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

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

If you have sold or transferred all your shares in Sundry Service Group Co. Ltd, you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or the transferee(s).

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**Sundry Service Group Co. Ltd**

**宋都服务集团有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 9608)**

**DISCLOSEABLE AND CONNECTED TRANSACTION  
IN RELATION TO ACQUISITION OF PROPERTIES  
AND  
NOTICE OF EXTRAORDINARY GENERAL MEETING**

**Financial Advisor to the Company**



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



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Capitalised terms used in this cover page shall have the same meanings as those defined in this circular.

A letter from the Board is set out on pages 5 to 15 of this circular. A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on pages 16 and 17 of this circular. A letter from Maxa Capital Limited, the Independent Financial Adviser, containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 18 to 36 of this circular.

A notice convening the EGM to be held at Conference Room, 21st Floor, Caihejiaye Building, No. 19 Xintang Road, Shangcheng District, Hangzhou City, Zhejiang Province, PRC on Monday, 26 February 2024 at 11:00 a.m. is set out on pages EGM-1 to EGM-2 of this circular.

Whether or not you are able or intend to attend the EGM, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the EGM or any adjourned thereof should you so wish.

31 January 2024

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## DEFINITIONS

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

“Acquisition”	acquisition of the Properties
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Company”	Sundy Service Group Co. Ltd (宋都服务集团有限公司) (formerly known as SUNDY HUIDU LIMITED (宋都匯都有限公司)), incorporated in the Cayman Islands on 5 May 2017 as an exempted company with limited liability under the Companies Act (As Revised) of the Cayman Islands
“Completion”	completion of the delivery of the Properties after the fulfilment of the conditions precedent pursuant to the Property Transfer Agreement
“Completion Date”	has the meaning ascribed to it under the section headed “Acquisition of the Properties – Property Transfer Agreement – Completion and delivery” in this circular
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	has the meaning ascribed to it under the section headed “Acquisition of the Properties – Property Transfer Agreement” in this circular
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Deposit”	has the meaning ascribed to it under the section headed “Acquisition of the Properties – Property Transfer Agreement” in this circular
“Director(s)”	the director(s) of the Company
“EGM”	an extraordinary general meeting or any adjournment thereof of the Company to be convened to consider and, if thought fit, approve the Property Transfer Agreement and the transactions contemplated thereunder

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## DEFINITIONS

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“Encumbrances”	any mortgage, charge, pledge, lien, claim, hypothecation or other encumbrance, priority or security interest, deferred purchase, title retention, leasing, sale-and-repurchase or sale-and-leaseback arrangement whatsoever over or in any property, assets, securities or rights of whatsoever nature and includes any agreement for any of the same
“Group”	the Company and its subsidiaries from time to time
“Guzhang Daying”	Guzhang Daying Mining Co., Ltd.* (古丈大盈礦業有限公司), a company incorporated in the PRC with limited liability and is 51% owned by Hangzhou Xingfu Jian and 49% owned by Hangzhou Kunhong Industrial Co., Ltd.* (杭州坤弘實業有限公司)
“Hangzhou Kunhong”	Hangzhou Kunhong Industrial Co., Ltd.* (杭州坤弘實業有限公司), a company incorporated in the PRC with limited liability and the ultimate beneficial owners of which are Zheng Lianming (鄭聯明), Liu Yinghan (劉英漢) and Ying Jiang (應江), who owned 50%, 45% and 5% of Hangzhou Kunhong, respectively
“Hangzhou Xingfu Jian”	Hangzhou Xingfu Jian Holdings Co., Ltd.* (杭州幸福健控股有限公司) (formerly known as Zhejiang Songdu Holdings Co., Ltd.* (浙江宋都控股有限公司)), a company incorporated in the PRC with limited liability and is a company wholly-owned by Mr. Yu
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the Board comprising all independent non-executive Directors, namely Mr. Zhu Haoxian, Ms. Ye Qian and Mr. Huang Enze, established to advise the Independent Shareholders in respect of the Property Transfer Agreement and the transactions contemplated thereunder

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## DEFINITIONS

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“Independent Financial Adviser”	Maxa Capital Limited, a licensed corporation to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) appointed by the Company as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Property Transfer Agreement and the transactions contemplated thereunder
“Independent Shareholders”	the Shareholders who are not required to abstain from voting at the EGM to approve the Property Transfer Agreement and the transactions contemplated thereunder
“Joint Account”	a joint bank account in the name of Guzhang Daying set up by Guzhang Daying and Sundy Property with a state-owned large-scale joint-stock commercial bank as designated by Sundy Property which is jointly supervised by Guzhang Daying and Sundy Property
“Latest Practicable Date”	25 January 2024, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	30 June 2024
“Mr. Yu”	Mr. Yu Jianwu (俞建午), one of the controlling shareholders of the Company
“PRC”	the People’s Republic of China, and for the purpose of this circular, excluding Hong Kong, the Macao Special Administrative Region and Taiwan
“Properties”	the properties located at Units 102 and 104 of Block 1 and Units 1 to 6 of Ground Floor of Block 2, Sunshine View Apartment* (陽光景台公寓), 50 meters southeast of the intersection of Wangyang Street and Jiumu Road in Shangcheng District of Hangzhou City, with a gross floor area of 1,588.21 sq.m.

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## DEFINITIONS

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“Property Transfer Agreement”	the property transfer agreement dated 5 January 2024 entered into between Guzhang Daying and Sundy Property in relation to the transfer of the land use rights of the Properties
“RMB”	Renminbi, the lawful currency of the PRC
“Seized Units”	has the meaning ascribed to it under the section headed “Acquisition of the Properties – Property Transfer Agreement” in this circular
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
“Share(s)”	ordinary share(s) with a nominal value or par value of US\$0.00001 each in the share capital of the Company
“Shareholder(s)”	shareholder(s) of the Company
“sq.m.”	square meter
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Sundy Heye”	SUNDY HEYE LIMITED (宋都和業有限公司), a company incorporated in the British Virgin Islands with limited liability on 21 March 2017, one of the controlling shareholders of the Company
“Sundy Property”	Hangzhou Sundy Property Management Co., Ltd.* (杭州宋都物業經營管理有限公司) (formerly known as Hangzhou Shenye Sundy Property Management Co., Ltd.* (杭州深業宋都物業經營管理有限公司)), a company established in the PRC with limited liability on 8 January 1995, which is an indirect wholly-owned subsidiary of the Company
“The Jianwu Yu’s Trust”	A discretionary trust established by Mr. Yu with CMB Wing Lung (Trustee) Limited
“Xingfu Jian Group”	Hangzhou Xingfu Jian and its subsidiaries from time to time
“%”	per cent.

\* *for identification purpose only*

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## LETTER FROM THE BOARD

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### Sundy Service Group Co. Ltd

### 宋都服务集团有限公司

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 9608)**

*Executive Directors:*

Ms. Yu Yun (*Chairman of the Board*)  
Mr. Zhu Yihua (*Chief Executive Officer*)  
Mr. Zhu Congyue  
Mr. Zhang Zhenjiang

*Independent non-executive Directors:*

Mr. Zhu Haoxian  
Ms. Ye Qian  
Mr. Huang Enze

*Registered office in the Cayman Islands:*

Conyers Trust Company (Cayman) Limited  
Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman KY1-1111  
Cayman Island

*Headquarters and principal place of  
business in the People's Republic of China:*

127, Hanghai Road  
Jiangan district  
Hangzhou  
Zhejiang province  
People's Republic of China

*Principal place of business in Hong Kong:*

39/F, Gloucester Tower  
The Landmark  
15 Queen's Road Central  
Hong Kong

31 January 2024

*To the Shareholders,*

Dear Sir or Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTION  
IN RELATION TO ACQUISITION OF PROPERTIES  
AND  
NOTICE OF EXTRAORDINARY GENERAL MEETING**

#### **INTRODUCTION**

Reference is made to the announcement of the Company dated 5 January 2024 in relation to, among other things, the entering into of the Property Transfer Agreement and the transactions contemplated thereunder.

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## LETTER FROM THE BOARD

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The purpose of this circular is to provide you with, among others, (i) details of the Property Transfer Agreement; (ii) the letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders on the Property Transfer Agreement and the transactions contemplated thereunder; (iii) the recommendation of the Independent Board Committee regarding the Property Transfer Agreement and the transactions contemplated thereunder; (iv) property valuation report of the Property prepared by ValQuest Advisory (Hong Kong) Limited; (v) general information of the Company; and (vi) a notice for convening the EGM.

### ACQUISITION OF THE PROPERTIES

#### Property Transfer Agreement

The principal terms of the Property Transfer Agreement are set out as follows:

<b>Date:</b>	5 January 2024 (after trading hours)
<b>Parties:</b>	(a) Guzhang Daying, as the transferor; and (b) Sundy Property, as the transferee
<b>Location of the Properties:</b>	Units 102 and 104 of Block 1 and Units 1 to 6 of Ground Floor of Block 2, Sunshine View Apartment* (陽光景台公寓), 50 meters southeast of the intersection of Wangyang Street and Jiumu Road in Shangcheng District of Hangzhou City
<b>Site area:</b>	The Properties have a gross floor area of 1,588.21 sq.m.
<b>Term of use of the land use rights:</b>	From 14 September 1995 to 13 September 2035
<b>Land use:</b>	Commercial



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## LETTER FROM THE BOARD

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**Consideration:**

The Properties shall be transferred at the total consideration of RMB39,730,000 (“**Consideration**”), which shall be paid by instalments in the following manner:

- (i) Sundy Property shall pay Guzhang Daying 10% of the total consideration, i.e. RMB3,973,000 as deposit (the “**Deposit**”) after obtaining the prior approval of Shareholders in a general meeting as referred to in the conditions precedent specified under the Property Transfer Agreement. Sundy Property and Guzhang Daying shall set up the Joint Account and the Deposit shall be paid directly to the Joint Account within five (5) working days upon execution of the Property Transfer Agreement. If Guzhang Daying fails to complete the conditions precedent as stated in the Property Transfer Agreement before the Long Stop Date, the transaction contemplated under the Property Transfer Agreement shall be cancelled and the Property Transfer Agreement shall be terminated in accordance with the terms of the Property Transfer Agreement, the Deposit shall be fully refunded to Sundy Property within five (5) working days after the termination of the Property Transfer Agreement; and
- (ii) after the completion of the transfer of the Properties in accordance with the Property Transfer Agreement, the remaining 90% of the total consideration shall be paid to Guzhang Daying. Guzhang Daying shall unconditionally cooperate in the payment of the relevant consideration for the transfer of the Properties to the designated party for the purpose of release of mortgage of the Properties, where the amount shall be capped at the total consideration for the transaction contemplated under the Property Transfer Agreement and specifically used for the release of mortgage and transfer of the Properties.

