

---

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

---

**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult a licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in **Hangzhou SF Intra-city Industrial Co., Ltd.**, you should at once hand this circular and the form of proxy and the reply slip to the purchaser or transferee or to the bank or licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, 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 circular.

---

**Hangzhou SF Intra-city Industrial Co., Ltd.**  
**杭州順豐同城實業股份有限公司**

*(A joint stock company incorporated in the People's Republic of China with limited liability)*  
**(Stock Code: 9699)**

**(1) RENEWAL OF CONTINUING CONNECTED TRANSACTIONS;  
(2) PROPOSED ELECTION OF NON-EXECUTIVE DIRECTOR  
AND  
NOTICE OF THE 2023 THIRD EXTRAORDINARY  
GENERAL MEETING**

*Independent Financial Adviser to the Independent Board Committee  
and the Independent Shareholders*



---

A letter from the Board is set out on pages 6 to 21 of this circular. A letter from the Independent Board Committee is set out on pages 22 to 23 of this circular. A letter from the Independent Financial Adviser is set out on pages 24 to 46 of this circular.

A notice convening the EGM of the Company to be held at 3:30 p.m. on Thursday, 30 November 2023 at Floor 3, Shunfeng Headquarters Building, No. 3076 Xinghai Road, Nanshan District, Shenzhen City, Guangdong Province, PRC is set out on pages 57 to 58 of this circular. A form of proxy for use at the EGM is enclosed with this circular. Whether or not you are able to attend the EGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same as soon as possible and in any event not less than 24 hours before the time designated for holding the EGM (i.e. on Wednesday, 29 November 2023 at 3:30 p.m. or any adjournment thereof). Completion and return of the form of proxy shall not preclude you from attending at the EGM or any adjourned meeting should you so wish.

14 November 2023

---

## TABLE OF CONTENTS

---

|  | <i>Page</i> |
|--|-------------|
| <b>Definitions</b> .....   | 1           |
| <b>Letter from the Board</b> .....   | 6           |
| 1. INTRODUCTION .....  | 6           |
| 2. THE 2024–2026 INTRA-CITY ON-DEMAND DELIVERY SERVICE<br>COOPERATION FRAMEWORK AGREEMENT .....                              | 7           |
| 3. LISTING RULES IMPLICATIONS .....  | 17          |
| 4. PROPOSED ELECTION OF NON-EXECUTIVE DIRECTOR .....   | 18          |
| 5. EGM AND PROXY ARRANGEMENTS .....  | 19          |
| 6. CLOSURE OF REGISTER OF MEMBERS .....  | 20          |
| 7. VOTING BY POLL .....  | 21          |
| 8. RECOMMENDATION .....  | 21          |
| 9. ADDITIONAL INFORMATION .....  | 21          |
| <b>Letter from the Independent Board Committee</b> .....   | 22          |
| <b>Letter from the Independent Financial Adviser</b> .....   | 24          |
| <b>Appendix I</b> <b>Details of the Director Proposed to be Elected<br/>                                at the EGM</b> ..... | 47          |
| <b>Appendix II</b> <b>Additional Information</b> .....   | 49          |
| <b>Notice of Extraordinary General Meeting</b> .....   | 57          |

---

## DEFINITIONS

---

*Unless the context otherwise requires, the following expressions in this circular shall have the following meanings:*

|   |  |
|---|--|
| “2021–2023 Intra-city On-demand Delivery Service Cooperation Framework Agreement” | the framework agreement entered into between the Company and SF Holding on 19 November 2021, pursuant to which the SF Intra-city Group provided intra-city on-demand delivery services to SF Holding and/or its associates           |
| “2024–2026 Intra-city On-demand Delivery Service Cooperation Framework Agreement” | the framework agreement entered into between the Company and SF Holding on 19 October 2023, pursuant to which the SF Intra-city Group will provide intra-city on-demand delivery services to SF Holding and/or its associates        |
| “Articles of Association”   | the Articles of Association of the Company currently in force  |
| “associate(s)”  | has the meaning ascribed to it under the Listing Rules   |
| “Board”   | the board of Directors of the Company  |
| “Company”   | Hangzhou SF Intra-city Industrial Co., Ltd. 杭州順豐同城實業股份有限公司 (Stock Code: 9699), a joint stock company incorporated in the PRC with limited liability, the issued H Shares of which are listed on the Main Board of the Stock Exchange |
| “connected person(s)”   | has the same meaning ascribed to it under the Listing Rules  |
| “connected transaction(s)”  | has the same meaning ascribed to it under the Listing Rules  |
| “continuing connected transaction(s)”   | has the same meaning ascribed to it under the Listing Rules  |
| “controlling shareholder(s)”  | has the same meaning ascribed to it under the Listing Rules  |
| “Director(s)”   | the director(s) of the Company   |

---

## DEFINITIONS

---

|  |  |
|--|--|
| “EGM”  | the 2023 third extraordinary general meeting of the Company to be held at Floor 3, Shunfeng Headquarters Building, No. 3076 Xinghai Road, Nanshan District, Shenzhen City, Guangdong Province, PRC on Thursday, 30 November 2023, at 3:30 p.m., or any adjournment thereof   |
| “H Share(s)”   | the overseas listed foreign share(s) in the share capital of the Company with nominal value of RMB1.00 each, which are traded in Hong Kong dollars and listed on the main board of the Stock Exchange  |
| “H Share Shareholder(s)”                             | holder(s) of H Shares  |
| “Hong Kong”  | the Hong Kong Special Administrative Region of the PRC   |
| “Independent Board Committee”                        | the independent committee of the Board, the members of which consist of the independent non-executive Directors, formed to advise all Independent Shareholders with respect to the 2024–2026 Intra-city On-demand Delivery Service Cooperation Framework Agreement and the proposed annual caps  |
| “Independent Financial Adviser”<br>or “Gram Capital” | Gram Capital Limited, a licensed corporation to carry out Type 6 (advising on Corporate Finance) regulated activity under the SFO, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the transactions contemplated under the 2024–2026 Intra-city On-demand Delivery Service Cooperation Framework Agreement and the proposed annual caps thereof |
| “Independent Shareholders”                           | Shareholders other than the controlling shareholders of the Company and any other persons who are required to abstain from voting on resolution to approve the transactions contemplated under the 2024–2026 Intra-city On-demand Delivery Service Cooperation Framework Agreement at the EGM pursuant to the Listing Rules  |

---

## DEFINITIONS

---

|                                |  |
|--------------------------------|--|
| “Independent Third Party(ies)” | any entity(ies) or person(s) who, to the best of the knowledge, information and belief of the Directors, is/are not a connected person(s) of the Company within the meaning ascribed thereto under the Listing Rules |
| “Intra-city Delivery Service”  | one of the two types of services which the SF Intra-city Group will provide via SF Holding and/or its associates under the 2024-2026 Intra-city On-demand Delivery Service Cooperation Framework Agreement           |
| “Intra-city Tech”              | Beijing SF Intra-city Technology Co., Ltd. (北京順豐同城科技有限公司), a limited company incorporated in the PRC, one of our controlling shareholders  |
| “Last-mile Delivery Service”   | one of the two types of services which the SF Intra-city Group will provide to SF Holding and/or its associates under the 2024-2026 Intra-city On-demand Delivery Service Cooperation Framework Agreement            |
| “Latest Practicable Date”      | 8 November 2023, being the latest practicable date for the purpose of ascertaining certain information contained in this circular prior to its printing  |
| “Listing Rules”                | the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited   |
| “Mingde Holding”               | Shenzhen Mingde Holding Development Co., Ltd. (深圳明德控股發展有限公司), a company incorporated in the PRC, one of our controlling shareholders   |
| “Model Code”                   | Model Code for Securities Transactions by Directors of Listed Issuers  |
| “Ningbo Shunxiang”             | Ningbo Shunxiang Tongcheng Venture Capital Investment Partnership (Limited Partnership) (寧波順享同成創業投資合夥企業(有限合夥)), a partnership incorporated in the PRC, one of our controlling shareholders                           |
| “percentage ratio”             | has the meaning ascribed to it under the Listing Rules   |
| “PRC” or “China”               | the People’s Republic of China   |
| “RMB”                          | Renminbi, the lawful currency of the PRC   |

---

## DEFINITIONS

---

|                              |   |
|------------------------------|---|
| “SF Holding”                 | S.F. Holding Co., Ltd. (順豐控股股份有限公司), a joint stock company established in the PRC, whose shares are listed on the Shenzhen Stock Exchange (stock code: 002352.SZ), one of the controlling shareholders    |
| “SF Holding Group”           | SF Holding and its subsidiaries   |
| “SF Intra-city Group”        | the Company and its subsidiaries  |
| “SF Taisen”                  | Shenzhen SF Taisen Holdings Group Co., Ltd. (深圳順豐泰森控股(集團)有限公司), a limited company established in the PRC, one of our controlling shareholders   |
| “SF Technology”              | SF Technology Co., Ltd. (順豐科技有限公司), a limited company established in the PRC, one of our controlling shareholders   |
| “SFO”                        | Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended from time to time  |
| “Share(s)”                   | ordinary share(s) in the issued capital of the Company with a nominal value of RMB1.00 each, comprising Unlisted Domestic Share(s) and H Share(s)   |
| “Shareholder(s)”             | holder(s) of the Shares   |
| “Stock Exchange”             | The Stock Exchange of Hong Kong Limited   |
| “subsidiary(ies)”            | has the same meaning ascribed to it under the Listing Rules   |
| “Supervisor(s)”              | the supervisor(s) of the Company  |
| “Tianwo Kangzhong”           | Ningbo Meishan Free Trade Port Zone Tianwo Kangzhong Enterprise Management Partnership (Limited Partnership) (寧波梅山保稅港區天沃康眾企業管理合夥企業(有限合夥)), a partnership incorporated in the PRC, one of our Shareholders |
| “Unlisted Domestic Share(s)” | the unlisted domestic share(s) of the Company, with a nominal value of RMB1.00 each, which are subscribed for and fully paid up in RMB  |

---

## DEFINITIONS

---

|  |   |
|--|---|
| “Unlisted Domestic Share Shareholder(s)” | holder(s) of Unlisted Domestic Shares   |
| “Yinghe Fengrui”                         | Ningbo Yinghe Fengrui Venture Capital Investment Partnership (Limited Partnership) (寧波盈和豐瑞創業投資合夥企業(有限合夥)), a partnership incorporated in the PRC, one of our Shareholders |
| “%”                                      | percent.  |

---

## LETTER FROM THE BOARD

---

### Hangzhou SF Intra-city Industrial Co., Ltd. 杭州順豐同城實業股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)  
(Stock Code: 9699)

*Executive Directors:*

Mr. Sun Haijin (*Chief Executive Officer*)  
Mr. Chan Hey Man  
Mr. Chen Lin

*Non-executive Directors:*

Mr. Chan Fei (*Chairman*)  
Mr. Geng Yankun  
Mr. Li Qiuyu  
Mr. Han Liu

*Independent Non-executive Directors:*

Mr. Chan Kok Chung, Johnny  
Mr. Wong Hak Kun  
Mr. Zhou Xiang  
Ms. Huang Jing

*Registered Office:*

Room 1626, 16th Floor  
Chenchuang Building  
No. 198, Zhoushan East Road  
Gongshu District, Hangzhou City  
Zhejiang Province  
PRC

*Headquarters and Principal Place of Business  
in the PRC:*

Floor 21-22, Shunfeng Headquarters Building  
No. 3076 Xinghai Road  
Nanshan District  
Shenzhen City  
Guangdong Province  
PRC

*Principal Place of Business in Hong Kong:*

5/F, Manulife Place  
348 Kwun Tong Road  
Kowloon  
Hong Kong

14 November 2023

*To Shareholders:*

Dear Sir or Madam,

**(1) RENEWAL OF CONTINUING CONNECTED TRANSACTIONS;  
(2) PROPOSED ELECTION OF NON-EXECUTIVE DIRECTOR  
AND  
NOTICE OF THE 2023 THIRD EXTRAORDINARY  
GENERAL MEETING**

#### **1. INTRODUCTION**

Reference is made to the announcement of the Company dated 19 October 2023 in relation to, among others, the entering into of the 2024–2026 Intra-city On-demand Delivery Service Cooperation Framework Agreement.



---

## LETTER FROM THE BOARD

---

As the 2021–2023 Intra-city On-demand Delivery Service Cooperation Framework Agreement will expire on 31 December 2023, on 19 October 2023, the Company entered into the 2024–2026 Intra-city On-demand Delivery Service Cooperation Framework Agreement to renew the 2021–2023 Intra-city On-demand Delivery Service Cooperation Framework Agreement for a term of three years effective from 1 January 2024 (after obtaining approval from the Independent Shareholders).

The Independent Board Committee, comprising Mr. Chan Kok Chung, Johnny, Mr. Wong Hak Kun, Mr. Zhou Xiang, and Ms. Huang Jing, all of whom are independent non-executive Directors, has been formed to advise the Independent Shareholders that the transactions contemplated under the 2024–2026 Intra-city On-demand Delivery Service Cooperation Framework Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole. The letter from the Independent Board Committee setting out its advice and recommendations to the Independent Shareholders on the transactions contemplated under the 2024–2026 Intra-city On-demand Delivery Service Cooperation Framework Agreement is set out on pages 22 to 23 of this circular.

Gram Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the transactions contemplated under the 2024–2026 Intra-city On-demand Delivery Service Cooperation Framework Agreement. The letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders is set out on pages 24 to 46 of this circular.

Accordingly, the purpose of this circular is to provide Shareholders in relation to, among other things, (1) the details of the transactions contemplated under the 2024–2026 Intra-city On-demand Delivery Service Cooperation Framework Agreement; (2) a letter from the Independent Board Committee to the Independent Shareholders, setting out its recommendations in respect of the transactions contemplated under the 2024–2026 Intra-city On-demand Delivery Service Cooperation Framework Agreement; (3) a letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders in respect of the transactions contemplated under the 2024–2026 Intra-city On-demand Delivery Service Cooperation Framework Agreement; (4) additional information as set out in the appendix; and (5) the notice of the EGM, so that the Shareholders can make informed decisions regarding their voting on the resolution to be proposed at the EGM.

## **2. THE 2024–2026 INTRA-CITY ON-DEMAND DELIVERY SERVICE COOPERATION FRAMEWORK AGREEMENT**

On 19 October 2023, the Company and SF Holding entered into the 2024–2026 Intra-city On-demand Delivery Service Cooperation Framework Agreement, pursuant to which the SF Intra-city Group will provide intra-city on-demand delivery services to SF Holding and/or its associates under certain scenarios.

