMITED AND PARTIES ACTING IN CONCERT WITH IT)
AND TO CANCEL ALL OUTSTANDING SHARE OPTIONS OF
SUN ART RETAIL GROUP LIMITED**

INTRODUCTION

We refer to the Composite Document dated March 6, 2025 issued jointly by the Offeror and the Company, of which this letter forms part. Capitalised terms used in this letter have the same meanings as defined elsewhere in the Composite Document unless the context requires otherwise.

We have been appointed by the Board to form the Independent Board Committee to consider the Offers and their respective terms and to advise you as to whether, in our opinion, the terms of the Offers are fair and reasonable so far as the Independent Shareholders and the Optionholders are concerned and as to acceptance of the Offers.

Somerley Capital Limited has been appointed as the Independent Financial Adviser to advise us in respect of the terms of the Offers. Your attention is drawn to the “Letter from the Independent Financial Adviser” as set out on pages 50 to 96 of the Composite Document containing its advice to us and the principal factors and reasons taken into account by it in arriving at such advice.

We further draw your attention to the “Letter from the Offeror Financial Advisers” set out on pages 19 to 38 of the Composite Document which contains, among other things, information about the Offers. We also draw your attention to the “Letter from the Board” set out on pages 39 to 47 of the Composite Document and the additional information set out in the Composite Document, including the appendices to the Composite Document and the accompanying Forms of Acceptance in respect of the terms of the Offers and acceptance and settlement procedures for the Offers.

RECOMMENDATIONS

Having considered the terms of the Offers and the letter of advice and recommendations of the Independent Financial Adviser, we consider that the terms of (i) the Share Offer and (ii) the Option Offer are not fair and not reasonable so far as the Independent Shareholders and Optionholders are concerned, and accordingly, we recommend the Independent Shareholders and Optionholders not to accept the Share Offer or the Option Offer respectively.

Independent Shareholders should bear in mind the possibility of a suspension in trading in the Shares following the close of the Offers if a public float of 19.38% is not maintained but the threshold for privatisation is not reached. In such case, the Company and the Offeror have jointly and severally undertaken to take such steps as necessary to restore the public float.

Notwithstanding our recommendations, the Independent Shareholders and Optionholders are strongly advised that their decision to realise or to hold their investment in the Company depends on their own individual circumstances and investment objectives. If in any doubt, the Independent Shareholders should consult their own professional advisers for professional advice.

Yours faithfully,
For and on behalf of
The Independent Board Committee of
Sun Art Retail Group Limited

**Mr. HUANG Ming-
Tuan**

**Ms. Karen Yifen
CHANG**

**Mr. Charles Sheung Wai
CHAN**

**Mr. YIH Lai Tak,
Dieter**



Non-executive Director

*Independent non-executive
Director*

*Independent non-executive
Director*

*Independent non-
executive Director*

Yours faithfully,
For and on behalf of
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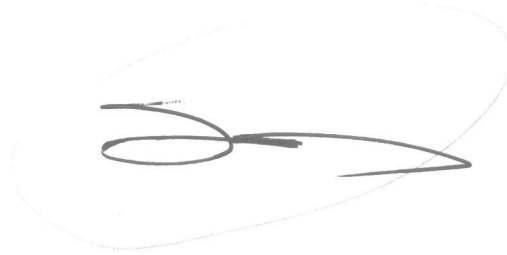
Yours faithfully,
For and on behalf of
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Tuan**

**Ms. Karen Yifen
CHANG**

**Mr. Charles Sheung Wai
CHAN**

**Mr. YIH Lai Tak,
Dieter**

A handwritten signature in black ink, enclosed within a faint, light-colored oval. The signature is stylized and appears to be the name of Mr. Charles Sheung Wai Chan.

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*Independent non-executive
Director*

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executive Director*

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For and on behalf of
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