**Payment terms**

The Consideration shall be paid by the Company in cash by bank transfer and it will be financed by internal resources of the Company.

As at 31 December 2023, as per the Group’s management accounts, the Group’s cash and cash equivalents amounted to approximately RMB155.8 million.

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## LETTER FROM THE BOARD

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According to the prospectus of the Company dated 31 December 2020, the proceeds from the global offering would be used (i) to acquire, invest in, or form strategic alliances with one or more financially sound property management companies with business focus on provision of property management services to residential and/or non-residential properties within the Yangtze River Delta region; (ii) to invest in and expand the services related to the Future Community Pilot Plan; (iii) to create a smart community through utilisation of advanced technology and develop a mobile application for property owners and residents; (iv) to explore, diversify and expand its community value-added services and expand other businesses, in particular long-term rental apartment business; and (v) to provide funding for its working capital and other general corporate purposes. As at 31 December 2023, the unutilised proceeds for: (i) above amounted to approximately RMB54.2 million, which is expected to be fully utilised by 31 December 2024; and the unutilised proceeds for (iv) above amounted to approximately RMB8.9 million, which is expected to be fully utilised by 31 December 2024.

Furthermore, reference are made to: (a) the announcement of the Company dated 29 November 2023 (the “**Subscription Announcement**”) in relation to the subscription of Huaxia Wealth Management Product (as defined in the Subscription Announcement); and (b) the announcement of the Company dated 24 January 2024 in relation to the redemption of Huaxia Wealth Management Product. On 3 January 2024, Huaxia Wealth Management Product was redeemed by Sundry Property in an aggregate amount of RMB70.0 million in full and the total interest income derived from the same as at 3 January 2024 was approximately RMB217,000 (the “**Redemption Proceeds**”). The Group has received the Redemption Proceeds in full from the Huaxia Wealth Management Product.

The Group has decided to redeem the Huaxia Wealth Management Product on 3 January 2024 after taking into account that (i) considering the fluctuation of the financial market in the year of 2024, the Group expects there would be lower interest rates under the Huaxia Wealth Management Product by entering the new economic cycle; and (ii) the redemption of Huaxia Wealth Management Product will help to enhance overall and long-term returns and flexibility of the Group’s idle funds. Having considered the reasons and benefits mentioned in the section headed “Reasons for and Benefits of Entering into the Property Transfer Agreement” as set out in therein, the Company intended to use the Redemption Proceeds for the full payment of the Consideration.

### **Basis of determination of the Consideration**

The aggregate Consideration for the transfer of land use rights of the Properties is RMB39,730,000, which was determined by the parties after arm’s length negotiations with reference to the appraised market value of the Properties as at 15 December 2023 of RMB39,730,000 conducted by an independent property valuer on a market value basis using comparison approach.

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## LETTER FROM THE BOARD

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### Conditions precedent

Completion of the Property Transfer Agreement is conditional upon the fulfilment or waiver (as the case may be) of the following conditions precedent:

- (i) Guzhang Daying has completed the legal procedures to release all of the Seized Units;
- (ii) Guzhang Daying has obtained the property ownership certificates of all of the Properties;
- (iii) all of the Seized Units shall not be subject to any third party rights, legal proceedings or any Encumbrances, or all such Encumbrances shall have been discharged before Completion;
- (iv) the approval by the board of directors of both parties in respect of the Property Transfer Agreement and the transactions contemplated thereunder in accordance with the articles of association;
- (v) all necessary consents, approvals or exemptions (if necessary) from any government or regulatory agency (including the Stock Exchange) or third parties for the execution and performance of the Property Transfer Agreement and the transactions contemplated hereunder having been obtained; and
- (vi) the approval by the Independent Shareholders in respect of the Property Transfer Agreement and the transactions contemplated thereunder at a general meeting of the Company.

Guzhang Daying shall endeavour to fulfill all conditions precedent as soon as possible and in any event before the Long Stop Date. If any conditions precedent are not fulfilled on or before the Long Stop Date or such other date the parties may agree in writing, Sundy Property shall have the right to unilaterally terminate the Property Transfer Agreement without incurring any liability for breach.

### Indemnity

Guzhang Daying has agreed that in the event that Sundy Property is required to honour the obligations in respect of mortgage or seizure status of the Properties and has suffered any loss, damage, legal liabilities and costs etc. arising from such mortgage or seizure status, Guzhang Daying shall compensate and indemnify Sundy Property for the amount it is held liable or suffered. Guzhang Daying has also agreed that if Sundy Property encounters any difficulties in performing its obligations arising from the mortgage or seizure status of the Properties, Guzhang Daying shall (i) provide financial support to Sundy Property directly; or (ii) procure the release of the relevant mortgage or seizure status; or (iii) assist Sundy Property to resolve such difficulties by such other means as may be agreed with Sundy Property.

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## LETTER FROM THE BOARD

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### Others

The property management service charges for the Properties shall be borne by Guzhang Daying and paid to the property management company until the date of delivery of the Properties. The property management service charges shall be borne by Sundry Property on the next calendar day of the delivery of the Properties.

Pursuant to the Property Transfer Agreement, the Properties will be sold to Sundry Property subject to, and with the benefit of, existing tenancies of the Properties.

### Completion and delivery

The completion of the transfer of the Properties shall be completed on or before the Long Stop Date (or such other date as the parties may agree in writing) (the “**Completion Date**”) after all the conditions precedent pursuant to the Property Transfer Agreement are fulfilled or waived (if applicable) by both parties, and the Properties shall be delivered by Guzhang Daying to Sundry Property on the Completion Date.

Pursuant to the Property Transfer Agreement, Sundry Property shall have inspected the Properties and the standard of delivery is based on the Properties on an “as-is” basis. After the inspection, both parties shall sign a property delivery form for the purpose of delivery of the Properties.

Guzhang Daying and Sundry Property shall, before the Long Stop Date, submit the necessary documents to the land administrative department for registration of the transfer of the land use rights of the Properties.

### INFORMATION ON THE PROPERTIES

Based on the information provided by the Guzhang Daying, the original acquisition amount of the land use rights of the Properties was RMB11,000 per sq.m. as the unit price, and the total consideration paid was RMB17,470,310.

Such original acquisition of the land use rights of the Properties was made pursuant to a settlement agreement dated 15 March 2015 entered into between Guzhang Daying and Zhejiang Yaxiya Property Development Co., Ltd.\* (浙江亞西亞房地產開發有限公司) in relation to a commercial property purchase and sale dispute, and was settled pursuant to an execution ruling dated 1 February 2022 issued by Hangzhou Shangcheng District People’s Court\* (杭州市上城區人民法院). Through reviewing industry research reports on the real estate price trend of Hangzhou City during the past nine years, the Board is of the view that the difference between the consideration for the said original acquisition and the Consideration was due to the consideration of the said original acquisition of the Properties being determined almost nine years ago. Given that, among other things, (i) the Consideration was determined by the parties after arm’s length negotiations with reference to the appraised market value of the Properties according to the valuation report issued by an independent valuer; and (ii) the

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## LETTER FROM THE BOARD

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original acquisition amount for the Properties is relatively lower than the Consideration only because it was determined almost nine years ago as discussed above, the Directors are of the view that, the Consideration is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

For the two years ended 31 December 2023, the net rental income generated from the Properties taking into account all related disbursements was approximately RMB114,000 and approximately RMB112,000, respectively. Since some of the units in the Properties were occupied as staff quarter with no formal tenancy agreements signed and the remaining portion of the Properties was vacant, the rental fees of the staff quarter payable were relatively below market rate. Going forward, the Group intends to terminate the tenancy with the staff, and enter into new tenancy agreements with third parties on normal commercial terms. Save for a unit of the Properties that was leased out to an independent third party with formal tenancy agreement prior to the Acquisition and taking into account the average unit rent per sq.m. per month of the apartments or office, which have similar location and site area with the Properties, the Group estimated total rental income of the Properties for a 12-month period to be approximately RMB1.2 million, which would generate a rate of return of approximately 3.1% per annum based on the Consideration of approximately RMB39.7 million.

Due to the enforcement of mortgage as a result of non-payment of loan agreements by Hangzhou Xingfu Jian, the Properties have been subject to judicial seizure and remained under such judicial seizure (“**Seized Units**”) as at the Latest Practicable Date. The seizure period for the Seized Units will end in May 2026. Pursuant to the Property Transfer Agreement, both parties agreed to cooperate in the release of the mortgage and seizure status of the Seized Units for the purpose of successful transfer of the land use rights of the Properties.

### INFORMATION OF THE PARTIES

The Company is an investment holding company. The Group is an integrated property management service provider in Zhejiang province, principally engaged in (i) property management; (ii) value-added services to non-property owners; (iii) community value-added services; and (iv) other businesses, including long-term rental apartment business.