---

## LETTER FROM THE BOARD

---

A summary of the salient terms of the 2024-2026 Intra-city On-demand Delivery Service Cooperation Framework Agreement is set out below:

- Date:** 19 October 2023
- Parties:** (1) The Company (as service provider); and  
(2) SF Holding (as service recipient).
- Term:** A fixed term from 1 January 2024 (subject to obtaining approval from the Independent Shareholders) to 31 December 2026
- Subject matter:** The SF Intra-city Group will provide intra-city on-demand delivery services to SF Holding and/or its associates under the following scenarios:
- (i) *Intra-city Delivery Service provided via SF Holding and/or its associates*

For certain existing customers (the “**Credit Customers**”) who have entered into master service agreements (the “**Master Service Agreements**”) with SF Holding and/or its associates in respect of a variety of delivery and logistics solution service products the SF Holding Group and/or its associates offers, the SF Holding Group and/or its associates will delegate the SF Intra-city Group as subcontractor to complete and fulfill their intra-city delivery demands independently. The Credit Customers will place orders via SF Holding’s online access channels. SF Holding’s online access channels will direct such orders to our internal system, which will automatically match the orders with the SF Intra-city Group’s riders who have capacities to deliver. The SF Intra-city Group’s riders will collect the orders directly from the Credit Customers and deliver them to the designated recipients. On a monthly basis, the Credit Customer will directly settle the delivery fee (the “**Customer Delivery Fee**”) with SF Holding and/or its associates according to the Master Service Agreement, under which, the Customer Delivery Fee is determined by SF Holding and/or its associates and generally with reference to the Intra-city Delivery Service Fee.

---

## LETTER FROM THE BOARD

---

(ii) *Last-mile Delivery Service to SF Holding and/or its associates*

As one of the intra-city on-demand delivery service providers, the SF Intra-city Group also provides SF Holding and/or its associates with Last-mile Delivery Service by utilising the SF Intra-city Group's on-demand delivery force at the final stage of the express delivery services of SF Holding and/or its associates.

### **Reasons and benefits for the renewal**

The SF Holding Group is the largest integrated logistics service provider in China and Asia, and the fourth largest player globally, committed to becoming a data and technology-driven company providing solutions to third parties. It provides customers with smart and integrated supply chain solutions covering various industries and application scenarios. Given the scale of SF Holding Group's business and its leading position within the industry, it is natural for and in the interests of the Company to cooperate with SF Holding Group.

Specifically, the SF Holding Group has accumulated a relatively large user base during its years of operation in the express delivery industry, the SF Intra-city Group could further increase its user base at low costs by attracting new customers who need intra-city delivery service via SF Holding's online access channels and through provision of services to the Credit Customers via SF Holding Group. SF Intra-city Group can benefit from the brand effect of SF Holding Group, and jointly expand the user base with SF Holding Group to increase the number of customers and revenue from such services. From the perspective of SF Holding Group, building its integrated solution capacity jointly with SF Intra-city Group will empower SF Holding Group to better serve its customers. It is also mutually beneficial for the SF Intra-city Group and SF Holding Group to cooperate with each other on the provision of Intra-city Delivery Service, as each party enjoys competitive advantages in its respective business segment and has established cooperation relationship with compatible system.

Furthermore, the provision of Last-mile Delivery Service has enabled us to (i) further optimise our rider utilisation and improve our economies of scale, leading to a reduction of our fulfilment cost; and (ii) further expand our network coverage and achieve network scale effect, and expand and strengthen the capacity of our nationwide delivery network. From the perspective of SF Holding Group, the scalable and flexible delivery network of SF Intra-city Group can cater to its multi-dimensional needs to bolster its supply chain capabilities, accelerate courier service and reduce operational costs. From a rider perspective, the Last-mile Delivery Service has enriched source of revenue for riders, helped to enhance riders' income and strengthened riders' long-term loyalty. The Company believes that maintaining the stable and high-quality business relationship with SF Holding Group will facilitate current and future business operations for both of the SF Intra-city Group and the SF Holding Group.

---

## LETTER FROM THE BOARD

---

Lastly, SF Intra-city Group is not and will not be bound to cooperate with SF Holding Group, unless SF Intra-city Group considers it is fair and reasonable to do so after taking into account factors including its service network coverage, delivery capacity and the level of services fees offered by SF Holding Group. SF Intra-city Group is and will be open to all forms of cooperation with other business partners that are independent of the SF Holding Group.

### **Pricing policies**

- (a) **For Intra-city Delivery Service:** The delivery service fees paid by SF Holding and/or its associates to the SF Intra-city Group (the “**Service Fees**”) are on order unit basis. The Service Fees are determined in accordance with following formula: Intra-city Delivery Service Fee x prescribed subcontracting rate. The Intra-city Delivery Service Fee refers to the delivery service fee of our Intra-city Delivery Service products which is calculated using our pricing algorithm taking into account the location, the distance between sender and recipient, peak time and seasons, weather, riders’ capacities, weight and delivery requirements specified in the orders placed by the customers, etc. The subcontracting rate is determined after arm’s length negotiation taking into consideration that it is SF Holding and/or its associates instead of the SF Intra-city Group that bears the customer acquisition cost, customer maintenance and services expense, administrative expense in relation to management and collection of Customer Delivery Fee, as well as the credit exposure SF Holding and/or its associate bears. The SF Intra-city Group will, or to the extent needed, may consider engaging an industry consultant to, on an annual basis, conduct researches on comparable companies to evaluate and assess the level of Service Fees charged by the SF Intra-city Group for the Intra-city Delivery Service provided under the 2024-2026 Intra-City On-demand Delivery Service Cooperation Framework Agreement to ensure that Service Fees charged by the SF Intra-city Group are on normal commercial terms, fair and reasonable, and in the interests of the Shareholders as a whole.
- (b) **For Last-mile Delivery Service:** The service fees to be paid by SF Holding and/or its associates to the SF Intra-city Group will be principally determined with reference to a relatively stable mark-up on top of the rider commission fee. The mark-up will be determined on arm’s length basis taking into consideration complexity of the services required, market rates, and industry standards. The rider commission fee refers to the fulfilment cost which could be directly attributed to each specific order, excluding variable costs such as incentive to riders based on riders’ active time and volume of orders. The SF Intra-city Group also provides Last-mile Delivery Service to Independent Third Parties. The pricing methodology for the Last-mile Delivery Service provided to Independent Third Parties is largely consistent with that for the Last-mile Delivery Service provided to SF Holding and/or its associates. The SF Intra-city Group will cross-check against the Last-mile Delivery Service we provide to Independent Third Parties and ensure that the service fee paid by SF Holding and/or its associates, in particular, the mark-up for the Last-mile Delivery Service SF Holding Group bears, is at least comparable to that of Independent Third Parties. Where the bidding process is necessary under the internal policies of SF Holding and/or its associates, the service fee shall be ultimately determined in accordance with the tender and bidding process.

---

## LETTER FROM THE BOARD

---

Whether the bidding process is necessary is subject to the discretion of SF Holding and/or its associates. During the bidding process, our bidding quotations will be determined after taking into consideration the factors including market rates, industry standards, the actual cost, tender quantities, potential competition and relevant requirements as per tender documents. The SF Intra-city Group will, or to the extent needed, may consider engaging an industry consultant to, on an annual basis, conduct researches on comparable companies to evaluate and assess the applicable market rates for the Last-mile Delivery Service provided under the 2024-2026 Intra-city On-demand Delivery Service Cooperation Framework Agreement to ensure that service fees paid by SF Holding and/or its associates are on normal commercial terms, fair and reasonable, and in the interests of our Shareholders as a whole.

### Payment Terms

The Service Fees for the Intra-city Delivery Service and service fees for the Last-mile Delivery Service will be settled by bank transfers into designated bank accounts on a monthly basis.

### Historical transaction amounts

The historical transaction amounts of the provision of (i) Intra-city Delivery Service via SF Holding and/or its associates and (ii) Last-mile Delivery Service to SF Holding and/or its associates by the SF Intra-city Group under the 2021-2023 Intra-city On-demand Delivery Service Cooperation Framework Agreement for each of the two years ended 31 December 2022 (audited) and the six months ended 30 June 2023 (unaudited) are as follows:

| Nature of transaction   | Year ended              | Year ended          | Six months            |
|---|-------------------------|---------------------|-----------------------|
|   | 31 December<br>2021     | 31 December<br>2022 | ended 30 June<br>2023 |
|   | <i>(RMB in million)</i> |                     |                       |
| Provision of Intra-city Delivery<br>Service via SF Holding and/or<br>its associates | 97.8                    | 190.2               | 105.7                 |
| Provision of Last-mile Delivery<br>Service to SF Holding and/or its<br>associates   | 2,958.2                 | 3,507.9             | 2,249.6               |

---

## LETTER FROM THE BOARD

---

### Annual caps

In respect of the 2024-2026 Intra-city On-demand Delivery Service Cooperation Framework Agreement, the transaction amounts to be paid by SF Holding and/or its associates to SF Intra-city Group for the three years ending 31 December 2026 shall not exceed the annual caps as set out in the table below:

|  | Year ending 31 December |         |          |
|--|-------------------------|---------|----------|
|  | 2024                    | 2025    | 2026     |
|  | <i>(RMB in million)</i> |         |          |
| Provision of Intra-city Delivery Service<br>via SF Holding and/or its associates | 450.0                   | 710.0   | 1,100.0  |
| Provision of Last-mile Delivery Service<br>to SF Holding and/or its associates   | 7,160.0                 | 9,455.0 | 12,270.0 |

### Basis for the annual caps

The proposed annual caps for the transactions contemplated under the 2024-2026 Intra-city On-demand Delivery Service Cooperation Framework Agreement are determined with reference to the following basis:

For Intra-city Delivery Service:

- (a) The historical transaction amounts and the steady growth rate thereof. By way of illustration, the historical transaction amounts of the Intra-city Delivery Service for the six months ended 30 June 2023 (unaudited) was RMB105.7 million, demonstrating a steady year-on-year growth compared to the historical transaction amounts of RMB86.7 million for the six months ended 30 June 2022 (unaudited);
- (b) The estimated volume of orders from Credit Customers (“**Order Volume**”) and the rapid growth rate thereof. By way of illustration, the Order Volume for the six months ended 30 June 2023 represented an increase of approximately 52% as compared to that for the six months ended 30 June 2022. The Company estimated the annualised growth rates of the Order Volume for each of the three years ending 31 December 2026 to be approximately 55%, 50% and 45%, respectively, taking into account the factors in (c) to (e) below. The proposed annual caps for Intra-city Delivery Service are determined with reference to the Order Volume and the average unit price per order, with the latter remaining relatively stable across years;
- (c) We plan to continue to expand our differentiated service network, diversify our service scenarios and improve our fulfilment capabilities, all of which will continue to drive the growth of demand from Credit Customers for Intra-city Delivery Service. In terms of continuous expansion of service network, our expansion of the

---

## LETTER FROM THE BOARD

---

geographical coverage in lower-tier cities and counties will continue. Our multi-scenario business model will also empower us to meet and co-create diversified on-demand service needs of the Credit Customers in local e-commerce and local retail (such as retail groceries, 3C Electronics, apparel, pharmaceuticals and pets supplies, etc.), responding to more time-sensitive needs of the customers and achieving continuous enrichment of service matrix. Our proven track record of optimising fulfilment capability, especially the rapid development of the “delivery within half a day” (半日達) and “Two-wheels+ Four Wheels” (兩輪+四輪), will enable us to launch more products that cater to the unmet demand of the Credit Customers;

- (d) The overall change in consumption habits of “see now-buy now-get now” will further increase the market demand for on-demand delivery. The Credit Customers are also continuously optimising and improving the service experience for their end-customers, which has generated more demand for intra-city on-demand delivery; and
- (e) We also expect to continue to deepen our cooperation with SF Holding Group. In particular, we expect to work alongside SF Holding Group to provide end-to-end integrated solutions to more Credit Customers in the future. We also expect to cooperate with SF Holding Group to expand the service scenarios and upgrade the user experience with the existing Credit Customers, with a view to achieving more penetration in respect of these existing customers.

For Last-mile Delivery Service:

- (a) The historical transaction amounts which represented strong year-on-year growth. By way of illustration, the historical transaction amounts of the Last-mile Delivery Service for the six months ended 30 June 2023 (unaudited) was RMB2,249.6 million, demonstrating a rapid year-on-year growth compared to the historical transaction amounts of RMB1,456.1 million for the six months ended 30 June 2022 (unaudited), representing an increase of approximately 54%;
- (b) The estimated demand for Last-mile Delivery Service (in monetary terms) (i.e. approximately RMB6,667.8 million, RMB8,844.1 million, and RMB11,442.3 million for each of the three years ending 31 December 2026, respectively) and the strong growth rate thereof. The Company estimated the annualised growth rates of the demand for Last-mile Delivery Service (in monetary terms) for each of the three years ending 31 December 2026 to be approximately 36%, 33% and 29%, respectively, taking into account: (1) the actual demand for Last-mile Delivery Service (in monetary terms) recorded for the six months ended 30 June 2023; (2) the compounded annual growth rate of approximately 29% comparing the actual demand for the year ended 31 December 2021 and the estimated demand for the year ending 31 December 2023; (3) that the SF Holding Group is a participant of express delivery industry, the size of which is moving in a general increasing trend; (4) new scenario has been established in response to the requirement of speed-up for intra-city express deliveries; and (5) as a flexible supplement to all aspects of SF Holding Group (being a logistics service provider), the penetration with SF Holding Group is expected to increase gradually;

---

## LETTER FROM THE BOARD

---

- (c) We continue to expand our service network and our hour-level and minute-level flexible delivery network capabilities, which will allow us to: (1) further extend our reach to markets of lower-tier cities and counties and increase our service penetration therein; (2) be increasingly capable of responding to the needs for speed-up for intra-city express deliveries and traditional logistics services; and (3) deepen our collaboration in diversified transport and delivery scenarios, including “parcels collection”, “delivery within half a day” and “delivery within an hour”, which will in turn allow us to cater to the diverse needs and delivery requirements of end-customers;
- (d) We have been deepening and will continue to deepen our cooperation with SF Holding Group. SF Holding Group is a leading operator in the field of time-definite express delivery. Time-definite express delivery calls for timely, premium and end-to-end delivery services, the last-mile demand of which is highly matched with on-demand delivery service. We expect SF Holding Group’s time-definite express delivery business to continue its robust growth, as a result of which SF Holding Group will be more inclined to outsource their last-mile delivery to qualified on-demand delivery companies especially during peak times and seasons or in regions where SF Holding Group lacks local delivery force. Acceleration in the express delivery industry is an inevitable trend. SF Intra-city Group can support the needs of SF Holding Group to speed up and provide extremely efficient delivery service in the area of last mile delivery;
- (e) We expect a continuous development and an expansion in the express delivery industry, which leads to the expected increase in the demand for the Last-mile Delivery Service. In particular, with the booming growth in e-commerce transactions, logistics providers like SF Holding Group with a focus on providing integrated solutions across the supply chain, expect spikes in the parcel traffic volume as a result of the expected tremendous increase in e-commerce transaction volume; and
- (f) A buffer of approximately 7% to the estimated demand for Last-mile Delivery Service for each of the three years ending 31 December 2026. The Board is of the view that such buffer is fair and reasonable and in the interest of the Company and its Shareholders as a whole, taking into consideration that: (1) allowance should be made for unexpected circumstances that may take place during the three years ending 31 December 2026 (such as new scenario coverage which leads to the unexpected increase in volume); and (2) regarding continuing connected transactions, the incorporation of a buffer of 5-10% in proposed annual caps is not uncommon among companies listed on the Stock Exchange based on the relevant publicised circulars, and the buffer of approximately 7% adopted for Last-mile Delivery Service falls within such range.

Based on the above factors and considerations, the Directors consider that the annual caps and the basis thereof for both the Intra-city Delivery Service and the Last-mile Delivery Service are fair and reasonable and in the interest of the Company and its Shareholders as a whole.



---

## LETTER FROM THE BOARD

---

### Internal Control Procedures

The Company has adopted internal control procedures to ensure that the terms under the continuing connected transactions of the 2024-2026 Intra-city On-demand Delivery Service Cooperation Framework Agreement are fair and reasonable or no less favorable to the SF Intra-city Group than terms available to or from Independent Third Parties and are carried out under normal commercial terms:

- (a) the independent non-executive Directors will review the continuing connected transactions under the 2024-2026 Intra-city On-demand Delivery Service Cooperation Framework Agreement every year including the pricing policy thereunder and confirm in the annual report whether the transactions have been entered into: (1) in the SF Intra-city Group's ordinary and usual course of business; (2) on normal commercial terms or better; and (3) the terms of the 2024-2026 Intra-city On-demand Delivery Service Cooperation Framework Agreement are fair and reasonable and in the interests of the Shareholders as a whole;
- (b) the Company will engage independent third-party professional institutions from time to time to evaluate the pricing policies of the Intra-city Delivery Service and the Last-mile Delivery Service, and issue an evaluation report. In addition to the detailed description of the pricing logic, the evaluation report will focus on analysing the reasonableness of the pricing and determining the fairness based on comparisons with market pricing, and provide an independent evaluation opinion on the above two points;
- (c) various internal departments of the Company (including the finance department and compliance and legal department) are jointly responsible for evaluating the terms under the 2024-2026 Intra-city On-demand Delivery Service Cooperation Framework Agreement for the continuing connected transactions, in particular, the fairness of the pricing policies and annual caps;
- (d) the internal audit department of the Company reviews the accuracy of the system configuration from time to time and requires the staff to provide written basis for price configuration such as contracts and supplemental agreements during the review process, so as to ensure that the price of system configuration is in compliance with the pricing terms under the 2024-2026 Intra-city On-demand Delivery Service Cooperation Framework Agreement;
- (e) the finance department of the Company will be responsible for collecting data on the Last-mile Delivery Service continuing connected transactions between it and SF Holding Group on a regular basis, and various internal departments of the Company (including but not limited to the business department, finance department, compliance and legal department and internal audit department) will conduct all necessary internal review and approval procedures. The business management department of the Company will conduct a semi-annual review to compare the agreements of such continuing connected transactions with those executed with Independent Third Parties, to ensure that the pricing policy for the Last-mile Delivery Service provided to SF Holding Group is similar to that provided to the Independent Third Parties;

---

## LETTER FROM THE BOARD

---

- (f) the city logistics system (CLS) automatically generates monthly record of transactions between the SF Intra-city Group and the SF Holding Group for the purpose of issuing invoices to ensure accurate revenue recognition and settlement, and the finance department establishes ledger system to keep track of accumulated amount of transactions conducted with the SF Holding and/or its associates under the 2024-2026 Intra-city On-demand Delivery Service Cooperation Framework Agreement;
- (g) the finance department have and will continue to closely monitor the actual transaction amounts relating to the continuing connected transactions under the 2024-2026 Intra-city On-demand Delivery Service Cooperation Framework Agreement on a monthly basis. If the actual transaction amount reaches certain threshold of the proposed annual caps of the relevant continuing connected transactions (i.e. 50% in the second quarter or 70% in the third quarter), the finance department will promptly inform the relevant departments and arrange for the business operation department to further assess the expected annual transaction amounts. If the business operation department expects that the relevant business operations will expand and may use up a substantial part of the annual caps in the short run, the matter shall promptly be escalated to the finance department to assess if there is a need to revise the existing annual caps, and if so, revise the annual caps in accordance with the relevant internal procedures of the Company and re-comply with the requirements under the Listing Rules;
- (h) the Company's auditors will report on the continuing connected transactions under the 2024-2026 Intra-city On-demand Delivery Service Cooperation Framework Agreement every year and provide a letter to the Board, confirming, among others, whether the pricing policies have been adhered to and whether the relevant annual caps have been exceeded; and
- (i) when considering any renewal of or revisions to the 2024-2026 Intra-city On-demand Delivery Service Cooperation Framework Agreement, the interested Directors and Shareholders will abstain from voting on the resolutions to approve such transactions at board meetings or shareholders' general meetings (as the case may be), and the independent non-executive Directors and the Independent Shareholders (as the case may be) will have the right to consider whether the terms of the 2024-2026 Intra-city On-demand Delivery Service Cooperation Framework Agreement (including the proposed annual caps) are fair and reasonable, and on normal commercial terms and in the interests of the Company and the Shareholders as a whole. If the independent non-executive Directors' or the Independent Shareholders' approvals cannot be obtained, the Company will not continue the transactions under the 2024-2026 Intra-city On-demand Delivery Service Cooperation Framework Agreement to the extent that they constitute non-exempt continuing connected transactions under the Listing Rules.

---

## LETTER FROM THE BOARD

---

Accordingly, the Directors consider that the Company's internal control mechanism is effective to ensure that the transactions contemplated under the 2024-2026 Intra-city On-demand Delivery Service Cooperation Framework Agreement have been and will be conducted on normal commercial terms and will not be prejudicial to the interests of the Company and the Shareholders as a whole.

### **General Information of the Parties**

#### *The Company and the SF Intra-city Group*

The Company is a joint stock company incorporated in the PRC with limited liability. The SF Intra-city Group is principally engaged in intra-city on-demand delivery services in the PRC, providing both (i) intra-city delivery for merchants and consumers and (ii) last-mile delivery mainly for logistics companies.

#### *SF Holding*

SF Holding, a limited company established in the PRC, is one of the controlling shareholders of the Company, with shares listed on Shenzhen Stock Exchange (stock code: 002352.SZ). SF Holding is held as to approximately 54.68% by Mingde Holding, which in turn was held by Mr. Wang Wei as to approximately 99.9%. SF Holding is principally engaged in investment and establishment of industries, marketing planning, investment consulting, supply chain management, asset management, capital management and investment management.

### **3. LISTING RULES IMPLICATIONS**

The 2024–2026 Intra-city On-demand Delivery Service Cooperation Framework Agreement is entered into between the Company and SF Holding. SF Holding is a controlling shareholder of the Company. Therefore, SF holding is a connected person of the Company under Rule 14A.07(1) of the Listing Rules, and the transactions contemplated under the 2024–2026 Intra-city On-demand Delivery Service Cooperation Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

According to Rule 14A.54(2) of the Listing Rules, if the Company proposes to renew continuing connected transactions, the Company will be required to re-comply with provisions of Chapter 14A of the Listing Rules in relation to the relevant connected transactions.

As one or more of the applicable percentage ratios with respect to the Intra-city Delivery Service and the Last-mile Delivery Service under the 2024–2026 Intra-city On-demand Delivery Service Cooperation Framework Agreement exceed 5%, such transactions are subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

---

## LETTER FROM THE BOARD

---

Mr. Chan Fei, Mr. Geng Yankun and Mr. Li Qiuyu (together, the “**Interested Directors**”) hold various positions in SF Holding. Therefore, for good corporate governance, the Interested Directors have abstained from voting on the relevant resolution of the Board in relation to the 2024–2026 Intra-city On-demand Delivery Service Cooperation Framework Agreement. Save as disclosed, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, no other Directors had any material interest in the transactions contemplated under 2024–2026 Intra-city On-demand Delivery Service Cooperation Framework Agreement and are required to abstain from voting on the relevant Board resolutions.

An Independent Board Committee comprising all independent non-executive Directors has been established to advise the Independent Shareholders on the transactions contemplated under the 2024–2026 Intra-city On-demand Delivery Service Cooperation Framework Agreement. The Company has appointed the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the transactions contemplated under the 2024–2026 Intra-city On-demand Delivery Service Cooperation Framework Agreement.

#### **4. PROPOSED ELECTION OF NON-EXECUTIVE DIRECTOR**

Reference is made to the announcement of the Company dated 31 October 2023 in relation to, among others, the proposed election of Ms. Li Juhua (“**Ms. Li**”) as a non-executive Director of the Company.

According to the Articles of Association, directors shall be elected at shareholders’ general meeting and serve for a term from the date of passing of the resolution at the EGM to the date on which the term of the 2nd session of the Board expires (i.e. 20 June 2025). Accordingly, the Board has resolved to submit the proposal as an ordinary resolution at the EGM to approve the election of Ms. Li as a non-executive Director.

The nomination committee of the Board has reviewed the structure, size and composition of the Board, the overall contribution of the Directors with reference to the nomination principles and criteria set out in the Company’s board diversity policy, director nomination policy and the Company’s corporate strategy. The nomination committee has recommended to the Board that Ms. Li be proposed for election at the EGM as a non-executive Director. The Board has endorsed the recommendation and will present an ordinary resolution at the EGM accordingly.

Details of the Director proposed for election at the EGM are set out in Appendix I to this circular.

---

## LETTER FROM THE BOARD

---

### 5. EGM AND PROXY ARRANGEMENTS

A notice convening the EGM to be held at 3:30 p.m. on Thursday, 30 November 2023 at Floor 3, Shunfeng Headquarters Building, No. 3076 Xinghai Road, Nanshan District, Shenzhen City, Guangdong Province, PRC is set out at the end of this circular.

In accordance with the Listing Rules, SF Holding will abstain from voting on the resolution to be proposed at the EGM in relation to the transactions contemplated under the 2024–2026 Intra-city On-demand Delivery Service Cooperation Framework Agreement. As at the Latest Practicable Date, SF Holding held in aggregate 536,203,560 Shares, representing approximately 57.44% of the total issued share of the Company, and control or are entitled to control over the voting right in respect of their shares in the Company.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, other than SF Taisen, SF Holding Limited, Intra-city Tech and Celestial Ocean Investment Limited, no other connected person of the Company, Shareholders or their respective associate has a material interest in the transactions contemplated under the 2024–2026 Intra-city On-demand Delivery Service Cooperation Framework Agreement and is required to abstain from voting on the relevant resolution to be proposed at the EGM.

#### **Participating in the EGM by way of telecommunication video-conference**

The Company would allow Shareholders who cannot physically attend the EGM to participate in the EGM by way of telecommunication video-conference from 3:30 p.m. until the completion of the EGM on Thursday, 30 November 2023 on a computer, tablet or any browser enabled device. Please follow the instructions below on how to participate in the EGM. Shareholders should note that participating in the EGM by way of telecommunication video-conference will not be counted towards a quorum nor will they be able to cast their votes online. Shareholders will need to complete the following steps to be able to participate in the EGM by way of telecommunication video-conference of the Company:

#### **Accessing Proceedings of the EGM by Zoom conference link**

For Shareholders who would like to participate in the EGM by way of telecommunication video-conference, you will need to register by sending an email to [is-enquiries@hk.tricorglobal.com](mailto:is-enquiries@hk.tricorglobal.com) or via telephone hotline at (852) 2980 1333 during business hours (9:00 a.m. to 5:00 p.m., Monday to Friday, excluding Hong Kong Public holidays) by no later than 3:30 p.m. on Wednesday, 29 November 2023 (being not less than twenty-four (24) hours before the time appointed for holding the EGM) to enable the Company to verify the Shareholders' status.

Authenticated Shareholders will receive an email confirmation by Thursday, 30 November 2023 which contains a link to join the EGM. Shareholders MUST NOT forward the link to other persons who are not the Shareholders and who are not entitled to attend the EGM.

---

## LETTER FROM THE BOARD

---

A proxy form to be used at the EGM is also enclosed herein and published on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)). If you are not a registered Shareholder (if your Shares are held via banks, brokers, custodians or the Hong Kong Securities Clearing Company Limited), you should consult directly with your banks or brokers or custodians (as the case may be) to assist you in the appointment of a proxy.

The proxy form should be returned to the Company's H Share Registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, as soon as possible and in any event not less than 24 hours before the time appointed for holding the EGM (for the H Share Shareholders); or to the business address of the Company in the PRC, at Floor 21-22, Shunfeng Headquarters Building, No. 3076 Xinghai Road, Nanshan District, Shenzhen City, Guangdong Province, PRC not less than 24 hours before the time appointed for the holding of the EGM (for the Unlisted Domestic Share Shareholders). Shareholders who intend to appoint a proxy to attend the EGM shall complete, sign and return the appropriate proxy form in accordance with the instructions printed thereon.

### **Questions from Shareholders**

Shareholders may submit any questions they may have in advance in relation to any resolution set out in the notice of EGM by 3:30 p.m. on Wednesday, 29 November 2023 (being not less than twenty-four (24) hours before the time appointed for holding the EGM) via email to [is-enquiries@hk.tricorglobal.com](mailto:is-enquiries@hk.tricorglobal.com) or via telephone hotline at (852) 2980 1333 during business hours (9:00 a.m. to 5:00 p.m., Monday to Friday, excluding Hong Kong Public holidays).

Shareholders can also submit questions during the EGM through the conference link provided. The Board will address the questions during the EGM proceedings.

### **6. CLOSURE OF REGISTER OF MEMBERS**

In order to determine the Shareholders who are entitled to attend the EGM, the register of members of the Company will be closed from Monday, 27 November 2023 to Thursday, 30 November 2023, both days inclusive, during which no transfer of Shares will be registered. To be entitled to attend and vote at the EGM, Shareholders whose transfer of Shares have not been registered must lodge all transfer instruments accompanied by the relevant share certificates with the Company's H Share registrar and transfer office, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for H Share Shareholders, or the business address of the Company in the PRC for Unlisted Domestic Share Shareholders for registration at or before 4:30 p.m. on Friday, 24 November 2023 (Hong Kong time).

---

## LETTER FROM THE BOARD

---

### 7. VOTING BY POLL

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of Shareholders at a general meeting must be taken by poll. On a poll, every Shareholder present or by proxy or (being a corporation) by its duly authorized representative shall have one vote for each Share registered in his/her/its name in the register of members of the Company. A Shareholder entitled to more than one vote needs not use all his/her/its votes or cast all the votes in the same manner.

The poll results will be published on the website of the Company and the Stock Exchange following the EGM pursuant to Rule 13.39(5).

### 8. RECOMMENDATION

The Directors (excluding the independent non-executive Directors whose opinions are given in the letter from the Independent Board Committee) are of the view that the terms of the 2024–2026 Intra-city On-demand Delivery Service Cooperation Framework Agreement and the transactions contemplated thereunder (including the annual caps) are on normal commercial terms, fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

Accordingly, the Directors (excluding the Interested Directors and the independent non-executive Directors whose opinions are given in the letter from the Independent Board Committee) recommend the Independent Shareholders to vote in favour of the relevant resolution to be proposed at the EGM.