Guzhang Daying is a company incorporated in the PRC with limited liability and is 51% owned by Hangzhou Xingfu Jian and 49% owned by Hangzhou Kunhong. It is principally engaged in the business of purchase and sale of mineral products.

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## LETTER FROM THE BOARD

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### REASONS FOR AND BENEFITS OF ENTERING INTO THE PROPERTY TRANSFER AGREEMENT

The Group is a reputable integrated property management service provider in Zhejiang province and is principally engaged in the provision of property management services, value-added services to non-property owners, community value-added services and other businesses. As the Properties have been under management of the Group before the Acquisition and the Group possesses the experience in managing long-term rental apartments, it is believed that the proposed Acquisition would create good synergy effect with the existing business of the Group and allow the Group to leverage on its expertise and experience in the Properties, as well as generate potential rental income.

The Group has been exploring investment opportunities from time to time with an aim to enhance the interests of the Company and the Shareholders as a whole. The Company has conducted a general research on the market trend of properties in Hangzhou City and noticed that the property market in Hangzhou City has been generally experiencing a phase of steady downward adjustment. Based on such research result, as the Company is now able to acquire the Properties at a relatively lower price as compared to acquiring the Properties during the same period in 2023, the Group considers that it is beneficial to proceed with the proposed Acquisition. Also, considering the Properties' prime location and the quality supporting facilities in the surroundings, the Group believes that the Properties are expected to bring capital appreciation in the future, and that the proposed Acquisition would provide the Group with a promising and an excellent opportunity to capitalise on its idle funds which would otherwise generate decreasing income from bank deposits due to the continuous declining interest rate of bank deposits in the PRC since the second half of 2023. It is intended that, upon the Completion, the Properties will be used for several purposes including office premises of the Group and for the use by the Group to cope with its rapid business development and future expansion of business in the future. To the extent that the Properties are not to be fully utilised by the Group, they may also be leased out to generate external rental income.

The Directors consider that it is in the interest of the Group to acquire the Properties in order to save future rental expenses and effectively reducing leasing costs. The Acquisition would optimise the asset structure of the Group and enhance the ability of the Group to withstand external financial risks, which will be conducive to the long-term development of the Company and in the interests of the Company and the Shareholders as a whole. Moreover, as no property agent is involved in the Acquisition under the Property Transfer Agreement, the Group is not required to incur any additional commission expenses.

The terms of the Property Transfer Agreement have been arrived at after arm's length negotiations between the parties. The Directors (excluding all the independent non-executive Directors) have confirmed that the transactions contemplated under the Property Transfer Agreement are fair and reasonable, on normal commercial terms or better and in the ordinary and usual course of business of the Company, and are in the interests of the Company and the Shareholders as a whole.

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## LETTER FROM THE BOARD

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Save as Ms. Yu Yun, the executive Director and chairman of the Board, being the daughter, therefore an associate, of Mr. Yu, all of the Directors have confirmed that none of them has any material interest in the Property Transfer Agreement; and therefore no Director (except Ms. Yu Yun) is required to abstain from voting at the meeting of the Board to approve the Property Transfer Agreement.

### LISTING RULES IMPLICATIONS

As at the date of the Latest Practicable Date, Guzhang Daying is 51% owned by Hangzhou Xingfu Jian. Hangzhou Xingfu Jian is a company wholly-owned by Mr. Yu, a controlling shareholder of the Company. As Mr. Yu is the ultimate controlling shareholder of Guzhang Daying, Guzhang Daying is an associate of Mr. Yu and therefore, is an associate of the connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, as one or more of the applicable percentage ratios in respect of the Acquisition exceeds 5% and the total consideration of the Acquisition is more than HK\$10,000,000, the entering into of the Property Transfer Agreement and the transactions contemplated thereunder constitute connected transactions of the Company under Chapter 14A of the Listing Rules which is subject to reporting, announcement, circular and Independent Shareholders' approval requirements.

As the highest of all applicable percentage ratios in respect of the transactions contemplated under the Property Transfer Agreement is higher than 5% but below 25%, the entering into of the Property Transfer Agreement and the transactions contemplated thereunder also constitute discloseable transactions of the Company under Chapter 14 of the Listing Rules and are subject to notification and announcement requirements.

### EGM AND PROXY ARRANGEMENT

The notice of EGM is set out in pages EGM-1 to EGM-2 of this circular. At the EGM, ordinary resolutions in respect of, among other things, the entering into of the Property Transfer Agreement and the transactions contemplated thereunder will be proposed.

Pursuant to the Listing Rules, any vote of the Shareholders at a general meeting must be taken by poll. An announcement on the poll vote results will be published by the Company after the EGM in the manner prescribed under Rule 13.39(5) of the Listing Rules.

As at the Latest Practicable Date, Sundy Heye was interested in 2,280,000,000 Shares, constituting approximately 59.38% of the issued share capital of the Company. Sundy Heye is owned as to 100% by CMB Wing Lung (Trustee) Limited (through its nominee companies) as trustee of The Jianwu Yu's Trust and Mr. Yu as settlor. Mr. Yu and his family members are the discretionary beneficiaries of The Jianwu Yu's Trust. Accordingly, Sundy Heye is required to be abstained and will be abstained from voting on the resolutions to be proposed at the EGM approving the entering into of the Property Transfer Agreement and the connected transactions contemplated thereunder. Save for the aforesaid and to the best of the Company's knowledge, information and belief, no other Shareholder was required under the Listing Rules to abstain

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## LETTER FROM THE BOARD

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from voting on the resolutions. Therefore, a total of 2,280,000,000 Shares (representing approximately 59.38% of the issued share capital of the Company) shall abstain from voting at the EGM. There is (i) no voting trust or other agreement or arrangement or understanding entered into by or binding upon Sundry Heye; and (ii) no obligation or entitlement of Sundry Heye as at the Latest Practicable Date, whereby it has or may have temporarily or permanently passed control over the exercise of the voting right in respect of its Shares to a third party, either generally or on a case-by-case basis. Save for the aforesaid and to the best of the knowledge, information and belief of the Company having made all reasonable enquiries, no other Shareholder was required under the Listing Rules to abstain from voting on the resolutions.

A form of proxy for use in connection with the EGM is enclosed with this circular. In order to be valid, the form of proxy must be completed and signed in accordance with the instructions printed thereon and deposited at the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 48 hours before the time appointed for holding the EGM or at any adjournment thereof. Completion and return of the form of proxy will not preclude any Shareholder from attending and voting in person at the EGM or at any adjournment should he/she/it so wish.

### RECOMMENDATIONS

Your attention is drawn to:

- (a) the letter from the Independent Board Committee set out on pages 16 and 17 in this circular which contains its recommendation to the Independent Shareholders in relation to the Property Transfer Agreement and the transactions contemplated thereunder; and
- (b) the letter from the Independent Financial Adviser set out on pages 18 to 36 in this circular which contains its advice to the Independent Board Committee and the Independent Shareholders in relation to the Property Transfer Agreement and the transactions contemplated thereunder.

The Directors (excluding Ms. Yu Yun and including the independent non-executive Directors whose views have been set out in this circular together with the advice of the Independent Financial Adviser) consider that the terms of the Property Transfer Agreement are fair and reasonable, have been entered into after arm's length negotiation between all parties thereto and determined on normal commercial terms or better in the ordinary and usual course of business and are in the interests of the Company and its Shareholders as a whole.

The Directors recommend the Shareholders to vote in favour of all the ordinary resolutions to be proposed at the EGM.



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## LETTER FROM THE BOARD

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### MISCELLANEOUS

The translation into Chinese language of this circular is for reference only. In case of any inconsistency, the English version shall prevail.

By Order of the Board of  
**Sundy Service Group Co. Ltd**  
**Yu Yun**  
*Chairman*

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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**Sundy Service Group Co. Ltd**

**宋都服务集团有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 9608)**

31 January 2024

**DISCLOSEABLE AND CONNECTED TRANSACTION  
IN RELATION TO ACQUISITION OF PROPERTIES  
AND  
NOTICE OF EXTRAORDINARY GENERAL MEETING**

*To the Independent Shareholders*

Dear Sir/Madam,

We refer to the circular dated 31 January 2024 (the “**Circular**”) issued by the Sundy Service Group Co. Ltd (the “**Company**”) to its Shareholders to which this letter forms part. Unless the context otherwise requires, capitalised terms used in this letter will have the same meanings as defined in the Circular.

We have been appointed as members of the Independent Board Committee to advise the Independent Shareholders on whether the Property Transfer Agreement and the transactions contemplated thereunder are on normal commercial terms and in the ordinary and usual course of business of the Group and are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Maxa Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

We wish to draw your attention to the letter from the Board, as set out on pages 5 to 15 of the Circular and the text of a letter of advice from the Independent Financial Adviser, as set out on pages 18 to 36 of the Circular, both of which provide details of the Property Transfer Agreement and the transactions contemplated thereunder.

As members of the Independent Board Committee, we have discussed with the management of the Company in relation to the Property Transfer Agreement, and the basis upon which the terms of the Property Transfer Agreement have been determined. We have also taken into account the principal factors and reasons considered by the Independent Financial Adviser in forming its opinion in relation to the Property Transfer Agreement in relation thereto, and have discussed with the Independent Financial Adviser its letter of advice.

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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On the basis of the above, we consider, and agree with the view of the Independent Financial Adviser, that the terms of the Property Transfer Agreement and the transactions contemplated thereunder are fair and reasonable, and that the Acquisition, although is not in the ordinary and usual course of business of the Group, is on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the EGM.