### 9. ADDITIONAL INFORMATION

Your attention is drawn to (i) the letter from the Independent Board Committee on pages 22 to 23 of this circular containing the recommendation of the Independent Board Committee to the Independent Shareholders; and (ii) the letter from the Independent Financial Adviser on pages 24 to 46 of this circular containing its advice to the Independent Board Committee and the Independent Shareholders and the principal factors and reasons taken into account by the Independent Financial Adviser in arriving at its advice.

Your attention is also drawn to the additional information set out in the appendices and the notice of EGM as set out in this circular.

Yours faithfully  
For and on behalf of the Board  
**Hangzhou SF Intra-city Industrial Co., Ltd.**  
**CHAN Fei**  
*Chairman*

---

**LETTER FROM THE INDEPENDENT BOARD COMMITTEE**

---

**Hangzhou SF Intra-city Industrial Co., Ltd.**

**杭州順豐同城實業股份有限公司**

*(A joint stock company incorporated in the People's Republic of China with limited liability)*

**(Stock Code: 9699)**

*To the Independent Shareholders*

14 November 2023

Dear Sir or Madam,

**RENEWAL OF CONTINUING CONNECTED TRANSACTIONS**

We refer to the circular of the Company dated 14 November 2023 (the “**Circular**”) of which this letter forms part. Terms used in this letter shall have the same meaning as defined in the Circular unless the context otherwise requires.

We have been appointed by the Board as the Independent Board Committee to consider and advise you as to whether, in our opinion, the terms of the 2024–2026 Intra-city On-demand Delivery Service Cooperation Framework Agreement, the transactions contemplated thereunder and the proposed annual caps, the details of which are set out in the letter from the Board, are fair and reasonable so far as the Independent Shareholders are concerned.

Gram Capital Limited has been appointed by the Board as the Independent Financial Adviser to advise the Independent Board Committee and Independent Shareholders on the fairness and reasonableness of the terms of the 2024–2026 Intra-city On-demand Delivery Service Cooperation Framework Agreement, the transactions contemplated thereunder and the proposed annual caps. Details of the advice from the Independent Financial Adviser, together with the principal factors taken into consideration in arriving at such advice, are set out in its letter the text of which are set out on pages 24 to 46 of the Circular.

Your attention is also drawn to the letter from the Board set out on pages 6 to 21 of the Circular and the additional information set out in the Appendix.



---

## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

---

Having considered (i) the terms of the 2024–2026 Intra-city On-demand Delivery Service Cooperation Framework Agreement, the transactions contemplated thereunder and the proposed annual caps; (ii) the interests of the Independent Shareholders; and (iii) the advice of the Independent Financial Adviser, we are of the opinion that the 2024–2026 Intra-city On-demand Delivery Service Cooperation Framework Agreement is on normal commercial terms or better and in the ordinary and usual course of business of the SF Intra-city Group, is fair and reasonable so far as the Independent Shareholders are concerned, and is in the interests of the Company and its Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the relevant resolution to be proposed at the EGM so as to approve the 2024–2026 Intra-city On-demand Delivery Service Cooperation Framework Agreement, the transactions contemplated thereunder and the proposed annual caps.

Yours faithfully,

For and on behalf of the Independent Board Committee  
**Hangzhou SF Intra-city Industrial Co., Ltd.**

**Mr. Chan Kok  
Chung, Johnny**  
*Independent  
non-executive  
Director*

**Mr. Wong Hak Kun**  
*Independent  
non-executive  
Director*

**Mr. Zhou Xiang**  
*Independent  
non-executive  
Director*

**Ms. Huang Jing**  
*Independent  
non-executive  
Director*

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

*Set out below is the text of a letter received from Gram Capital, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Transactions for the purpose of inclusion in the Circular.*



Room 1209, 12/F.  
Nan Fung Tower  
88 Connaught Road Central/  
173 Des Voeux Road Central  
Hong Kong

14 November 2023

*To: The independent board committee and the independent shareholders of Hangzhou SF Intra-city Industrial Co., Ltd.*

Dear Sir/Madam,

### RENEWAL OF CONTINUING CONNECTED TRANSACTIONS

#### INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the transactions contemplated under the 2024-2026 Intra-city On-demand Delivery Service Cooperation Framework Agreement (the “**Transactions**”), details of which are set out in the letter from the Board (the “**Board Letter**”) contained in the circular dated 14 November 2023 (the “**Circular**”) issued by the Company to the Shareholders, of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

On 19 October 2023, the Company and SF Holding entered into the 2024-2026 Intra-city On-demand Delivery Service Cooperation Framework Agreement, pursuant to which the SF Intra-city Group will provide intra-city on-demand delivery services to SF Holding and/or its associates under certain scenarios, for a fixed term from 1 January 2024 (subject to obtaining approval from the Independent Shareholders) to 31 December 2026.

With reference to the Board Letter, the Transactions constitute non-exempted continuing connected transactions and are subject to reporting, announcement, annual review and Independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

The Independent Board Committee comprising Mr. Chan Kok Chung, Johnny, Mr. Wong Hak Kun, Mr. Zhou Xiang and Ms. Huang Jing (all being independent non-executive Directors) has been established to advise the Independent Shareholders on (i) whether the terms of the Transactions are on normal commercial terms and are fair and reasonable; (ii) whether the Transactions are in the interests of the Company and the Shareholders as a whole and are

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

conducted in the ordinary and usual course of business of the SF Intra-city Group; and (iii) how the Independent Shareholders should vote in respect of the resolution(s) to approve the Transactions at the EGM. We, Gram Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

### INDEPENDENCE

During the past two years immediately preceding the Latest Practicable Date, Gram Capital was engaged as the independent financial adviser to the independent board committee and independent shareholders of the Company in relation to (i) discloseable and continuing connected transactions of the Company (details of which are set out in the Company's circular dated 20 July 2022); and (ii) a continuing connected transaction of the Company (details of which are set out in the Company's circular dated 13 September 2022). Save for the aforesaid engagements, there was no other service provided by Gram Capital to the Company during the past two years immediately preceding the Latest Practicable Date.

Notwithstanding the aforesaid engagements, we were not aware of any relationships or interests between Gram Capital and the Company, or any other parties during the past two years immediately preceding the Latest Practicable Date that could be reasonably regarded as hindrance to Gram Capital's independence to act as the Independent Financial Adviser.

Having considered the above and that (i) none of the circumstances as set out under the Rule 13.84 of the Listing Rules existed as at the Latest Practicable Date; and (ii) the aforesaid past engagements were only independent financial adviser engagements and will not affect our independence to act as the Independent Financial Adviser, we are of the view that we are independent to act as the Independent Financial Adviser.

### BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations as provided to us by the Directors. We have assumed that all information and representations that have been provided by the Directors, for which they are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its advisers and/or the Directors, which have been provided to us. Our opinion is based on the Directors' representation and confirmation that there is no undisclosed private agreement/arrangement or implied understanding with anyone concerning the 2024-2026 Intra-city On-demand Delivery Service Cooperation Framework Agreement. We consider that

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

we have taken sufficient and necessary steps (including review of the SF Intra-city Group's financial information, the 2024-2026 Intra-city On-demand Delivery Service Cooperation Framework Agreement, discussion with the Company regarding the proposed annual caps of the Transactions for the three years ending 31 December 2026) on which to form a reasonable basis and an informed view for our opinion in compliance with Rule 13.80 of the Listing Rules.

The Circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief the information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive; and there are no other matters the omission of which would make any statement in this circular misleading. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Circular, save and except for this letter of advice.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs of the Company, SF Holding or their respective subsidiaries or associates, nor have we considered the taxation implication on the SF Intra-city Group or the Shareholders as a result of the Transactions. Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments (including any material change in market and economic conditions) may affect and/or change our opinion and we have no obligation to update this opinion to take into account events occurring after the Latest Practicable Date or to update, revise or reaffirm our opinion. In addition, nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

Lastly, where information in this letter has been extracted from published or otherwise publicly available sources, it is the responsibility of Gram Capital to ensure that such information has been correctly extracted from the relevant sources.

### **PRINCIPAL FACTORS AND REASONS CONSIDERED**

In arriving at our opinion in respect of the Transactions, we have taken into consideration the following principal factors and reasons:

#### **Business overview of the SF Intra-city Group**

With reference to the Board Letter, the Company is a joint stock company incorporated in the PRC with limited liability. The SF Intra-city Group is principally engaged in intra-city on-demand delivery services in the PRC, providing both (i) intra-city delivery for merchants and consumers; and (ii) last-mile delivery mainly for logistics companies.

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

As advised by the Directors, the SF Intra-city Group believes that certain competitive strengths contribute to the SF Intra-city Group's success and position the SF Intra-city Group for continued growth, including but not limited to (i) largest third-party on-demand delivery service provider; (ii) the multi-scenario business model enhanced economies of scale and network effect; (iii) diverse and flexible network ensuring efficiency, quality and stability; and (iv) well-recognized "SF" brand and strong synergy with SF Holding Group.

Set out below are the consolidated financial information of the SF Intra-city Group for the two years ended 31 December 2022 as extracted from the annual report of the Company for the year ended 31 December 2022 (the "2022 Annual Report") and for the six months ended 30 June 2023 with comparative figures as extracted from the interim report of the Company for the six months ended 30 June 2023 (the "2023 Interim Report"):

|                   | <b>For the<br/>year ended<br/>31 December<br/>2022</b> | <b>For the<br/>year ended<br/>31 December<br/>2021</b> | <b>Change from<br/>2021 to 2022</b> |
|-------------------|--|--|-------------------------------------|
|                   | <i>RMB'000</i>   | <i>RMB'000</i>   | %                                   |
|                   | (audited)  | (audited)  |                                     |
| Revenue           | 10,265,191   | 8,173,953  | 25.6                                |
| Loss for the year | (286,903)  | (898,851)  | (68.1)                              |

  

|  | <b>For the six<br/>months ended<br/>30 June 2023</b> | <b>For the six<br/>months ended<br/>30 June 2022</b> | <b>Year-on-year<br/>change</b> |
|--|--|--|--------------------------------|
|  | <i>RMB'000</i>                                       | <i>RMB'000</i>                                       | %                              |
|  | (unaudited)  | (unaudited)  |                                |
| Revenue from continuing operations                     | 5,749,191  | 4,463,963  | 28.8                           |
| Profit/(loss) for the period from continuing operation | 44,576   | (114,233)  | N/A                            |

### ***Performance for the year ended 31 December 2022***

As illustrated by the above table, the SF Intra-city Group recorded a substantial increase of approximately 25.6% in revenue for the year ended 31 December 2022 ("FY2022") as compared to that for the year ended 31 December 2021 ("FY2021"). With reference to the 2022 Annual Report, the increase in revenue was mainly due to (i) the SF Intra-city Group's commitment to building a healthy and robust business structure by providing high quality, efficient and stable real-time delivery services; and (ii) the SF Intra-city Group's in-depth cultivation and strong performance within diversified service scenarios such as delivery in a broad range of sectors including the food and beverage and retail sectors, lower-tier cities and personalised services.

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

The SF Intra-city Group recorded a substantial decrease of approximately 68.1% in loss for FY2022 as compared to that for FY2021, mostly due to (i) an increase in gross profit as a result of continued growth in SF Intra-city Group's revenue and improvements in operational efficiency, delivery efficiency and refined management, and (ii) a reduction in share-based compensation expenses.

### *Performance for the six months ended 30 June 2023*

As illustrated by the above table, the SF Intra-city Group recorded a substantial increase of approximately 28.8% in revenue from continuing operations for the six months ended 30 June 2023 (“1H2023”) as compared to that for the corresponding period in 2022. With reference to the 2023 Interim Report, the increase in revenue from continuing operations was mainly due to (i) increase in order density, improvement in business structure and further enhancement in network economies of scale; and (ii) continuously improvement in order fulfillment capabilities in various market segments and the attraction of more quality customers through specialised and differentiated services.

The SF Intra-city Group also recorded profit from continuing operations for the six months ended 30 June 2023 as compared to loss from continuing operations for the six months ended 30 June 2022. As advised by the Directors, the aforesaid turnaround was mainly due to: (i) strong revenue growth, increase in order density, optimal business structure, and further improvement in network economies of scale; and (ii) technology-driven lean and efficient operational bedrock, enhancement in resource utilization efficiency, and continued improvement in gross profit margin and expense ratio.

With reference to the 2023 Interim Report, looking ahead, as part of the intra-city delivery infrastructure, the SF Intra-city Group will actively seize the market opportunities arising from diversified traffic, local retail development, and the continuous penetration of third-party on-demand delivery services. Going beyond delivery, the SF Intra-city Group will leverage its capabilities and advantages in local lifestyle and on-demand delivery services, focusing on serving customers, industries, and society, and bringing about broader value creation. Simultaneously, the SF Intra-city Group will achieve high-quality business growth and sustainable profit improvement, thereby better fulfilling its mission of “bring enjoyable lifestyle to your fingertips”.

### **Information on SF Holding**

With reference to the Board Letter, SF Holding, a limited company established in the PRC, is one of the controlling shareholders of the Company, with shares listed on Shenzhen Stock Exchange (stock code: 002352.SZ).

SF Holding is held as to approximately 54.68% by Mingde Holding, which in turn was held by Mr. Wang Wei as to approximately 99.9%. SF Holding is principally engaged in investment and establishment of industries, marketing planning, investment consulting, supply chain management, asset management, capital management and investment management.

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

### Reasons for and benefit of the Transactions

As stated in the Board Letter, SF Intra-city Group is not and will not be bound to cooperate with SF Holding Group, unless SF Intra-city Group considers it is fair and reasonable to do so after taking into account factors including its service network coverage, delivery capacity and the level of services fees offered by SF Holding Group. SF Intra-city Group is and will be open to all forms of cooperation with other business partners that are independent of the SF Holding Group. This is supported by (i) the pricing policies of the Transactions; and (ii) the SF Intra-city Group recorded revenue generated from the Independent Third Parties in respect of both Intra-city Delivery Service and the Last-mile Delivery Service.

### *Intra-city Delivery Service*

With reference to the Board Letter, the SF Holding Group is the largest integrated logistics service provider in China and Asia, and the fourth largest player globally, committed to becoming a data and technology-driven company providing solutions to third parties. It provides customers with smart and integrated supply chain solutions covering various industries and application scenarios. Given the scale of SF Holding Group's business and its leading position within the industry, it is natural for and in the interests of the Company to cooperate with the SF Holding Group. Specifically, the SF Holding Group has accumulated a relatively large user base during its years of operation in the express delivery industry, the SF Intra-city Group could further increase its user base at low costs by attracting new customers who need intra-city delivery service via SF Holding's online access channels and through provision of services to the Credit Customers via SF Holding Group. SF Intra-city Group can benefit from the brand effect of SF Holding Group, and jointly expand the user base with SF Holding Group to increase the number of customers and revenue from such services. It is also mutually beneficial for the SF Intra-city Group and SF Holding Group to cooperate with each other on the provision of Intra-city Delivery Service, as each party enjoys competitive advantages in its respective business segment and has established cooperation relationship with compatible system.