Yours faithfully,

**Independent Board Committee**

**Mr. Zhu Haoxian**  
*Independent*  
*non-executive Director*

**Ms. Ye Qian**  
*Independent*  
*non-executive Director*

**Mr. Huang Enze**  
*Independent*  
*non-executive Director*

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*The following is the full text of the letter from Maxa Capital Limited, the Independent Financial Adviser, to the Independent Board Committee and the Independent Shareholders, setting out its advice in respect of the terms of the Property Transfer Agreement and the transaction contemplated thereunder, which has been prepared for the purpose of inclusion in this circular.*



Unit 2602, 26/F, Golden Centre  
188 Des Voeux Road Central  
Sheung Wan  
Hong Kong

31 January 2024

*To the Independent Board Committee and the Independent Shareholders*

Dear Sir or Madam,

### **DISCLOSEABLE AND CONNECTED TRANSACTIONS IN RELATION TO ACQUISITION OF PROPERTIES**

#### **INTRODUCTION**

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the terms of the Property Transfer Agreement and the transactions contemplated thereunder (the “**Acquisition**”), details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular of the Company dated 31 January 2024 (the “**Circular**”) of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

On 5 January 2024 (after trading hours), Sundy Property (an indirect wholly-owned subsidiary of the Company) entered into the Property Transfer Agreement with Guzhang Daying, pursuant to which, Guzhang Daying agreed to transfer the land use rights of the Properties to Sundy Property at an aggregate consideration of RMB39,730,000.

#### **LISTING RULES IMPLICATIONS**

As at the Latest Practicable Date, Guzhang Daying is 51% owned by Hangzhou Xingfu Jian. Hangzhou Xingfu Jian is a company wholly-owned by Mr. Yu, a controlling shareholder of the Company. As Mr. Yu, one of the controlling shareholders of the Company, is the ultimate controlling shareholder of Guzhang Daying, Guzhang Daying is an associate of Mr. Yu and therefore, is an associate of the connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, as one or more of the applicable percentage ratios in respect of the Acquisition exceed 5% and the total consideration of the Acquisition is more than

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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HK\$10,000,000, the entering into of the Property Transfer Agreement and the transaction contemplated thereunder constitute connected transactions of the Company under Chapter 14A of the Listing Rules which are subject to reporting, announcement, circular and Independent Shareholders' approval requirements.

As the highest of all applicable percentage ratio in respect of the transactions contemplated under the Property Transfer Agreement is higher than 5% but below 25%, the entering into of the Property Transfer Agreement and the transactions contemplated thereunder also constitute discloseable transactions of the Company under Chapter 14 of the Listing Rules and are subject to notification and announcement requirements.

As at the Latest Practicable Date, Sundy Heye was interested in 2,280,000,000 Shares, constituting approximately 59.38% of the issued share capital of the Company. Sundy Heye is owned as to 100% by CMB Wing Lung (Trustee) Limited (through its nominee companies) as trustee of The Jianwu Yu's Trust and Mr. Yu as settlor. Mr. Yu and his family members are the discretionary beneficiaries of The Jianwu Yu's Trust. Accordingly, Sundy Heye is required to be abstained from voting on the resolutions to be proposed at the EGM approving the entering into of the Property Transfer Agreement and the connected transaction contemplated thereunder.

### INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising all the independent non-executive Directors, Mr. Zhu Haoxian, Ms. Ye Qian and Mr. Huang Enze, has been established to advise the Independent Shareholders in respect of the terms of the Property Transfer Agreement and the transactions contemplated thereunder. We, Maxa Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

### OUR INDEPENDENCE

As at the Latest Practicable Date, we did not have any relationship with or interest in the Company, its subsidiaries and any other parties that could reasonably be regarded as relevant to our independence in accordance with Rule 13.84 of the Listing Rules and accordingly, were qualified to give independent advice to the Independent Board Committee and the Independent Shareholders in respect of the Acquisition. Save for this appointment as the Independent Financial Adviser in respect of the Acquisition, there was no other engagement between the Company and us in the past two years. Apart from normal advisory fees payable to us in connection with this appointment, no arrangement exists whereby we will receive any fees or benefits from the Company, its subsidiaries, its associates or their respective substantial shareholders of associates.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### BASIS OF OUR OPINION

In formulating our opinion and recommendation, we have reviewed, among other things: (i) the Property Transfer Agreement; (ii) the annual report of the Company for the year ended 31 December 2022 (the “**2022 AR**”); (iii) the interim report of the Company for the six months ended 30 June 2023 (the “**2023 IR**”); and (iv) the valuation report of the Properties conducted by ValQuest Advisory (Hong Kong) Limited. We consider that we have reviewed sufficient and relevant information and documents and have taken reasonable steps as required under Rule 13.80 of the Listing Rules to reach an informed view and to provide a reasonable basis for our recommendation. We have relied on the statements, information, opinions and representations contained in the Circular and the information and representations provided to us by the Directors and the management of the Group (the “**Management**”). We have reviewed, inter alia, 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 and the Management. We have assumed that (i) all statements, information and representations provided by the Directors and the Management; and (ii) the information referred to in the Circular, for which they are solely responsible, were true and accurate at the time when they were provided and continued to be so as at the Latest Practicable Date and the Shareholders will be notified of any material changes to such information and representations before the EGM. We have also assumed that all statements of belief, opinion, intention and expectation 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 representations and opinions expressed by the Company, its advisers and/or the Directors. 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 verification of the information included in the Circular and provided to us by the Directors and the Management nor have we conducted any form of in-depth investigation into the business and affairs or the future prospects of the Group.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Circular and have confirmed, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement in the Circular misleading.

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. 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. Where information in this letter has been extracted from published or otherwise publicly available sources, the sole responsibility of us is to ensure that such information has been correctly and fairly extracted, reproduced or presented from the relevant stated sources and not be used out of context.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### PRINCIPAL FACTORS AND REASONS CONSIDERED

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

#### 1. Background information of the Group

The Group is a reputable integrated property management service provider in Zhejiang province. Established in Hangzhou in 1995, the Group has nearly three decades of experience in the property management service industry in the PRC. The Company was successfully listed on the Main Board of the Stock Exchange on 18 January 2021. The Group is principally engaged in (i) provision of property management services; (ii) value-added services to non-property owners; (iii) community value-added services; and (iv) other businesses, including long-term rental business. The Group's business covers a wide range of properties, including residential properties and non-residential properties, such as commercial office buildings, city complexes and industrial parks.

As at 30 June 2023, the Group had 21 subsidiaries and 26 branches covering 20 cities in the PRC, the majority of which are located in Zhejiang province, providing property management services to 58 properties, including 39 residential properties and 19 non-residential properties, with a total gross floor area ("GFA") under management of approximately 9.0 million sq.m. and a total contracted GFA of approximately 11.1 million sq.m.

Set out below is a summary of the consolidated financial information of the Group for the years ended 31 December 2021 ("FY2021") and 31 December 2022 ("FY2022"), and for the six months ended 30 June 2022 ("1H2022") and 30 June 2023 ("1H2023") as extracted from the 2022 AR and 2023 IR:

	For the year ended		For the six months	
	31 December		ended 30 June	
	2021	2022	2022	2023
	RMB'000	RMB'000	RMB'000	RMB'000
	(audited)	(audited)	(unaudited)	(unaudited)
<b>Revenue</b>	<b>316,237</b>	<b>268,581</b>	<b>130,760</b>	<b>136,180</b>
– Property management services	172,415	188,216	92,308	96,776
– Value-added services to non-property owners	90,437	39,491	22,377	19,250
– Community value-added services	35,698	26,544	11,134	10,485
– Other businesses	17,687	14,330	4,941	9,669
<b>Gross profit</b>	<b>114,541</b>	<b>58,059</b>	<b>39,626</b>	<b>27,333</b>
<b>Profit for the year/period</b>	<b>54,908</b>	<b>33,800</b>	<b>19,451</b>	<b>5,781</b>

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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The Group's property management services primarily consist of security, cleaning, gardening, repair and maintenance of common areas and common facilities and ancillary services. The Group's value-added services to non-property owners, primarily property developers. These services mainly include (i) consulting services, including advising property developers and property owners at the early and construction stages on project planning, design management and construction management; (ii) sales assistance services, which assist property developers in showcasing and marketing their properties, including display unit management and visitor reception for property development projects; and (iii) pre-delivery services, including unit cleaning before delivery, inspection services and security services for completed properties. The Group's community value-added services are a spectrum of community value-added services the Group provides to customers, primarily property owners and residents, including property repair and maintenance, wastes cleaning, utility fee collection, retail business and community space services. The Group's other businesses include hotel business and long-term rental apartment business.

### *FY2022 vs FY2021*

As illustrated in the table above, the Group's revenue amounted to approximately RMB268.6 million for FY2022, representing a decrease of approximately 15.1% as compared to approximately RMB316.2 million for FY2021. The decrease in the Group's revenue was mainly attributable to (i) decrease in revenue derived from value-added services to non-property owners by approximately RMB50.9 million, or approximately 56.3%, to approximately RMB39.5 million for FY2022 as compared to FY2021 mainly due to the decrease in revenue generated from consulting services and pre-delivery services during FY2022 as a result of the impact of macro policies in the real estate market and the COVID-19 pandemic in the PRC; and was partially offset by (ii) increase in revenue derived from the property management services by approximately RMB15.8 million, or approximately 9.2%, to approximately RMB188.2 million for FY2022 as compared to FY2021, which was mainly attributable to increase in the GFA under management. As at 31 December 2022, the GFA under management of the Group was 9.6 million sq.m., representing an increase of 4.6% as compared to 9.2 million sq.m. as at 31 December 2021.

The Group recorded net profit of approximately RMB33.8 million for FY2022, representing a decrease of approximately RMB21.8 million, or approximately 38.4%, as compared to the net profit of approximately RMB54.9 million for FY2021. The decrease in the Group's net profit for FY2022 was mainly due to the combined effects of (i) decrease in the Group's gross profit by approximately RMB56.5 million for FY2022 due to the decrease in the Group's total revenue for reasons mentioned above; (ii) decrease in administrative expenses by approximately RMB8.7 million mainly because there was no listing expense recognised in FY2022 compared to FY2021; (iii) decrease in the Group's impairment loss on trade receivables by approximately RMB8.4 million primarily due to lower expected credit loss rates applied; and (iv) decrease in income tax by approximately RMB15.0 million for FY2022 as a result of the decrease in the Group's profit before tax for FY2022.



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### *1H2023 vs 1H2022*

The total revenue of the Group was approximately RMB136.2 million for 1H2023, representing an increase of approximately RMB5.4 million, or approximately 4.1%, as compared to approximately RMB130.8 million for 1H2022. Such increase in the revenue was primarily attributable to (i) increase in revenue derived from property management services by approximately RMB4.5 million to approximately RMB96.8 million for 1H2023 as compared to 1H2022, which was mainly attributable to the increase in the number of projects under management from 56 as at 30 June 2022 to 58 as at 30 June 2023; (ii) increase in revenue derived from other businesses, by approximately RMB4.7 million, or approximately 98.0%, to approximately RMB9.7 million for 1H2023 as compared to 1H2022 mainly due to the recovery of travelling business from the COVID-19 pandemic, which benefits the hotel business; and was partially offset by (iii) decrease in revenue derived from value-added services to non-property owners by approximately RMB3.1 million, or approximately 14.0%, to approximately RMB19.3 million for 1H2023 as compared to 1H2022 mainly attributable to the decrease in the number of pipeline projects and the decline in the revenue of consulting and pre-delivery services.

The Group recorded net profit of approximately RMB5.8 million for 1H2023, representing a decrease of approximately RMB13.7 million, or approximately 70.3%, as compared to 1H2022. The decrease in the Group's profit for the period was mainly due to the combined effects of (i) decrease in the Group's gross profit by approximately RMB12.3 million for 1H2023 due to the decrease in the Group's total revenue for reasons mentioned above; (ii) increase in impairment loss on trade and other receivables by approximately RMB15.5 million; (iii) decrease in other expenses by approximately RMB8.0 million mainly due to financial guarantee provision of approximately RMB7.9 million recognised in 1H2022 and no such expense was recorded for 1H2023; and (iv) decrease in income tax by approximately RMB5.3 million for 1H2023 as a result of the decrease in the Group's profit before tax for the period.

	<b>As at 31 December</b>		<b>As at</b>
	<b>2021</b>	<b>2022</b>	<b>30 June</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(audited)</i>	<i>(audited)</i>	<i>(unaudited)</i>
Non-current assets	27,031	67,624	61,274
Current assets	461,034	462,352	467,747
<b>Total assets</b>	<b>488,065</b>	<b>529,976</b>	<b>529,021</b>
Non-current liabilities	167	1,307	1,148
Current liabilities	177,895	180,670	172,929
<b>Total liabilities</b>	<b>178,062</b>	<b>181,977</b>	<b>174,077</b>
Net current assets	283,139	281,682	294,818
<b>Net assets</b>	<b>310,003</b>	<b>347,999</b>	<b>354,944</b>

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### *Total assets*

The Group had total assets of approximately RMB530.0 million as at 31 December 2022, which mainly comprised of (i) cash and cash equivalents and restricted bank balances in aggregate of approximately RMB244.7 million; (ii) trade and other receivables of approximately RMB207.3 million; and (iii) property, plant and equipment of approximately RMB33.5 million. The increase in the total assets by approximately RMB42.9 million to approximately RMB530.0 million as at 31 December 2022 as compared to that as at 31 December 2021 was mainly attributable to (i) increase in trade and other receivables by approximately RMB80.2 million, mainly due to business expansion, leading to increase in corresponding trade receivables; (ii) increase in property, plant and equipment by approximately RMB15.4 million, mainly due to the development of online-offline mobile application; (iii) increase in prepayments by approximately RMB14.1 million; and was partially offset by the (iv) decrease in cash and cash equivalents and restricted bank balances in aggregate by approximately RMB85.4 million.

The Group had total assets of approximately RMB529.0 million as at 30 June 2023, which mainly comprised of (i) cash and cash equivalents and restricted bank balances in aggregate of approximately RMB179.5 million; (ii) trade and other receivables of approximately RMB278.5 million; and (iii) property, plant and equipment of approximately RMB29.5 million. The decrease in the total assets by approximately RMB1.0 million to approximately RMB529.0 million as at 30 June 2023 as compared to that as at 31 December 2022 was mainly attributable to the (i) decrease in cash and cash equivalents and restricted bank balances in aggregate by approximately RMB65.1 million; (ii) decrease in prepayments by approximately RMB4.7 million; (iii) decrease in property, plant and equipment by approximately RMB4.1 million; and was partially offset by (iv) increase in trade and other receivables by approximately RMB71.3 million as a result of the increase in other receivables from third parties, which mainly related to the bidding deposits and short-term liquidity loans to third parties.

### *Total liabilities*

The Group had total liabilities of approximately RMB182.0 million as at 31 December 2022, which mainly comprised of (i) trade and other payables of approximately RMB142.7 million; and (ii) contract liabilities of approximately RMB28.3 million. The increase in the total liabilities by approximately RMB3.9 million to approximately RMB182.0 million as at 31 December 2022 as compared to that as at 31 December 2021 was mainly due to the combined effects of (i) increase in trade and other payables by approximately RMB14.0 million mainly due to the increase in third-party outsourcing fees; and (ii) decrease in current taxation by approximately RMB12.0 million.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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The Group had total liabilities of approximately RMB174.1 million as at 30 June 2023, which mainly comprised of (i) trade and other payables of approximately RMB130.5 million; and (ii) contract liabilities of approximately RMB40.5 million. The decrease in the total liabilities by approximately RMB7.9 million to approximately RMB174.1 million as at 30 June 2023 as compared to that as at 31 December 2022 was mainly due to (i) decrease in trade and other payables by approximately RMB12.2 million; (ii) decrease in financial guarantee contract by approximately RMB5.9 million as a result of the release of RMB128.0 million financial guarantee contract (secured by a pledge of certain bank deposit of Sundry Property) upon the repayment of the loan by the connected person of the Group in April 2023; and was partially offset by (iii) increase in contract liabilities by approximately RMB12.1 million.

### *Liquidity Position*

The Group's current ratios, calculated by dividing current assets by current liabilities, remained fairly stable at approximately 2.6 times, 2.6 times and 2.7 times as at each of 31 December 2021 and 2022 and 30 June 2023, respectively.

## **2. Background information of Guzhang Daying**

Guzhang Daying is a company incorporated in the PRC with limited liability and is 51% owned by Hangzhou Xingfu Jian and 49% owned by Hangzhou Kunhong. It is principally engaged in the business of purchase and sale of mineral products.

## **3. Background information of the Properties**

The Properties comprise various commercial units located on levels 1 and 2 of two apartment towers within a residential development known as Sunshine View Apartment, which is located in Shangcheng District of Hangzhou City. The Properties have a GFA of approximately 1,588.21 sq.m. Based on the information provided by the Guzhang Daying, the original acquisition amount of the land use right of the Properties was RMB11,000 per sq.m. as the unit price, and the total consideration paid was RMB17,470,310. Such consideration was determined according to a settlement agreement dated 15 March 2015 entered into between Guzhang Daying and Zhejiang Yaxiya Property Development Co., Ltd.\* (浙江亞西亞房地產開發有限公司) in relation to a commercial property purchase and sale dispute, and was settled pursuant to the execution ruling dated 1 February 2022 issued by Hangzhou Shangcheng District People's Court\* (杭州市上城區人民法院).

For the two years ended 31 December 2023, the net rental income generated from the Properties taking into account all related disbursements was approximately RMB114,000 and approximately RMB112,000, respectively. Since some of the units in the Properties were occupied as staff quarter with no formal tenancy agreements signed and the remaining portion of the Property was vacant, the rental fees of the staff quarter payable were relatively below market rate. Going forward, the Group intends to terminate the tenancy with the staff, and enter into new tenancy agreements with third parties on normal commercial terms.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Due to the enforcement of mortgage as a result of non-payment of loan agreements by Hangzhou Xingfu Jian, the Properties have been subject to judicial seizure and remained under such judicial seizure (“**Seized Units**”) as at the Latest Practicable Date. The seizure period for the Seized Units will end in May 2026. Pursuant to the Property Transfer Agreement, both parties agreed to cooperate in the release of the mortgage and seizure status of the Seized Units for the purpose of successful transfer of the land use rights of the Properties.

#### **4. Reasons for and benefits of the Acquisition**

As disclosed in the Letter from the Board, the Properties have been under management of the Group before the Acquisition and the Group possesses the experience in managing long-term rental apartments, it is believed that the proposed Acquisition would create good synergy effect with the existing business of the Group and allow the Group to leverage on its expertise and experience in the Properties, as well as generate potential rental income.

The Group has been exploring investment opportunities from time to time with an aim to enhance the interests of the Company and the Shareholders as a whole. The Company has conducted a general research on the market trend of properties in Hangzhou City and noticed that the property market in Hangzhou City has been generally experiencing a phase of steady downward adjustment. Based on such research result, as the Company is now able to acquire the Properties at a relatively lower price as compared to acquiring the Properties during the same period in 2023, the Group considers that it is beneficial to proceed with the proposed Acquisition. Also, considering the Properties’ prime location and the quality supporting facilities in the surroundings, the Group believes that the Properties are expected to bring capital appreciation in the future, and that the proposed Acquisition would provide the Group with a promising and an excellent opportunity to capitalise on its idle funds which would otherwise generate decreasing income from bank deposits due to the continuous declining interest rate of bank deposits in the PRC since the second half of 2023. It is intended that, upon the Completion, the Properties will be used for several purposes including office premises of the Group and for the use by the Group to cope with its rapid business development and future expansion of business in the future. To the extent that the Properties are not to be fully utilised by the Group, they may also be leased out to generate external rental income.