For certain existing customers (the "**Credit Customers**") who have entered into master service agreements (the "**Master Service Agreements**") with SF Holding and/or its associates in respect of a variety of delivery and logistics solution service products SF Holding Group and/or its associates offers, SF Holding Group and/or its associates will delegate the SF Intra-city Group as subcontractor to complete and fulfil their intra-city delivery demands independently. The Credit Customers will place orders via SF Holding's online access channels. SF Holding's online access channels will direct such orders to SF Intra-city Group's internal system, which will automatically match the orders with SF Intra-city Group's riders who have capacities to deliver. The SF Intra-city Group's riders will collect the orders directly from the Credit Customers and deliver them to the designated recipients.

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

Based on the above, we consider the arrangement of the Intra-city Delivery Service pursuant to the Intra-city On-demand Delivery Service Cooperation Framework Agreement could enable the SF Intra-city Group to obtain additional source of clients, which in terms to expand the SF Intra-city Group's source of revenue, and optimise SF Intra-city Group's rider utilisation. We noted from the 2022 Annual Report and 2023 Interim report that revenue generated from the Intra-city Delivery Service pursuant to the 2021-2023 Intra-city On-demand Delivery Service Cooperation Framework Agreement accounted for approximately 1.8% of the SF Intra-city Group's revenue for 1H2023; approximately 1.9% of the SF Intra-city Group's revenue for FY2022; approximately 1.2% of the SF Intra-city Group's revenue for FY2021.

Based on the above, we are of the view that the Intra-city Delivery Service is in the interest of the Company and Shareholders as a whole and conducted in the ordinary and usual course of business of the SF Intra-city Group.

### *Last-mile Delivery Service*

With reference to the Board Letter, the provision of Last-mile Delivery Service has enabled the SF Intra-city Group to (i) further optimise rider utilisation and improve economies of scale, leading to a reduction of fulfilment cost; and (ii) further expand network coverage and achieve network scale effect, and expand and strengthen the capacity of nationwide delivery networks. From a rider perspective, the Last-mile Delivery Service has enriched source of revenue for riders, helped to enhance riders' income and strengthened riders' long-term loyalty. The Company believes that maintaining the stable and high-quality business relationship with SF Holding Group will facilitate current and future business operations for both of the SF Intra-city Group and the SF Holding Group.

As advised by the Directors, the Last-mile Delivery Service also allows the SF Intra-city Group to leverage on the additional source of order volume with an aim to increase the order density and to ramp up the SF Intra-city Group's business scale in the new geographical locations relatively more quickly and achieve a lower average fulfilment costs per order through optimization and stabilization of rider pool in new locations.

We noted from the 2022 Annual Report and 2023 Interim report that revenue generated from the Last-mile Delivery Service pursuant to the 2021-2023 Intra-city On-demand Delivery Service Cooperation Framework Agreement accounted for approximately 39.1% of the SF Intra-city Group's revenue for 1H2023; approximately 34.2% of the SF Intra-city Group's revenue for FY2022; approximately 36.2% of the SF Intra-city Group's revenue for FY2021.

As advised by the Directors, as one of the intra-city on-demand delivery service providers, the SF Intra-city Group also provides SF Holding and/or its associates with last-mile delivery services by utilizing its on-demand delivery force at the final stage of the express delivery services of SF Holding and/or its associates. Acting as a supplement to SF Holding Group's last-mile delivery force, the SF Intra-city Group will collect certain parcels from the local delivery outlets of SF Holding Group or the warehouses of corporate customers of SF Holding Group and deliver the parcels to the designated recipients by the SF Intra-city Group's riders or vehicles. The Company could therefore expand its source of income and expand network and achieve network effect.

Based on the above, we are of the view that the Last-mile Delivery Service is in the interest of the Company and Shareholders as a whole and conducted in the ordinary and usual course of business of the SF Intra-city Group.



---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

### Principal terms of the Transactions

Set out below are the key terms of the Transactions, details of which are set out under the section headed “The 2024-2026 Intra-city On-demand Delivery Service Cooperation Framework Agreement” of the Board Letter.

- Date:** 19 October 2023
- Parties:** (i) The Company (as service provider); and  
(ii) SF Holding (as service recipient)
- Term:** A fixed term from 1 January 2024 (subject to obtaining approval from the Independent Shareholders) to 31 December 2026
- Subject matter:** The SF Intra-city Group will provide intra-city on-demand delivery services to SF Holding and/or its associates under the following scenarios:
- (i) Intra-city Delivery Service provided via SF Holding and/or its associates

For the Credit Customers who have entered into the Master Service Agreements (with SF Holding and/or its associates in respect of a variety of delivery and logistics solution service products the SF Holding Group and/or its associates offers, the SF Holding Group and/or its associates will delegate the SF Intra-city Group as subcontractor to complete and fulfil their intra-city delivery demands independently. The Credit Customers will place orders via SF Holding’s online access channels. SF Holding’s online access channels will direct such orders to the SF Intra-city Group’s internal system, which will automatically match the orders with the SF Intra-city Group’s riders who have capacities to deliver. The SF Intra-city Group’s riders will collect the orders directly from the Credit Customers and deliver them to the designated recipients. On a monthly basis, the Credit Customer will directly settle the delivery fee (the “**Customer Delivery Fee**”) with SF Holding and/or its associates according to the Master Service Agreement, under which, the Customer Delivery Fee is determined by SF Holding and/or its associates and generally with reference to the Intra-city Delivery Service Fee.

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

- (ii) Last-mile Delivery Service to SF Holding and/or its associates

As one of the intra-city on-demand delivery service providers, the SF Intra-city Group also provides SF Holding and/or its associates with Last-mile Delivery Service by utilising the SF Intra-city Group's on-demand delivery force at the final stage of the express delivery services of SF Holding and/or its associates.

### *Pricing policy*

#### *Intra-city Delivery Service*

The delivery service fees paid by SF Holding and/or its associates to the SF Intra-city Group (the “**Service Fees**”) are on order unit basis. The Service Fees are determined in accordance with following formula: Intra-city Delivery Service Fee x prescribed subcontracting rate.

The Intra-city Delivery Service Fee refers to the delivery service fee of the Intra-city Delivery Service products which is calculated using SF Intra-city Group's pricing algorithm taking into account the location, the distance between sender and recipient, peak time and seasons, weather, riders' capacities, weight and delivery requirements specified in the orders placed by the customers, etc. The subcontracting rate (the “**Subcontracting Rate**”) is determined after arm's length negotiation taking into consideration that it is SF Holding and/or its associates instead of the SF Intra-city Group that bears the customer acquisition cost, customer maintenance and services expense, administrative expense in relation to management and collection of Customer Delivery Fee, as well as the credit exposure SF Holding and/or its associate bears.

With reference to the Board Letter, the SF Intra-city Group will, or to the extent needed, may consider engaging an industry consultant to, on an annual basis, conduct researches on comparable companies to evaluate and assess the level of Service Fees charged by the SF Intra-city Group for the Intra-city Delivery Service provided under the 2024-2026 Intra-City On-demand Delivery Service Cooperation Framework Agreement to ensure that Service Fees charged by the SF Intra-city Group are on normal commercial terms, fair and reasonable, and in the interests of the Shareholders as a whole.

In respect of the above matter, the Company engaged iResearch to conduct the above-mentioned research. Based on public information, iResearch, founded in 2002, is the leading provider of online audience measurement and consumer insights in China. We also noted that iResearch prepared various industry reports, which were made reference by listing applicants on the Stock Exchange. According to the research report issued by iResearch in November 2023, (i) other than the SF Intra-city Group, iResearch identified a third-party on-demand delivery service provider (who entered into similar arrangement to the Intra-city Delivery Services with its connected persons) among the top-six third-party on-demand

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

delivery service providers based on the market shares of China's third-party on-demand delivery service industry in 2022 (note: the SF Intra-city Group was the largest third-party on-demand delivery service provider in 2022 according to iResearch); and (ii) the level of Subcontracting Rate is in line with the proportion of revenue which the aforesaid third-party on-demand delivery service provider is entitled under similar arrangement.

Based on the above, we are of the view that the Subcontracting Rate is fair and reasonable.

With reference to the Board Letter, in order to ensure the terms under Intra-city Delivery Service are fair and reasonable or no less favourable than terms available to or from independent third parties and are carried out under normal commercial terms, the Company has adopted the certain internal control procedures. Details of the steps were set out under the section headed "Internal Control Procedures" of the Board Letter. As (i) various internal departments of the Company (including finance department; and compliance and legal department) are jointly responsible for evaluating the terms under the Intra-city On-demand Delivery Service Cooperation Framework Agreement for the continuing connected transactions, in particular, the fairness of the pricing policies; (ii) the city logistics system (a system utilizes big data analytics and artificial intelligence technologies, featuring core functions including business forecast and planning, integrated order recommendation and dispatching and real-time operation monitoring) automatically generates monthly record of transactions between the SF Intra-city Group and the SF Holding Group, and the Company's finance department establishes ledger system to keep track of accumulated amount of transactions conducted with the SF Holding Group and its associates under the Intra-city On-demand Delivery Service Cooperation Framework Agreement, we consider the effective implementation of the internal control procedures would help to ensure fair pricing of the Intra-city Delivery Service according to the pricing policy.

To assess the effectiveness of implementation of the internal control procedures, we performed the following works:

- we discussed with staffs of the Company's finance department; compliance and legal department and understood that their staffs were aware of the internal control measures and would comply with internal control measures when conducting the Intra-city Delivery Service.
- we obtained spreadsheets (which were generated from the city logistics system) showing the services fees payable by SF Holding Group's customers for the Intra-city Delivery Service on a monthly basis from August 2022 to September 2023 (one spreadsheet for each month) and spreadsheets (which were generated from the Company's financial system) showing the Service Fees payable by the SF Holding Group to the SF Intra-city Group for the same months. Based on the aforesaid documents, we noted that the monthly amounts of Service Fees payable by the SF Holding Group to the SF Intra-city Group were in line with the amounts of Intra-city Delivery Service Fee for that month x Subcontracting Rate.

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

Having considered the aforesaid, including (i) our discussion with relevant staffs of the Company's finance department; compliance and legal department; and (ii) our findings as mentioned above, we do not doubt the effectiveness of the implementation of the internal control measures for the Intra-city Delivery Service.

### *Last-mile Delivery Service*

The service fees to be paid by SF Holding and/or its associates to the SF Intra-city Group will be principally determined with reference to a relatively stable mark-up on top of the rider commission fee (the "**Mark-up(s)**"). The mark-up will be determined on arm's length basis taking into consideration complexity of the services required, market rates, and industry standards. The rider commission fee refers to the fulfilment cost which could be directly attributed to each specific order, excluding variable costs such as incentive to riders based on riders' active time and volume of orders. The SF Intra-city Group also provides Last-mile Delivery Service to Independent Third Parties. The pricing methodology for the Last-mile Delivery Service provided to Independent Third Parties is largely consistent with that for the Last-mile Delivery Service provided to SF Holding and/or its associates. The SF Intra-city Group will cross-check against the Last-mile Delivery Service the SF Intra-city Group provides to Independent Third Parties and ensure that the service fee paid by SF Holding and/or its associates, in particular, the mark-up for the Last-mile Delivery Service SF Holding Group bears, is at least comparable to that of Independent Third Parties. Where the bidding process is necessary under the internal policies of SF Holding and/or its associates, the service fee shall be ultimately determined in accordance with the tender and bidding process. Whether the bidding process is necessary is subject to the discretion of SF Holding and/or its associates. During the bidding process, SF Intra-Group's bidding quotations will be determined after taking into consideration the factors including market rates, industry standards, the actual cost, tender quantities, potential competition and relevant requirements as per tender documents.

The SF Intra-city Group will, or to the extent needed, may consider engaging an industry consultant to, on an annual basis, conduct researches on comparable companies to evaluate and assess the applicable market rates for the Last-mile Delivery Service provided under the 2024-2026 Intra-city On-demand Delivery Service Cooperation Framework Agreement to ensure that service fees paid by SF Holding and/or its associates are on normal commercial terms, fair and reasonable, and in the interests of the Shareholders as a whole.

Based on our independent research on continuing connected transactions conducted by other companies listed on the Stock Exchange involving purchase or sale of materials/products/services from/to their connected persons, we noted that comparing prices with those offered by/to independent third parties for the same/similar product/service is one of the commonly adopted pricing policies. As (i) the pricing methodology for the Last-mile Delivery Service provided to Independent Third Parties is largely consistent with that for the Last-mile Delivery Service provided to SF Holding and/or its associates; and (ii) the Company adopted internal control procedures to ensure the terms under the Last-mile Delivery Service are fair and reasonable or no less favourable to the SF Intra-city Group than terms available to or from independent third parties and are carried out under normal commercial terms, we consider the pricing policy of Last-mile Delivery Service is fair and reasonable.

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

With reference to the Board Letter, in order to ensure the terms under the Last-mile Delivery Service are fair and reasonable or no less favourable to the SF Intra-city Group than terms available to or from independent third parties and are carried out under normal commercial terms, the Company has adopted the certain internal control procedures. Details of the steps were set out under the section headed “Internal Control Procedures” of the Board Letter. As there will be periodic assessment on the service fees for the Last-mile Delivery Service (including the comparison with terms offered to independent third parties and the proposed engagement of independent third-party professional institutions to evaluate the Last-mile Delivery Service), we consider the effective implementation of the internal control procedures would help to ensure fair pricing of the Intra-city Delivery Service according to the pricing policy.

To assess the effectiveness of implementation of the internal control procedures, we performed the following works:

- we discussed with staffs of the Company’s finance department; compliance and legal department and understood that the staffs were aware of the internal control measures and would comply with internal control measures when conducting the Last-mile Delivery Service.
- we obtained spreadsheets (which were generated from the city logistics system) showing (i) the services fees payable by SF Holding Group to the SF Intra-city Group and the commission fees payable by the SF Intra-city Group to its riders (at least one transaction per quarter from fourth quarter of 2021 to third quarter of 2023); and (ii) the services fees payable by an Independent Third Party to the SF Intra-city Group and the commission fees payable by the SF Intra-city Group to its riders for the corresponding period and same city to (i). Based on the aforesaid documents and information, there were around 30 transaction records in total.

As (i) the transaction records showed the relevant information for the period from the date of 2021-2023 Intra-city On-demand Delivery Service Cooperation Framework Agreement (i.e. 19 November 2021) to the latest quarter prior to the date of the 2024-2026 Intra-city On-demand Delivery Service Cooperation Framework Agreement (i.e. 19 October 2023) and covered all the quarters throughout the aforesaid period (i.e. fourth quarter of 2021, first quarter of 2022, second quarter of 2022, third quarter of 2022, fourth quarter of 2022, first quarter of 2023, second quarter of 2023 and third quarter of 2023); and (ii) we reviewed at least three transaction records for each quarter of the aforesaid period, we are of the view that the numbers of transactions as mentioned above are sufficient for us to form our view and such transactions are fair and representative. Based on the aforesaid documents, we noted that for last-mile delivery services in the same city, the Mark-ups from the services fees payable by SF Holding Group to the SF Intra-city Group were not lower than those from the services fees payable by the Independent Third Party to the SF Intra-city Group for the same period.