As discussed in the section headed “1. Background information of the Group” above, the Group’s cash and cash equivalents and restricted bank balances in aggregate amounted to approximately RMB179.5 million as at 30 June 2023. As advised by the Management, the Group had primarily utilised its idle funds to carry out low-risk investment activities by depositing funds in commercial banks with interest rates not more than 2.3% per annum. According to the 2022 AR and 2023 IR, during FY2022 and 1H2023, the Group’s interest income from bank deposits amounted to approximately RMB3.1 million and RMB1.3 million, respectively. We have obtained and reviewed two receipts of agreement deposits of the Company in two commercial banks in 2023 and we note that the interest rates of the agreement deposits are within the range of 0.2% to 2.3%. We have obtained and reviewed a projection conducted by the Management in relation to the expected return rate of leasing the Properties and discussed with the Management on the bases and assumptions adopted in the calculation.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Based on the Management's projection, the estimated total rental income of the Properties for a 12-month period is expected to be approximately RMB1.2 million, which would generate a rate of return of approximately 3.1% per annum based on the consideration of the Acquisition of approximately RMB39.7 million, which would be higher than the returns generated from deposit of idle funds with commercial banks.

Save for a unit of the Properties that was leased out to an independent third party with formal tenancy agreement at certain rent before the Acquisition, the Management estimates the projected rental income of remaining units of the Properties based on the average unit rent per sq.m. per month of the apartments or office, which have similar location and site area with the Properties. As part of our due diligence work, we have obtained and reviewed (i) the tenancy agreement entered into by Guzhang Daying and the independent third party; and (ii) research on monthly rents of the apartments or office conducted by the Management from public sources. We have independently obtained from online real estate agency platform the monthly rents of similar apartments and offices within the locality of the Properties and cross-checked against the monthly rents of the apartments or office used in the rental income projection of the Properties. Based on our review, we note that there is no material difference between the monthly rents of the apartments or office used in the rental income projection of the Properties and the monthly rents of similar apartments and offices within the locality of the Properties as published on the online real estate agency platform. In light of the above, we consider the rental projection of the Properties prepared by the Management to be reasonable.

In view of the abovementioned, we consider that the Acquisition would enable the Group to utilise its idle fund to generate higher rate of returns through rental income generate from the Properties and capture potential capital appreciation from the Properties should the real estate market recover in the long run. Therefore, we concur with the Directors that the Acquisition is in the interests of the Company and the Shareholders as a whole.

### 5. Principal Terms of the Property Transfer Agreement

Details of the principal terms of the Property Transfer Agreement are set out as follows:

**Date:** 5 January 2024 (after trading hours)

**Parties:** (a) Guzhang Daying, as the transferor; and

(b) Sundry Property, as the transferee

**Location of the Properties:** Units 102 and 104 of Block 1 and Units 1 to 6 of Ground Floor of Block 2, Sunshine View Apartment\* (陽光景台公寓), 50 meters southeast of the intersection of Wangyang Street and Jiumu Road in Shangcheng District of Hangzhou City

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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- Site area:** The Properties have a gross floor area of 1,588.21 sq.m.
- Term of use of the land use rights:** From 14 September 1995 to 13 September 2035
- Land use:** Commercial
- Consideration:** The Properties shall be transferred at the total consideration of RMB39,730,000, which shall be paid by instalments in the following manner:
- (i) Sundy Property shall pay Guzhang Daying 10% of the total consideration, i.e. RMB3,973,000 as deposit (the “**Deposit**”) after obtaining the prior approval of Shareholders in a general meeting as referred to in the conditions precedent specified under the Property Transfer Agreement. Sundy Property and Guzhang Daying shall set up the Joint Account and the Deposit shall be paid directly to the Joint Account within five (5) working days upon execution of the Property Transfer Agreement. If Guzhang Daying fails to complete the conditions precedent as stated in the Property Transfer Agreement before the Long Stop Date, the transaction contemplated under the Property Transfer Agreement shall be cancelled and the Property Transfer Agreement shall be terminated in accordance with the terms of the Property Transfer Agreement, the Deposit shall be fully refunded to Sundy Property within five (5) working days after the termination of the Property Transfer Agreement; and
  - (ii) after the completion of the transfer of the Properties in accordance with the Property Transfer Agreement, the remaining 90% of the total consideration shall be paid to Guzhang Daying. Guzhang Daying shall unconditionally cooperate in the payment of the relevant consideration for the transfer of the Properties to the designated party for the purpose of release of mortgage of the Properties, where the amount shall be capped at the total consideration for the transaction contemplated under the Property Transfer Agreement and specifically used for the release of mortgage and transfer of the Properties.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### Payment terms

The consideration shall be paid by the Company in cash by bank transfer and it will be financed by internal resources of the Company.

Furthermore, references are made to (a) the announcement of the Company dated 29 November 2023 (the “**Subscription Announcement**”) in relation to the subscription of Huaxia Wealth Management Product (as defined in the Subscription Announcement); and (b) the announcement of the Company dated 24 January 2024 in relation to the redemption of Huaxia Wealth Management Product. On 3 January 2024, Huaxia Wealth Management Product was redeemed by Sundry Property in an aggregate amount of RMB70.0 million in full and the total interest income derived from the same as at 3 January 2024 was approximately RMB217,000 (the “**Redemption Proceeds**”). The Group has received the Redemption Proceeds in full from the Huaxia Wealth Management Product. The Company intended to use the Redemption Proceeds for the full payment of the Consideration.

### Basis of determination of the consideration

The aggregate consideration for the transfer of land use rights of the Properties is RMB39,730,000, which was determined by the parties after arm’s length negotiations with reference to the appraised market value of the Properties as at 15 December 2023 of RMB39,730,000 conducted by an independent property valuer on a market value basis using comparison approach.

### Conditions precedent

Completion of the Property Transfer Agreement is conditional upon the fulfilment or waiver (as the case may be) of the following conditions precedent:

- (i) Guzhang Daying has completed the legal procedures to release all of the Seized Units;
- (ii) Guzhang Daying has obtained the property ownership certificates of all of the Properties;
- (iii) all of the Seized Units shall not be subject to any third party rights, legal proceedings or any Encumbrances, or all such Encumbrances shall have been discharged before Completion;
- (iv) the approval by the board of directors of both parties in respect of the Property Transfer Agreement and the transactions contemplated thereunder in accordance with the articles of association;
- (v) all necessary consents, approvals or exemptions (if necessary) from any government or regulatory agency (including the Stock Exchange) or third parties for the execution and performance of the Property Transfer Agreement and the transactions contemplated hereunder having been obtained; and

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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- (vi) the approval by the Independent Shareholders in respect of the Property Transfer Agreement and the transactions contemplated thereunder at a general meeting of the Company.

Guzhang Daying shall endeavour to fulfill all conditions precedent as soon as possible and in any event before the Long Stop Date. If any conditions precedent are not fulfilled on or before the Long Stop Date or such other date the parties may agree in writing, Sundy Property shall have the right to unilaterally terminate the Property Transfer Agreement without incurring any liability for breach.

### **Indemnity**

Guzhang Daying has agreed that in the event that Sundy Property is required to honour the obligations in respect of mortgage or seizure status of the Properties and has suffered any loss, damage, legal liabilities and costs etc. arising from such mortgage or seizure status, Guzhang Daying shall compensate and indemnify Sundy Property for the amount it is held liable or suffered. Guzhang Daying has also agreed that if Sundy Property encounters any difficulties in performing its obligations arising from the mortgage or seizure status of the Properties, Guzhang Daying shall (i) provide financial support to Sundy Property directly; or (ii) procure the release of the relevant mortgage or seizure status; or (iii) assist Sundy Property to resolve such difficulties by such other means as may be agreed with Sundy Property.

### **Others**

The property management service charges for the Properties shall be borne by Guzhang Daying and paid to the property management company until the date of delivery of the Properties. The property management service charges shall be borne by Sundy Property on the next calendar day of the delivery of the Properties.

Pursuant to the Property Transfer Agreement, the Properties will be sold to Sundy Property subject to, and with the benefit of, existing tenancies of the Properties.

### **Completion and delivery**

The completion of the transfer of the Properties shall be completed on or before the Long Stop Date (or such other date as the parties may agree in writing) (the “**Completion Date**”) after all the conditions precedent pursuant to the Property Transfer Agreement are fulfilled or waived (if applicable) by both parties, and the Properties shall be delivered by Guzhang Daying to Sundy Property on the Completion Date.

Pursuant to the Property Transfer Agreement, Sundy Property shall have inspected the Properties and the standard of delivery is based on the Properties on an “as-is” basis. After the inspection, both parties shall sign a property delivery form for the purpose of delivery of the Properties.



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Guzhang Daying and Sundy Property shall, before the Long Stop Date, submit the necessary documents to the land administrative department for registration of the transfer of the land use rights of the Properties.

### 6. Assessment of the consideration

As disclosed in the Letter from the Board, the aggregate consideration for the transfer of land use rights of the Properties is RMB39,730,000 (the “**Consideration**”), which was determined by the parties after arm’s length negotiations with reference to the appraised market value of the Properties as at 15 December 2023 (the “**Valuation Date**”) of RMB39,730,000. Independent Shareholders’ attention is drawn to the full text of the valuation report (the “**Valuation Report**”) conducted by ValQuest Advisory (Hong Kong) Limited (the “**ValQuest**” or “**Independent Valuer**”), an independent property valuer, as set out in Appendix I to the Circular.