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

Having considered the aforesaid, including (i) our discussion with relevant staffs of the Company's finance department; compliance and legal department; and (ii) our findings as mentioned above, we do not doubt the effectiveness of the implementation of the internal control measures for the Last-mile Delivery Service.

### Payment Terms

The (i) service fees for the Intra-city Delivery Service; and (ii) service fees for the Last-mile Delivery Service will be settled by bank transfers into designated bank accounts on a monthly basis.

According to the 2022 Annual Report, trade receivables from (i) related parties are granted with a credit period of 30 days; and (ii) third party customers are usually granted with a credit period ranging between 15 and 90 days.

Based on the above, we consider the payment terms are on normal commercial terms.

### The historical amounts and the proposed annual caps

#### A. *Intra-city Delivery Service*

Set out below are (i) the historical amounts of the provision of Intra-city Delivery Service via the SF Holding Group for the two years ended 31 December 2022 and six months ended 30 June 2023 with existing annual caps; and (ii) the proposed annual caps for the three years ending 31 December 2026:

|  | For the<br>year ended<br>31 December<br>2021<br><i>(RMB' million)</i> | For the<br>year ended<br>31 December<br>2022<br><i>(RMB' million)</i> | For the<br>year ending<br>31 December<br>2023<br><i>(“FY2023”)</i><br><i>(RMB' million)</i> |
|--|---|---|---|
| Historical transaction amounts   |   |   |   |
| Historical amounts of the<br>provision of Intra-city Delivery<br>Service via the SF Holding<br>Group | 97.8  | 190.2   | 105.7 <i>(Note)</i>   |
| Existing annual caps   | 100   | 400   | 1,000   |
| Utilisation rates  | 97.8%   | 47.6%   | N/A   |

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

|                      | For the<br>year ending<br>31 December<br>2024<br>("FY2024")<br><i>(RMB' million)</i> | For the<br>year ending<br>31 December<br>2025<br>("FY2025")<br><i>(RMB' million)</i> | For the<br>year ending<br>31 December<br>2026<br>("FY2026")<br><i>(RMB' million)</i> |
|----------------------|--|--|--|
| Proposed annual caps | 450.0  | 710.0  | 1,100.0  |

*Note:* The figure was for the six months ended 30 June 2023.

The basis for determining the proposed annual caps for the three years ending 31 December 2026 are set out under section headed "Basis for the annual caps" of the Board Letter.

To assess the fairness and reasonableness of the proposed annual caps for the three years ending 31 December 2026, we conducted the following analyses:

- According to a calculation in respect of the proposed annual caps for the three years ending 31 December 2026 (which was provided by the Company), the proposed annual caps for each of the three years ending 31 December 2026 were determined with reference to (i) estimated volume of orders from the SF Holding Group's clients who demand for the intra-city delivery services (the "**Order Volume**"); and (ii) estimated average unit price per order, for the corresponding period.
- In arriving at the estimated Order Volume for the three years ending 31 December 2026, the Company firstly estimated the Order Volume for FY2023 with reference to the actual Order Volume for 1H2023. As per our request, we obtained the estimated Order Volume for FY2023 from the Company.

As the proportion of the Order Volume for 1H2023 to the estimated Order Volume for FY2023 (calculated by actual Order Volume for 1H2023/the estimated Order Volume for FY2023) fell within and represented the mid-point of the proportions for each of the two years ended 31 December 2022 (calculated by (i) for FY2021: actual Order Volume for first half of 2021/actual Order Volume for FY2021; and (ii) for FY2022: actual Order Volume for first half of 2022/actual Order Volume for FY2022), we consider the proportion to be justifiable. Having considered the aforesaid mechanism and that the proportion is justifiable and Order Volume for 1H2023 is an actual volume instead of an estimated volume, we consider the estimated Order Volume for FY2023 to be justifiable.

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

The Company estimated the Order Volume for each of the three years ending 31 December 2026 with increases of (i) approximately 55% from FY2023 to FY2024; (ii) approximately 50% from FY2024 to FY2025; and (iii) approximately 45% from FY2025 to FY2026. Having considered the following factors, we are of the view that the aforesaid increases are justifiable:

- According to historical Order Volume as provided by the Company, the Order Volume for 1H2023 represented an increase of approximately 52% as compared to that for the first six months ended 30 June 2022.
- As advised by the Directors, the demand for Intra-city Delivery Service are expected to increase because: (i) the customers' accelerating consumption habits of "see now-buy now-get now" and the SF Intra-city Group's continuing expansion in high-quality on-demand delivery services and personal errand service to consumers; and (ii) further improvement of the SF Intra-city Group's service capabilities has enabled the SF Intra-city Group to deepen its cooperation with SF Holding Group to meet more customer needs.
- With reference to the Board Letter, the SF Intra-city Group plans to continue to expand its differentiated service network, diversify its service scenarios and improve its fulfilment capabilities, all of which will continue to drive the growth of demand from Credit Customers for Intra-city Delivery Service. In terms of continuous expansion of service network, the SF Intra-city Group's expansion of the geographical coverage in lower-tier cities and counties will continue (such as to strength the network coverage at the level of counties (e.g. to increase number of counties, to expand services area with such counties, to extend services hours); and to enrich type of products and scope of services). We further noted from the 2023 Interim Report, (i) the further extension of the SF Intra-city Group's reach to markets of lower-tier cities and counties and continuous expansion of its reach within these cities and counties to increase service penetration, with a growth in revenue of 20.2% year-on-year to RMB1,244.2 million in such markets in 1H2023; (ii) the SF Intra-city Group continued to increase its efforts to broaden the channels for the attraction of high-quality merchants from high-potential business districts and cities and counties, by improving the offline fulfilment experience to provide merchants with better user experience and higher operational efficiency (note: for the 12 months ended 30 June 2023, the annual number of active merchants on the platform reached 380,000, representing a year-on-year increase of 27.2%); and (iii) the SF Intra-city Group has a flexible rider pool to service the nationwide coverage of its network (note: for the 12 months ended 30 June 2023, the number of active riders on SF Intra-city Group's platform further expanded to over 860,000).



---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

The SF Intra-city Group multi-scenario business model will also empower it to meet and co-create diversified on-demand service needs of the Credit Customers in local e-commerce and local retail (such as retail groceries, 3C Electronics, apparel, pharmaceuticals and pets supplies, etc.), responding to more time-sensitive needs of the customers and achieving continuous enrichment of service matrix. The SF Intra-city Group proven track record of optimising fulfilment capability, especially the rapid development of the “delivery within half a day” (半日達) and “Two-wheels+ Four Wheels” (兩輪+四輪), will enable the SF Intra-city Group to launch more products that cater to the unmet demand of the Credit Customers.

Based on the above, we are of the view that the estimated Order Volume for the three years ending 31 December 2026 are fair and reasonable.

- In respect of the estimated average unit price per order, we noted that the estimated average unit price per order remains relatively stable for the three years ending 31 December 2026 and were within the range of the average unit price per order for the first six months ended 30 June 2023 (on a monthly basis).

Based on the above, we are of the view that the estimated average unit price per order is reasonable.

In light of the above factors, we are of the view that the proposed annual caps for the three years ending 31 December 2026 are fair and reasonable.

Shareholders should note that as the proposed annual caps are relating to future events and were estimated based on assumptions which may or may not remain valid for the entire period up to 31 December 2026, and they do not represent forecasts of revenue to be recognised or cost incurred from the Intra-city Delivery Service. Consequently, we express no opinion as to how closely the actual revenue or cost to be recognised or incurred from the Intra-city Delivery Service will correspond with the respective proposed annual caps.

---

**LETTER FROM THE INDEPENDENT FINANCIAL ADVISER**

---

**B. Last-mile Delivery Service**

Set out below are (i) the historical amounts of the provision of Last-mile Delivery Service via the SF Holding Group for the two years ended 31 December 2022 and six months ended 30 June 2023 with existing annual caps; (ii) the proposed annual caps for the three years ending 31 December 2026:

| <b>Historical transaction amounts</b>                             | <b>For the<br/>year ended<br/>31 December<br/>2021<br/><i>(RMB' million)</i></b> | <b>For the<br/>year ended<br/>31 December<br/>2022<br/><i>(RMB' million)</i></b> | <b>For the<br/>year ending<br/>31 December<br/>2023<br/><i>(RMB' million)</i></b> |
|---|--|--|---|
| Historical amounts of the provision of Last-mile Delivery Service | 2,958.2  | 3,507.9  | 2,249.6 <i>(Note)</i>   |
| Existing annual caps  | 3,300.0  | 4,000.0  | 4,800.0   |
| Utilisation rates   | 89.6%  | 87.7%  | N/A   |

  

|                      | <b>For the<br/>year ending<br/>31 December<br/>2024<br/><i>(RMB' million)</i></b> | <b>For the<br/>year ending<br/>31 December<br/>2025<br/><i>(RMB' million)</i></b> | <b>For the<br/>year ending<br/>31 December<br/>2026<br/><i>(RMB' million)</i></b> |
|----------------------|---|---|---|
| Proposed annual caps | 7,160.0   | 9,455.0   | 12,270.0  |

*Note:* The figure was for the six months ended 30 June 2023.

The basis for determining the proposed annual caps for the three years ending 31 December 2026 are set out under section headed “Basis for the annual caps” of the Board Letter.

To assess the fairness and reasonableness of the proposed annual caps for the three years ending 31 December 2026, we conducted the following analyses:

- According to the calculation in respect of the proposed annual caps for the three years ending 31 December 2026 (which was provided by the Company), the proposed annual caps for each of the three years ending 31 December 2026 were determined with reference to (i) the estimated demand of Last-mile Delivery Service (in monetary term) for the three years ending 31 December 2026 (i.e. approximately RMB6,667.8 million, RMB8,844.1 million, and RMB11,442.3 million); and (ii) buffers of approximately 7% in addition to (i), for the corresponding period.

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

- In arriving at the estimated demand of Last-mile Delivery Service (in monetary term) for the three years ending 31 December 2026, the Company firstly estimated the estimated demand of Last-mile Delivery Service (in monetary term) for FY2023 with reference to the actual demand of Last-mile Delivery Service (in monetary term) for 1H2023. As per our request, we obtained the estimated demand of Last-mile Delivery Service (in monetary term) for FY2023 from the Company.

As the proportion of the actual demand of Last-mile Delivery Service (in monetary term) for 1H2023 to the estimated demand of Last-mile Delivery Service (in monetary term) for FY2023 (calculated by actual demand of Last-mile Delivery Service (in monetary term) for 1H2023/the estimated demand of Last-mile Delivery Service (in monetary term) for FY2023) was close to the proportion for FY2022 (calculated by actual demand of Last-mile Delivery Service (in monetary term) for first half of 2022/the actual demand of Last-mile Delivery Service (in monetary term) for FY2022 and the difference between the aforesaid two proportions was less than five percentage points), we consider the estimated demand of Last-mile Delivery Service for FY2023 to be justifiable.

The Company estimated the estimated demand of Last-mile Delivery Service (in monetary term) for each of the three years ending 31 December 2026 with increases of (i) approximately 36% from FY2023 to FY2024; (ii) approximately 33% from FY2024 to FY2025; and (iii) approximately 29% from FY2025 to FY2026. Having considered the following factors, we are of the view that the aforesaid increases are justifiable:

- According to historical demand of Last-mile Delivery Service as provided by the Company, the historical demand of Last-mile Delivery Service for 1H2023 represented an increase of approximately 54% as compared to that for the first six months ended 30 June 2022. As advised by the Directors, the Last-mile Delivery Service was adversely affected by COVID-19 in FY2022, causing the transaction amounts of the Last-mile Delivery Service for the six months ended 30 June 2022 being lower than that under normal circumstance, and therefore the aforementioned increase of approximately 54% is not under normal circumstance. To eliminate the aforesaid affection, we calculated the year-on-year growth by using compounded annual growth rate (which only requires the figures for the first and last year). The estimated demand of Last-mile Delivery Service for FY2023 represented a compounded annual growth rate of approximately 29% as compared to the demand of Last-mile Delivery Service for FY2021. As further advised by the Directors, having also considered that (i) the SF Holding Group is a participant of express delivery industry, the size of which is moving in a general increasing trend; (ii) new scenario (such as “delivery within half a day” (半日達), “Two-wheels + Four-wheels”) has been established in response to the requirement of speed-up for intra-city express deliveries; and (iii) as a flexible supplement to all aspects of SF Holding Group

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

(being a logistics service provider), the penetration with SF Holding Group are expected to increase gradually, the annual growths of 36%, 33% and 29% for the three years ending 31 December 2026 were expected.

- As stated in the Board Letter, the SF Intra-city Group continue to expand its service network and hour-level and minute-level flexible delivery network capabilities, which will allow the SF Intra-city Group to: (i) further extend its reach to markets of lower-tier cities and counties and increase the SF Intra-city Group's service penetration therein; (ii) be increasingly capable of responding to the needs for speed-up for intra-city express deliveries and traditional logistics services; and (iii) deepen its collaboration in diversified transport and delivery scenarios, including "parcels collection", "delivery within half a day" and "delivery within an hour", which will in turn allow the SF Intra-city Group to cater to the diverse needs and delivery requirements of customers.

The SF Intra-city Group expects SF Holding Group's time-definite express delivery business to continue its robust growth, as a result of which SF Holding Group will be more inclined to outsource their last-mile delivery to qualified on-demand delivery companies especially during peak times and seasons or in regions where SF Holding Group lacks local delivery force. Acceleration in the express delivery industry is an inevitable trend. SF Intra-city Group can support the needs of SF Holding Group to speed up and provide extremely efficient delivery service in the area of intra-city delivery. We noted from the SF Holding's application prospectus published on the Stock Exchange's website on 4 September 2023 that China's express market is expected to maintain rapid growth from 2022 to 2027 with a CAGR of 12.3%, driven by growth in e-commerce, further penetration into consumption and manufacturing scenarios, favorable policies such as promoting express services in manufacturing industries, and technological advancements such as automation.

As advised by the Directors, China's logistics market is still at its early stage of development as compared to markets in other developed countries, and presents an enormous growth opportunity for integrated logistics service providers, including,

- (i) highly fragmented market with enormous potential for further consolidation: in terms of revenue in 2022, the SF Holding Group, the largest integrated logistics service provider in China, accounted for less than 2.5% of China's total third-party logistics spending in 2022. In contrast, the largest integrated logistics service provider in the US accounted for 7.0% of total third-party logistics spending in the country in 2022;

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

- (ii) independent third-party logistics service providers benefiting from diversifying e-commerce traffic: traditional e-commerce platforms used to command a dominant market share in China, until recent years when new forms of e-commerce such as social e-commerce and live streaming e-commerce emerged and have been rapidly gaining market share. These independent platforms are growing rapidly, and require more increasingly complex logistics solutions. These platforms also prefer logistics companies independent of traditional e-commerce platforms with no conflicts of interest;
- (iii) increasing demand for express services from emerging industries and diverse logistics scenarios: The growth in several new economy industry verticals such as renewable energy, new retail and in vitro diagnostics, has led to increasing demand for customized logistics services with specific requirements such as time-sensitivity, temperature control, cross-border and security. To address this demand, logistics service providers must be equipped with the capabilities to offer integrated, timely and tailored solutions. By serving leaders of the emerging industries, integrated logistics service providers can quickly replicate the success across the whole industry, creating entry barriers to potential rivals, and can command a premium pricing for the customized solutions;
- (iv) shift in customer focus from price to service quality, and integrated logistics capabilities: As more and more business and retail customers in China place greater emphasis on timeliness, reliability and service quality, the focus of competition is shifting away from offering the lowest price to providing higher service quality. In addition, in recent years, as supply chains become more complex, enterprises in China increasingly demand one-stop logistics services from third-party service providers. Integrated logistics service providers are best-positioned to capture such demand;
- (v) technology and innovation: technology and innovation not only transformed the way logistics service providers operate but also created new business opportunities and enhanced customer experience; and

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

- (vi) favorable government policies and regulations: the PRC government has implemented a series of policies and initiatives to enhance logistics infrastructure and support the development and international expansion of logistics service providers. For example, in 2022, the State Council released the “14th Five-Year Plan for the Development of Modern Logistics”, the first five-year plan for logistics in China. The plan aims to (i) accelerate the digital and intelligent transformation and service innovation in logistics industry; (ii) enhance services capabilities in certain specialized verticals, such as cold chain logistics and aviation logistics; (iii) encourage modern logistics to support the entire supply chain; (iv) enhance the connectivity between international and domestic logistics and expand international logistics coverage; and (v) develop high-quality and efficient international air cargo logistics and expand the coverage of the international air cargo logistics network.

In light of the above factors, in particular, (i) the estimated demand of Last-mile Delivery Service for FY2023 to be justifiable; (ii) the year-on-year increases for the three years ending 31 December 2026 are justifiable having considered (a) the estimated demand of Last-mile Delivery Service for FY2023 represented a compounded annual growth rate of approximately 29% as compared to the demand of Last-mile Delivery Service for FY2021; (b) the SF Holding Group is a participant of express delivery industry, the size of which is moving in a general increasing trend; (c) new scenario has been established in response to the requirement of speed-up for intra-city express deliveries; and (d) as a flexible supplement to all aspects of SF Holding Group (being a logistics service provider), the penetration with SF Holding Group are expected to increase gradually, we are of the view that the estimated demand of Last-mile Delivery Service (in monetary term) for the three years ending 31 December 2026 are fair and reasonable.

As mentioned above, buffers of approximately 7% were adopted in addition to the estimated demand of Last-mile Delivery Service (in monetary term) for the three years ending 31 December 2026. As advised by the Directors, the aforesaid arrangement was determined after considering the unexpected circumstances may take place during the three years ending 31 December 2026 (i.e. new scenario coverage which lead to the unexpected increase in volume, etc.). Having considered that (i) unexpected circumstances may take place during the three years ending 31 December 2026; and (ii) we noted from other Hong Kong listed companies’ circulars regarding continuing connected transactions that the incorporation of buffer of 5% to 10% in proposed annual caps are not uncommon among companies listed on the Stock Exchange, we consider that the approximately 7% buffers (which falls within the aforesaid range) to be acceptable.

Based on the above, we are of the view that the proposed annual caps for the three years ending 31 December 2026 are fair and reasonable.

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

Shareholders should note that as the proposed annual caps are relating to future events and were estimated based on assumptions which may or may not remain valid for the entire period up to 31 December 2026, and they do not represent forecasts of revenue to be recognised or cost incurred from the Last-mile Delivery Service. Consequently, we express no opinion as to how closely the actual revenue or cost to be recognised or incurred from the Last-mile Delivery Service will correspond with the respective proposed annual caps.

We further noted from the internal control procedures that the Company's finance department will closely monitor the actual transaction amounts relating to the continuing connected transactions under the Intra-city On-demand Delivery Service Cooperation Framework Agreement on a monthly basis and there will also be reporting procedures to further determine if there is a need to revise the existing annual caps when the actual transaction amount reaches certain threshold of the existing annual caps. Therefore, we also consider that there will be sufficient procedures to monitor the annual caps.

Having considered the above, including the principal terms of the Transactions and the proposed annual caps, we are of the view that the terms of the Transactions are fair and reasonable.

### **Listing Rules implication**

The Directors confirmed that the Company shall comply with the requirements of Rules 14A.53 to 14A.59 of the Listing Rules pursuant to which (i) the values of the Transactions must be restricted by the proposed annual caps for the period concerned under the 2024-2026 Intra-city On-demand Delivery Service Cooperation Framework Agreement; (ii) the terms of the Transactions must be reviewed by the independent non-executive Directors annually; and (iii) details of independent non-executive Directors' annual review on the terms of the Transactions must be included in the Company's subsequent published annual reports.

Furthermore, it is also required by the Listing Rules that the auditors of the Company must provide a letter to the Board confirming, among other things, whether anything has come to their attention that causes them to believe that the Transactions (i) have not been approved by the Board; (ii) were not, in all material respects, in accordance with the pricing policies of the listed issuer's group if the transactions involve the provision of goods or services by the listed issuer's group; (iii) were not entered into, in all material respects, in accordance with the relevant agreement governing the transactions; and (iv) have exceeded the annual caps.

In the event that the value of the Transactions are anticipated to exceed the proposed annual caps, or that there is any proposed material amendment to the terms of the Transactions, as confirmed by the Directors, the Company shall comply with the applicable provisions of the Listing Rules governing continuing connected transaction.

Given the above stipulated requirements for continuing connected transactions pursuant to the Listing Rules, we are of the view that there are adequate measures in place to monitor the Transactions and thus the interest of the Independent Shareholders would be safeguarded.

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

### RECOMMENDATION

Having taken into consideration the factors and reasons as stated above, we are of the opinion that (i) the terms of the Transactions are on normal commercial terms and are fair and reasonable; and (ii) the Transactions are in the interests of the Company and the Shareholders as a whole and are conducted in the ordinary and usual course of business of the SF Intra-city Group. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the resolution(s) to be proposed at the EGM to approve the Transactions and we recommend the Independent Shareholders to vote in favour of the resolution(s) in this regard.

Yours faithfully,  
For and on behalf of  
**Gram Capital Limited**  
**Graham Lam**  
*Managing Director*

*Note:* Mr. Graham Lam is a licensed person registered with the Securities and Futures Commission and a responsible officer of Gram Capital Limited to carry out Type 6 (advising on corporate finance) regulated activity under the SFO. He has over 25 years of experience in investment banking industry.

\* *For identification purpose only*



**PROPOSED NON-EXECUTIVE DIRECTOR**

*The following are details of the Director who will be proposed to the Shareholders for election at the EGM.*

Ms. Li, aged 44, has more than 21 years of work experience. She is an employee representative supervisor of SF Holding, and is primarily responsible for supervising the performance of duties by the Directors and senior management of SF Holding. Ms. Li successively held various positions within the SF Holding Group from May 2012 to August 2021, including the head of accounting department, head of tax department and head of financial shared service center. She has been head of CFO office of the SF Holding Group since September 2021, and simultaneously as the head of supply chain financial management department since July 2023. Ms. Li is currently a director of various subsidiaries of SF Holding. She is also a non-executive director of SF REIT Asset Management Limited (the manager of SF Real Estate Investment Trust (listed on the Main Board of the Stock Exchange (2191.HK)) since August 2023. Prior to joining the SF Holding Group, Ms. Li was an accountant and a finance manager of Shanghai Totole Food Limited. (上海太太樂調味食品有限公司) from June 2002 to December 2004, an assistant accountant and an assistant finance manager of Wal-Mart (China) Investment Co., Ltd. (沃爾瑪(中國)投資有限公司) from December 2004 to March 2008, a finance manager of Shenzhen B&Q Decoration & Building Material Co., Ltd.\* (深圳百安居裝飾建材有限公司) from April 2008 to February 2010, and the financial director of Maoye International Holdings Limited (茂業國際控股有限公司) (0848.HK) from January 2011 to May 2012.

Ms. Li obtained her bachelor's degree in Management from Tongji University (同濟大學) in July 2002. Ms. Li is a Fellow of the Chartered Management Accountants (FCMA) and the Chartered Global Management Accountant (CGMA). She is also a fellow of the Institute of Financial Accountants in the United Kingdom and the Institute of Public Accountants in Australia.

Ms. Li is proposed to be elected as a non-executive Director by the Company for a term from the date of approval by Shareholders at the EGM to the expiry of the second session of the Board (i.e. 20 June 2025). She shall be subject to the re-election requirements at the general meetings of the Company pursuant to its Articles of Association. Ms. Li is not entitled to any fees for being a non-executive Director. Ms. Li will enter into a service agreement with the Company on the above terms, which is conditional upon approval by the Shareholders in the EGM.

Save as disclosed above, Ms. Li has confirmed: (i) she does not, and did not in the last three years, hold or held any directorship in public companies, the securities of which are listed on any securities market in Hong Kong or overseas, or other major appointments and professional qualifications; (ii) she does not have any other relationship with any Directors, supervisors, senior management, substantial Shareholders, or any controlling Shareholder; and (iii) as at the date of this circular, she does not hold any interest in the shares or underlying shares of the Company within the meaning of Part XV of the SFO.

Save as disclosed above, the Company is not aware of other matters concerning Ms. Li that need to be brought to the attention of the Shareholders, or other information of her that is required to be disclosed pursuant to Rule 13.51(2)(h) to 13.51(2)(x) of the Listing Rules.

## 1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

## 2. DISCLOSURE OF INTERESTS

### (i) Directors, Supervisors, and the Chief Executive of the Company

Save as disclosed below, as at the Latest Practicable Date, none of the Directors, Supervisors or the chief executive of the Company had any interests and short positions in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) as notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the requirements in the Model Code as set out in Appendix 10 to the Listing Rules.

| Name of Director,<br>Supervisor and<br>chief executive | Class of<br>Shares | Nature of<br>Interest                                   | Number of<br>Shares<br>interested <sup>(1)</sup> | Approximate<br>percentage of<br>shareholding in<br>the relevant<br>class of Shares | Approximate<br>percentage of<br>shareholding in<br>the total issued<br>Shares of<br>the Company |
|--|--------------------|---|--|--|---|
| Sun Haijin   | H Shares           | Interest of<br>controlled<br>corporation <sup>(2)</sup> | 61,729,800 (L)                                   | 8.10%  | 6.61%   |
| Chen Lin   | H Shares           | Others <sup>(3)</sup>                                   | 7,815,431 (L)                                    | 1.03%  | 0.84%   |
| Li Qiuyu   | H Shares           | Others <sup>(4)</sup>                                   | 388,011 (L)                                      | 0.05%  | 0.04%   |
| Su Xiaohui   | H Shares           | Others <sup>(5)</sup>                                   | 2,267,498 (L)                                    | 0.30%  | 0.24%   |
| Chan Hey Man   | H Shares           | Beneficial<br>owner <sup>(6)</sup>                      | 1,000,000 (L)                                    | 0.13%  | 0.11%   |

*Notes:*

- (1) The letter “L” denotes the person’s long position in the Shares.
- (2) Shenzhen Tonglu Zhiyuan Investment Co., Ltd (深圳市同路致遠投資有限公司) (“**Tonglu Zhiyuan**”) is the general partner of Ningbo Shunxiang and was owned by Mr. Sun Haijin as to 99%. Ningbo Shunxiang is beneficial owner of the Company.
- (3) Mr. Chen Lin is a limited partner of Ningbo Shunxiang and Yinghe Fengrui. Ningbo Shunxiang and Yinghe Fengrui are beneficial owners of the Company.
- (4) Mr. Li Qiuyu is a limited partner of Yinghe Fengrui and Tianwo Kangzhong. Yinghe Fengrui and Tianwo Kangzhong are beneficial owners of the Company.
- (5) Ms. Su Xiaohui is a limited partner of Ningbo Shunxiang. Ningbo Shunxiang is a beneficial owner of the Company.
- (6) Mr. Chan Hey Man was granted trust beneficial right pursuant to the employee incentive scheme adopted on 19 April 2023, and is a beneficial owner of the Company.

| <b>Name of Director,<br/>Supervisor and<br/>chief executive</b> | <b>Name of<br/>Associated<br/>Corporation</b> | <b>Nature of<br/>Interest</b> | <b>Number of<br/>Shares<br/>interested<sup>(1)</sup></b> | <b>Percentage of<br/>the issued<br/>share capital<br/>of the<br/>associated<br/>corporation<sup>(2)</sup></b> |
|---|---|-------------------------------|--|---|
| Chan Fei  | SF Holding                                    | Beneficial<br>owner           | 366,000 (L)  | 0.01%   |
| Li Qiuyu  | SF Holding                                    | Beneficial<br>owner           | 204,000 (L)  | 0.00%   |
| Geng Yankun   | SF Holding                                    | Beneficial<br>owner           | 488,000 (L)  | 0.01%   |

*Notes:*

- (1) The letter “L” denotes the person’s long position in the shares of the associated corporation.
- (2) The information is disclosed based on the data available on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)).