#### *The Valuation Report*

In order to assess the expertise and independence of the Independent Valuer, we have obtained and reviewed (i) the engagement letter of the Independent Valuer; and (ii) the Independent Valuer’s relevant qualifications and experience. We understand that the Independent Valuer is a long-established professional valuation firm since 1999 with possession of relevant professional qualifications and experience required to perform the Valuation Report and the person in-charge of the valuation, being Mr. Norris Z. Y. Nie, is a member of the China Institute of Real Estate Appraiser, a member of The Royal Institution of Chartered Surveyors and a member of the Hong Kong Institute of Surveyors with over 25 years of experience in the property valuation and advisory services in the Mainland China, Hong Kong and other overseas countries. For due diligence purpose, we have conducted telephone discussion with the working team of the Independent Valuer to understand its previous experiences on valuation projects, the methodologies, basis and assumptions they have adopted in the Valuation Report as well as the steps and measures taken by the Independent Valuer in conducting the valuation. We also understand from the Independent Valuer that it has carried out on-site inspections and made relevant enquiries and researches for preparing the Valuation Report. The Independent Valuer confirmed that it is independent from the Group and their respective associates. Based on the above, we consider that the Independent Valuer is qualified and possesses relevant experience in conducting the valuations, and the terms and scope of the engagement between the Company and the Independent Valuer are appropriate to the opinion the Independent Valuer is required to give.

We have reviewed the Valuation Report and discussed with the Independent Valuer on the methodologies of, and basis and assumptions adopted therein. We understand that the Independent Valuer has considered three generally accepted valuation methods, namely the direct comparison method, the cost method and the income method. The Independent Valuer advises that the selection of direct comparison method, instead of cost method and income method, to be the most appropriate methodology for the valuation of

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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the Properties. The direct comparison method rests on the wide acceptance of the market transactions as the best indicator and pre-supposes that evidence of relevant transactions in the market place can be extrapolated to similar properties, subject to allowances for variable factors. Given that the Properties under valuation has sufficient transactions in the relevant market, the Independent Valuer considers that the direct comparison method is a suitable method for valuing the Properties. We understand from the Independent Valuer that direct comparison method is fully in line with the relevant valuation and market standards for appraising the properties in the PRC.

We have discussed with the Independent Valuer and understand that one of the Properties (i.e. Unit 102 of Block 1, Sunshine View Apartment) was selected as an anchor property to be appraised (the “**Anchor Property**”) with reference to the value of comparable properties in the valuation and the value of rest of the Properties are adjusted based on the value of the Anchor Property as each of the Properties has different size, floor level and decoration. We have reviewed the list of comparable properties identified by the Independent Valuer for the Anchor Property. We understood from the Independent Valuer that such three comparable properties form an exhaustive list of properties most comparable to the Anchor Property in terms of nature of transaction, time, location, building age, floor level, size and other relevant factors. We note that (i) the comparable properties are of commercial use with the locations in the same district of the Anchor Property in Hangzhou; (ii) the sales information of comparable properties is gathered by the Independent Valuer from online public information platform or on-site inspection in November 2023 before the date of the Property Transfer Agreement; and (iii) the sales information of the comparable properties is consistent with the published information from the online real estate agency platforms. The Independent Valuer has made relevant adjustments, including degree of business prosperity, pedestrian flow, location, residual term of use of the land use rights and site area of the properties to take into account the differences between the comparable properties and the Anchor Property, and then use the average of the adjusted unit value of the three comparable properties as the unit value in calculation of the valuation of the Anchor Property, which is within the range of the sales or asking price of such comparable properties. The Independent Valuer has further made relevant adjustments including site area, floor level and condition of decoration of the properties to take into account the difference between the Anchor Property and the rest of the Properties and the appraised value of the Properties is the summation of the adjusted value of each of the Properties.

In order to cross-check the market value of the Properties, we have strived to adopt the three generally adopted methods, namely the direct comparison method, the cost method and the income method. Nonetheless, having regard to the fact that the Properties were completed in 2014, there are genuine difficulties for us to adopt the cost method in evaluating the market value of the Properties as it has been in use for approximately 10 years, making it difficult for us to arrive at the valuation accurately due to the numerous assumptions required, unavailability of up-to-date data on construction costs, conditions of the interior and exterior of the Properties, etc. As to the income method, given that currently only one unit of the Properties is under lease with independent third

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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parties, there are lack of sufficient historical rental data in order for us to project the rental income for the evaluating the market value of the Properties under the income method. Therefore, we have resorted to the direct comparison method by identifying the sales prices of comparable properties to the Properties. We have conducted a search of properties on an online real estate agency platform in January 2024 for commercial real estates under residential buildings in close proximity to the Properties and located within the Shangcheng District, Hangzhou, being the area where the Properties are situated, with GFA of between 50 sq.m. and 200 sq.m. and currently available for sale in the real estate sales market. Based on such selection criteria, on a best effort basis, we have identified an exhaustive list of nine properties on level 1 (the “**Reference Properties**”) and we have not identified any properties on level 2 which fit the aforesaid selection criteria.

<b>Reference Properties</b>	<b>Address</b>	<b>Level</b>	<b>GFA</b> <i>(approximately sq.m.)</i>	<b>Asking price</b> <i>(RMB/ sq.m.)</i>
Property A	Jinbao Street, Shangcheng District, Hangzhou, China	Level 1	50	31,600
Property B	Jinbao Street, Shangcheng District, Hangzhou, China	Level 1	60	30,800
Property C	Jinhe Street, Shangcheng District, Hangzhou, China	Level 1	50	33,600
Property D	Jinbao Street, Shangcheng District, Hangzhou, China	Level 1	50	36,000
Property E	Jinbao Street, Shangcheng District, Hangzhou, China	Level 1	100	21,000 <i>(Note 1)</i>
Property F	Jinbao Street, Shangcheng District, Hangzhou, China	Level 1	105	39,000
Property G	Jinbao Street, Shangcheng District, Hangzhou, China	Level 1	109.63	25,400
Property H	Jinbao Street, Shangcheng District, Hangzhou, China	Level 1	89	27,000
Property I	Jinbao Street, Shangcheng District, Hangzhou, China	Level 1	136.5	24,800
<b>Maximum</b>				<b>39,000</b>
<b>Minimum</b>				<b>24,800</b>
<b>Average</b>				<b>31,025</b>

*Source: the real estate agency platform of Anjuke.com*

*Note:*

- As per our verbal enquiry with the property agent of Anjuke, Property E is at distressed sale with price substantially lower than the market price, therefore the asking price of Property E is regard as an outlier and excluded for comparison purpose.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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As shown in the above table, we note that the asking price of the Reference Properties ranging from approximately RMB24,800 per sq.m. to RMB39,000 per sq.m., with an average of approximately RMB31,025 per sq.m. To understand whether the adjusted value of the Properties is justifiable, we have compared the asking price of the Reference Properties with the adjusted unit value of the Properties on level 1, which ranges from approximately RMB29,000 per sq.m. to RMB32,000 per sq.m., and noted that adjusted unit value of the Properties fall within the range of the asking price of the Reference Properties and the high end of the adjusted unit value of Properties is slightly higher than the average of the asking price of the Reference Properties. However, Independent Shareholders shall be aware that adjustments were not made to the Reference Properties as we do not possess relevant expertise or perform onsite inspection of the Reference Properties, and hence the asking price of the Reference Properties are for reference only.

In light of the above, we are of the view that the valuation methodologies adopted, together with the bases and assumptions for appraising the Properties are reasonable and acceptable.

### *Analysis of comparable transactions*

We note that the Consideration represents the full appraised market value of the Properties as at the Valuation Date. In assessing the fairness and reasonableness of the Consideration, we have identified comparable property transactions with criteria of (i) the transactions announced by companies listed on the Main Board of Stock Exchange during the six months prior to the date of the Property Transfer Agreement; (ii) the consideration basis of the transactions were with reference to appraised value of the property(ies) as disclosed in the respective announcement(s); and (iii) the acquired property(ies) are of commercial use in the PRC (the “**Comparable Transactions**”). We have identified an exhaustive list of six Comparable Transactions which fit the aforesaid criteria. We consider the Comparable Transactions are representative as those property transactions have closely reflect recent market conditions of property market and macroeconomic conditions in the PRC.

Date of Announcement	Stock Code	Company Name	Connected or not	Type of property(ies)	Appraised value (RMB)	Consideration (RMB)	(Discount)/ Premium
21-Jul-23	6677	Sino-Ocean Service Holding Limited	Yes	Parking space and commercial properties	894,910,000	626,350,000	(30.01)%
9-Oct-23	1950	Diwang Industrial Holdings Limited	Yes	Office	30,200,000	30,000,000	(0.66)%

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Date of Announcement	Stock Code	Company Name	Connected or not	Type of property(ies)	Appraised value (RMB)	Consideration (RMB)	(Discount)/Premium
17-Oct-23	2327	Meilleure Health International Industry Group Limited	Yes	Commercial plaza	65,700,000	36,101,785	(45.05)%
6-Nov-23	606	SCE Intelligent Commercial Management Holdings Limited	Yes	Shopping mall	1,241,000,000	1,090,000,000	(12.17)%
23-Nov-23	6830	Huazhong In-Vehicle Holdings Company Limited	Yes	Office unit	40,742,245	40,742,245	0.00%
22-Dec-23	2481	Wise Living Technology Co., Ltd	No	Office building	120,000,000	119,320,000	(0.57)%
					<b>Average</b>		<b>(14.74%)</b>
							<b>(6.42%)</b>
							<b>0.00%</b>
							<b>(45.05%)</b>
<b>The Company</b>							<b>0.00%</b>
					<b>Units of commercial apartment</b>		

Source: website of the Stock Exchange

Based on the analysis of the Comparable Transactions set out in the table above, we note that discount to the appraised value of all the Comparable Transactions ranging from discount of approximately 45.05% to no discount with average and median discounts of approximately 14.74% and 6.42% respectively. We note that the Consideration, which is equivalent to the appraised value of the Properties, lies within the range of the discount to the appraised value of the property(ies) of the Comparable Transactions.