## (ii) Substantial Shareholders

As at the Latest Practicable Date, so far as is known to the Directors, the following persons (not being Directors, Supervisors or chief executives of the Company) had, or were deemed to have, interests or shorts positions in the Shares, underlying Shares or debentures of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register of interests required to be kept by the Company under section 336 of the SFO:

| Name of Substantial Shareholder                | Class of Shares          | Nature of Interest                                | Number of Shares interested <sup>(1)</sup> | Approximate percentage of shareholding in the relevant class of Shares | Approximate percentage of shareholding in the total issued Shares of the Company |
|--|--------------------------|---|--|--|--|
| Wang Wei                                       | Unlisted Domestic Shares | Interest of controlled corporation <sup>(2)</sup> | 171,764,898 (L)                            | 100%   | 18.40%   |
|  | H Shares                 |   | 364,438,662 (L)                            | 47.85%   | 39.04%   |
| Shenzhen Mingde Holding Development Co., Ltd.  | Unlisted Domestic Shares | Interest of controlled corporation <sup>(2)</sup> | 171,764,898 (L)                            | 100%   | 18.40%   |
|  | H Shares                 |   | 364,438,662 (L)                            | 47.85%   | 39.04%   |
| S.F. Holding Co., Ltd.                         | Unlisted Domestic Shares | Interest of controlled corporation <sup>(2)</sup> | 171,764,898 (L)                            | 100%   | 18.40%   |
|  | H Shares                 |   | 364,438,662 (L)                            | 47.85%   | 39.04%   |
| Shenzhen S.F. Taisen Holding (Group) Co., Ltd. | Unlisted Domestic Shares | Beneficial Owner                                  | 171,764,898 (L)                            | 100%   | 18.40%   |
|  | H Shares                 | Beneficial Owner                                  | 171,764,898 (L)                            | 22.55%   | 18.40%   |
|  | H Shares                 | Interest of controlled corporation <sup>(3)</sup> | 192,673,764 (L)                            | 25.30%   | 20.64%   |
| SF Technology Co., Ltd.                        | H Shares                 | Interest of controlled corporation <sup>(3)</sup> | 75,000,000 (L)                             | 9.85%  | 8.03%  |
| Beijing SF Intra-city Technology Co., Ltd.     | H Shares                 | Beneficial Owner                                  | 75,000,000 (L)                             | 9.85%  | 8.03%  |
| SF Holding Limited                             | H Shares                 | Beneficial Owner                                  | 117,076,764 (L)                            | 15.37%   | 12.54%   |
|  |                          | Interest of controlled corporation <sup>(3)</sup> | 597,000 (L)                                | 0.08%  | 0.06%  |
| Sun Haijin                                     | H Shares                 | Interest of controlled corporation <sup>(4)</sup> | 61,729,800 (L)                             | 8.10%  | 6.61%  |

| Name of Substantial Shareholder   | Class of Shares | Nature of Interest                                | Number of Shares interested <sup>(1)</sup> | Approximate percentage of shareholding in the relevant class of Shares | Approximate percentage of shareholding in the total issued Shares of the Company |
|---|-----------------|---|--|--|--|
| Ningbo Shunxiang Tongcheng Venture Capital Investment Partnership (Limited Partnership) | H Shares        | Beneficial Owner                                  | 61,729,800 (L)                             | 8.10%  | 6.61%  |
| Boundless Plain Holdings Limited  | H Shares        | Interest of controlled corporation <sup>(5)</sup> | 52,699,953 (L)                             | 6.92%  | 5.65%  |
| Alibaba Group Holding Limited   | H Shares        | Interest of controlled corporation <sup>(6)</sup> | 51,844,000 (L)                             | 6.81%  | 5.55%  |
| Taobao Holding Limited  | H Shares        | Interest of controlled corporation <sup>(6)</sup> | 51,844,000 (L)                             | 6.81%  | 5.55%  |
| Taobao China Holding Limited  | H Shares        | Beneficial Owner <sup>(6)</sup>                   | 51,844,000 (L)                             | 6.81%  | 5.55%  |

*Notes:*

- (1) The letter “L” denotes the person’s long position in the Shares.
- (2) SF Taisen is wholly owned by SF Holding. SF Holding is a non-wholly owned subsidiary of Mingde Holding, which in turn is held by Mr. Wang Wei as to approximately 99.90%. As such, each of Mr. Wang Wei, Mingde Holding and SF Holding are deemed to be interested in the Shares which SF Taisen is deemed to be interested in.
- (3) Celestial Ocean Investment Limited is a wholly-owned subsidiary of SF Holding Limited. SF Holding Limited is the beneficial owner of 117,076,764 H Shares of the Company and is a wholly-owned subsidiary of SF Taisen. Intra-city Tech is indirectly majority owned by SF Technology, a wholly-owned subsidiary of SF Taisen. As such, SF Taisen is deemed to be interested in the Shares held by SF Holding Limited and Intra-city Tech; and SF Technology is deemed to be interested in the Shares held by Intra-city Tech.
- (4) Tonglu Zhiyuan is the general partner of Ningbo Shunxiang and was owned by Mr. Sun Haijin as to 99%. Ningbo Shunxiang is beneficial owner of the Company. As such, Mr. Sun Haijin is deemed to be interested in the H Shares held by Ningbo Shunxiang.
- (5) Boundless Plain Holdings Limited is controlled by Mr. Eric Li.
- (6) Taobao China Holding Limited (淘寶中國控股有限公司) is a Cornerstone Investor of our Company. Taobao China Holding Limited is a direct wholly-owned subsidiary of Taobao Holding Limited, which is in turn a direct wholly-owned subsidiary of Alibaba Group Holding Limited. As such, Alibaba Group Holding Limited and Taobao Holding Limited were deemed to be interested in the H Shares held by Taobao China Holding Limited.

Save as disclosed above, to the best knowledge of the Directors, as at the Latest Practicable Date, no person (other than the Directors, Supervisors or the chief executive of the Company) had any interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO.

### **3. MATERIAL ADVERSE CHANGES**

As at the Latest Practicable Date, the Directors confirmed that there were no material adverse changes to the financial or trading position of the SF Intra-city Group since 31 December 2022 (being the date to which the latest published audited accounts of the Company were made up).

### **4. INTERESTS OF DIRECTORS AND SUPERVISORS IN COMPETING BUSINESS**

As at the Latest Practicable Date, none of the Directors, Supervisors or their respective associates was interested in any business which competes or is likely to compete, either directly or indirectly, with the business of the SF Intra-city Group.

### **5. DIRECTORS' AND SUPERVISORS' INTEREST IN ASSETS OR CONTRACTS**

As at the Latest Practicable Date, none of the Directors or the Supervisors had any direct or indirect interest in any assets which had been acquired or disposed of by or leased to any member of the SF Intra-city Group since 31 December 2022, being the date to which the latest published audited financial statements of the SF Intra-city Group were made up or were proposed to be acquired or disposed of by or leased to any member of the SF Intra-city Group; and none of the Directors, Supervisors or their respective associates was materially interested in any contract, transaction or arrangement subsisting as at the Latest Practicable Date which was significant in relation to the business of the SF Intra-city Group.

### **6. DIRECTORS' AND SUPERVISORS' SERVICE CONTRACTS**

Pursuant to Rules 19A.54 and 19A.55 of the Listing Rules, Mr. Chan Hey Man and Ms. Gao Yuan on 19 April 2023, Mr. Geng Yankun on 20 September 2023 and each of other Directors and Supervisors on 6 June 2022 entered into or renewed, where appropriate, contracts with the Company in respect of, among other things, (i) the compliance of relevant laws and regulations, (ii) compliance with the Articles of Association, and (iii) the provision on arbitration.

The appointments are subject to the relevant provisions of the Articles of Association with regard to vacation of office of Directors and Supervisors, removal and retirement by rotation of Directors.

Save as disclosed above and the respective contracts entered into by our Directors and Supervisors in respect of other management roles in the SF Intra-city Group, none of our Directors or Supervisors has or is proposed to have a service contract with any of our SF Intra-city Group (other than contracts expiring or determinable by the relevant employers within one year without the payment of compensation (other than statutory compensation)).

#### **7. DIRECTORS' AND SUPERVISORS' EMPLOYMENT WITH SUBSTANTIAL SHAREHOLDERS**

As at the Latest Practicable Date, the following Directors and the Supervisors were in the employment of those companies which had interests or short positions in the shares or underlying shares of the Company which are required to be notified to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO:

| <b>Name of Director</b> | <b>Position held in the Company</b> | <b>Position(s) held in the Substantial Shareholder(s) of the Company</b>   |
|-------------------------|-------------------------------------|--|
| Chan Fei                | non-executive Director              | assistant chief executive officer of SF Holding  |
| Li Qiuyu                | non-executive Director              | head of investment and M&A department of SF Holding  |
| Geng Yankun             | non-executive Director              | deputy general manager of SF Holding<br>chief technology officer of SF Holding Group<br>chief executive officer and chairman of Intra-city Tech<br>chief executive officer and chairman of SF Technology |



**8. EXPERT'S QUALIFICATION AND CONSENT**

Gram Capital has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its name in the form and context in which it appears.

The following is the qualification of Gram Capital who has given its opinions or advice which are contained in this circular:

| <b>Name</b>          | <b>Qualification</b>  |
|----------------------|---|
| Gram Capital Limited | A licensed corporation to carry out Type 6 (Advising on Corporate Finance) regulated activity under the SFO |

**9. EXPERT'S INTERESTS**

As at the Latest Practicable Date, Gram Capital did not have any direct or indirect interest in any asset which had been acquired, or disposed of by, or leased to any member of the SF Intra-city Group since 31 December 2022, being the date to which the latest audited financial statements of the SF Intra-city Group were made up, or was proposed to be acquired, or disposed of by, or leased to any member of the SF Intra-city Group, and was not beneficially interested in the shares of any member of the SF Intra-city Group and did not have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the SF Intra-city Group.

**10. MISCELLANEOUS**

- (i) The registered office of the Company is located at Room 1626, 16th Floor, Chenchuang Building, No. 198, Zhoushan East Road, Gongshu District, Hangzhou City, Zhejiang Province, PRC.
- (ii) The H Share registrar of the Company in Hong Kong is Tricor Investor Services Limited, 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.
- (iii) The joint company secretaries of the Company are Mr. Chan Hey Man and Ms. Liu Jia.

**11. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company (<https://ir.sf-cityrush.com/>) for a period of 14 days from the date of this circular:

- (i) the letter from the Independent Board Committee, the text of which is set out on pages 22 to 23 of this circular;
- (ii) the letter from the Independent Financial Adviser, the text of which is set out on pages 24 to 46 of this circular;
- (iii) the written consent of the Independent Financial Adviser referred to under the paragraph headed “Expert’s Qualification and Consent” in this Appendix;
- (iv) the 2024–2026 Intra-city On-demand Delivery Service Cooperation Framework Agreement; and
- (v) this circular.

---

## NOTICE OF EXTRAORDINARY GENERAL MEETING

---

### Hangzhou SF Intra-city Industrial Co., Ltd. 杭州順豐同城實業股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)  
(Stock Code: 9699)

#### NOTICE OF THE 2023 THIRD EXTRAORDINARY GENERAL MEETING

A NOTICE IS HEREBY GIVEN THAT the 2023 third Extraordinary General Meeting (the “EGM”) of Hangzhou SF Intra-city Industrial Co., Ltd. (the “Company”) will be held at Floor 3, Shunfeng Headquarters Building, No. 3076 Xinghai Road, Nanshan District, Shenzhen City, Guangdong Province, PRC on Thursday, 30 November 2023, at 3:30 p.m., for the purpose of considering and if thought fit, passing the following resolutions:

#### ORDINARY RESOLUTIONS

1. “To consider and approve the 2024–2026 intra-city on-demand delivery service cooperation framework agreement entered into by the Company and SF Holding on 19 October 2023 (the “**2024–2026 Intra-city On-demand Delivery Service Cooperation Framework Agreement**”) and the proposed annual caps for the transactions contemplated thereunder; and authorise any one director of the Company to sign or execute such other documents on behalf of the Company and to do all such things and take all such actions as he/she may consider necessary or desirable for the purpose of giving effect to the 2024–2026 Intra-city On-demand Delivery Service Cooperation Framework Agreement and completing the transactions contemplated thereunder with such changes as he/she may consider necessary, desirable or expedient.”
2. “To elect Ms. Li Juhua as a non-executive director of the Company.”
3. “To authorise the board of directors of the Company to determine Ms. Li Juhua’s remuneration as a director.”

By Order of the Board  
**Hangzhou SF Intra-city Industrial Co., Ltd.**  
**CHAN Fei**  
*Chairman*

PRC, 14 November 2023

*Notes:*

1. For details of the resolution to be approved in this EGM, please refer to the circular of the Company dated 14 November 2023 (the “**Circular**”). Unless the context requires otherwise, the terms used in this notice of EGM shall have the meaning same as those used in the Circular.
2. For determining the entitlement to attend and vote at the EGM, the register of members of H Shares of the Company will be closed from Monday, 27 November 2023 to Thursday, 30 November 2023, both days inclusive, during which period no transfer of H Shares will be registered. In order to be eligible to attend and vote at the EGM, all transfer documents of H shares accompanied by the relevant shares certificates must be lodged with the Company’s H Share Registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong before 4:30 p.m. on Friday, 24 November 2023.

---

## NOTICE OF EXTRAORDINARY GENERAL MEETING

---

3. H Share Shareholders and Unlisted Domestic Share Shareholders who have the right to attend and vote at the EGM are entitled to appoint one or more proxies (whether or not a Shareholder) to attend and vote on his/her/its behalf. For those Shareholders who appoint more than one proxy, such proxies can only exercise their voting rights by way of poll. However, given the arrangements adopted by the Company as set out in the section headed “EGM and Proxy Arrangements” of the Circular, Shareholders who wish to vote at the EGM shall appoint the chairman of the EGM as their proxy to exercise their rights to vote at the EGM in accordance with their instructions.
4. In order to be valid, the proxy form must be completed and signed in accordance with the instructions printed thereon and return it to the Company’s H Share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, as soon as possible and in any event not less than 24 hours before the time appointed for the holding of the EGM (for the H Share Shareholders); or to the business address of the Company in the PRC, at Floor 21-22, Shunfeng Headquarters Building, No. 3076 Xinghai Road, Nanshan District, Shenzhen City, Guangdong Province, PRC not less than 24 hours before the time appointed for the holding of the EGM (for the Unlisted Domestic Share Shareholders).
5. If a proxy is appointed to attend the EGM on behalf of a Shareholder, the proxy must produce a proxy form which is signed by the appointer or his/her agent so authorized in writing, or if the appointer is a legal person, sealed by the stamp of the legal person or signed by its director or agent so officially authorized. The proxy form shall specify the number of shares represented by the proxy of the Shareholder. Where a Shareholder appoints more than one proxy, he/she shall specify the number of shares represented by each proxy.
6. If the proxy form is signed by another person as authorized by the appointer, the power of attorney or other authorization document must be notarized. The notarized power of attorney or other authorization document must be deposited together with the proxy form at the H Share registrar of the Company, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, as soon as possible and in any event not less than 24 hours before the time appointed for the holding of the EGM (for the H Share Shareholders) or the business address of the Company in the PRC, at Floor 21-22, Shunfeng Headquarters Building, No. 3076 Xinghai Road, Nanshan District, Shenzhen City, Guangdong Province, PRC (for Unlisted Domestic Share Shareholders) not less than 24 hours before the time for holding the EGM.
7. References to time and dates in this notice are to Hong Kong time and dates.
8. Shareholders not attending the EGM in person may participating in the EGM by way of telecommunication video-conference as set out in the section headed “EGM and Proxy Arrangements” of the Circular. Shareholders should note that participating in the EGM by way of telecommunication video-conference will not be counted towards a quorum nor will they be able to cast their votes online.

*As at the date of this notice, the board of directors of the Company comprises Mr. Sun Haijin, Mr. Chan Hey Man and Mr. Chen Lin, as executive Directors; Mr. Chan Fei, Mr. Geng Yankun, Mr. Li Qiuyu and Mr. Han Liu, as non-executive Directors; and Mr. Chan Kok Chung, Johnny, Mr. Wong Hak Kun, Mr. Zhou Xiang and Ms. Huang Jing, as independent non-executive Directors.*