Taking into account (i) the methodology, bases and assumptions adopted by the Independent Valuer in determining the market value of the Properties are appropriate; (ii) the Consideration is made with reference to the valuation of the Properties which is fairly and reasonably determined by the Independent Valuer; and (iii) the Consideration, which is equivalent to the appraised value of the Properties, is within range of the premium over/discount to the appraised value of the property(ies) of the Comparable Transactions, we consider the Consideration to be fair and reasonable so far as the Independent Shareholders are concerned and is in the interests of the Company and the Shareholders as a whole.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### 7. Financial effects of the Acquisition on the Group

There will not be material change to the net assets of the Group upon completion of the Acquisition. The Acquisition would result in a cash outflow of the Group at the amount of the total consideration of approximately RMB39.7 million and an increase in properties, plant and equipment and investment properties by the same amount. Given the Group had cash and cash equivalent of approximately RMB179.07 million as at 30 June 2023 and the Consideration only accounted for approximately 22.2% of the cash and cash equivalent of the Group, we concur with the Management that the Acquisition would not have material adverse effect on the working capital of the Group.

### RECOMENDATION

Having taken into consideration the factors and reasons as stated above, we are of the view that (i) the terms of the Property Transfer Agreement and the transactions contemplated thereunder, are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; and (ii) the Acquisition, although is not in the ordinary and usual course of business of the Group, is in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM for approving the Property Transfer Agreement and the transactions contemplated thereunder.

Yours faithfully,  
For and on behalf of  
**Maxa Capital Limited**  
**Sammy Leung**  
*Managing Director*

*Mr. Sammy Leung is a licensed person registered with the Securities and Future Commission of Hong Kong and a responsible officer of Maxa Capital Limited to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO and has over 11 years of experience in corporate finance industry.*

*The following is the full text of the letter, summary of value and valuation report, prepared for the purpose of incorporation in this circular received from ValQuest Advisory (Hong Kong) Limited, an independent valuer, in connection with the valuation of the property to be acquired by the Company as of 15 December 2023.*

**ValQuest Advisory (Hong Kong) Limited**

Flat 02, 25th Floor  
Railway Plaza,  
39 Chatham Road South  
Tsim Sha Tsui  
Kowloon  
Hong Kong SAR  
Tel: +852 2180 6460



www.valquestadv.com

31 January 2024

**The Board of Directors  
Sundy Service Group Co. Ltd**

39/F, Gloucester Tower  
The Landmark  
No. 15 Queen's Road Central  
Hong Kong

**Re: Valuation of various commercial units located in Blocks 1 and 2, Yangguanjingtai, Junction of Jiusheng Road and Yanggong Road, Shangcheng District, Hangzhou City, Zhejiang Province, the People's Republic of China (the "Property")**

**Instructions,  
purpose and  
valuation date**

We refer to the instructions from Sundy Service Group Co. Ltd (the "Company") to value the Property (as more particularly described in the attached valuation report) which the Company propose to acquire in the People's Republic of China (the "PRC"), we confirm that we have carried out site inspection, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the Property as of 15 December 2023 (the "Valuation Date").

**Basis of value**

The Property was valued on the basis of 'market value' which is defined under The HKIS Valuation Standards 2020 published by The Hong Kong Institute of Surveyors (HKIS) as 'the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently, and without compulsion'.

Market value is understood as the value of an asset or liability estimated without regard to costs of sale or purchase (or transaction), and without offset for any associated taxes or potential taxes.

Market value is also the best price reasonably obtainable by the seller and the most advantageous price reasonably obtainable by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as a typical financing, sale and leaseback arrangements, special considerations or concessions granted by anyone associated with the sale, or any element of value available only to a specific owner or purchaser.

We confirm that the valuation and report were undertaken in accordance with the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited; The HKIS Valuation Standards 2020 (effective from 31 January 2020) published by HKIS; and The RICS Valuation – Global Standards incorporating the IVSC International Valuation Standards (effective from 31 January 2022) published by the Royal Institution of Chartered Surveyors.

**General valuation assumptions**

In the course of our valuation, we have assumed that transferrable land title has been granted to the Property with nominal land use fees, and that all requisite land premium has been fully settled. The owner of the Property possesses legal and enforceable title to the Property, and has free and uninterrupted rights to use, occupy or assign the Property for the whole of the unexpired land tenure.

We have further assumed that all consents, approvals and licenses from the relevant government authorities for the development of the Property have been obtained, and that the design, construction and occupation of the Property are in compliance with the local planning regulations and have been approved by the relevant authorities.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the Property, or any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the Property is free from encumbrances, restrictions and outgoings of any onerous nature which could affect its value.

Our valuation of the Property excludes an estimated price inflated or deflated by special terms or circumstances such as a typical financing, deferred term contract, sale and leaseback arrangements, joint venture, management agreement, special considerations or concessions granted by anyone associated with the sale, or any element of value available only to a specific owner or purchaser.



**Valuation methodology**

Having considered the presence of relevant property sales data, we have valued the Property using the direct comparison method by making reference to comparable sale evidences available in the local market, and with adjustments to reflect the differences between the Property and the comparables in terms of various factors such as nature of transaction, time, location, floor level and maintenance conditions etc. The direct comparison method is considered as the most appropriate method with the presence of comparable sales data.

In the course of our valuation, we have also considered the alternative valuation method(s) such as the income capitalisation method. However, given the majority portion of the Property is not subject to stable rental income and there is lack of market data to reveal the market yield applicable to the Property, we have adopted the direct comparison method in the valuation of the Property.

The key inputs for the direct comparison method valuation are the adopted unit prices. In the course of our valuation, we gathered certain comparable sales data from market sources and from our on-site investigations. The adopted unit prices are derived after considering necessary adjustments on the unit prices of those comparable sales data we identified. Please refer to the valuation report session for further details.

**Nature and source of information**

We have relied to a considerable extent on the information provided by the Company in respect of the Property, and have accepted advice on such matters as identification of the Property, land tenure, floor areas, year of completion, occupancy status, tenancy details, planning approvals, statutory notices, easements and all other relevant matters.

We have had no reason to doubt the truth and accuracy of the information furnished to us by the Company. We have also sought confirmation from the Company that no material factor has been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view, and we have no reason to suspect that any material information has been withheld.

**Title investigation**

We have been provided with extracts of the title documents pertaining to the Property by the Company, and have made relevant enquiries where applicable. However, we have not inspected the original documents to ascertain any amendments which may not appear on the copies handed to us by the Company. In the course of our valuation, we have relied on the information given by the Company and the legal opinion of its legal adviser – Zong Heng Law Firm, concerning the title and other legal matters relating to the Property.

**Site inspection** We have inspected the exterior and, where possible, the interior of the Property. During the course of our inspection, we noted that the Property appeared to be in a generally reasonable state of repair commensurate with its age and use. However, no structural survey has been made, but in the course of our inspection, we did not note any serious defect. We are, however, unable to report whether the Property is free of rot, infestation or any other structural defect as we are not qualified structural engineers who could advise on those. No test was carried out on any of the services.

We have not carried out detailed on-site measurements to verify the correctness of the dimensions or areas in respect of the Property, but have assumed that those information handed to us by the Company is correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations.

**Currency & exchange rates** Unless otherwise stated, all monetary sums stated in this report are in Renminbi (RMB).

**Confirmation of independence** We hereby confirm that ValQuest Advisory (Hong Kong) Limited and the undersigned have no pecuniary or other interest that would conflict with the proper valuation of the Property, or could reasonably be regarded as being capable of affecting our ability to give an unbiased opinion. We confirm that we are an independent qualified valuer as referred to Rule 5.08 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

Our valuation is summarised below and the valuation report is attached.

Yours faithfully,  
for and on behalf of  
**ValQuest Advisory (Hong Kong) Limited**  
**Norris Z. Y. Nie**  
*MCIREA MRICS MHKIS*  
*Managing Director*

*Note:* Mr. Norris Nie is a member of the China Institute of Real Estate Appraiser, a member of The Royal Institution of Chartered Surveyors and a member of the Hong Kong Institute of Surveyors. He has over 25 years of experience in the professional property valuation and advisory services in the Mainland China, Hong Kong and other overseas countries.

## SUMMARY OF VALUE

**Group I – Property held by the current owner for investment purpose and to be acquired by the Group in the PRC**

No.	Address	Market value in existing state as of 15 December 2023 RMB
1.	Various commercial units located in Blocks 1 and 2 Yangguanjingtai Junction of Jiusheng Road and Yanggong Road Shangcheng District Hangzhou City Zhejiang Province The PRC	39,730,000
<b>Total:</b>		39,730,000

## VALUATION REPORT

## Group I – Property held by the current owner for investment purpose and to be acquired by the Group in the PRC

Property	Description and tenure	Particulars of occupancy	Market value in existing state as of 15 December 2023 RMB								
1. Various commercial units located in Blocks 1 and 2 Yangguanjingtai Junction of Jiusheng Road and Yanggong Road Shangcheng District Hangzhou City Zhejiang Province The PRC	<p>The Property comprises various commercial units located on Levels 1 and 2 of two apartment towers within a residential development known as Yangguanjingtai, which is located in the junction of Jiusheng Road and Yanggong Road in Shangcheng District of Hangzhou City. The subject development was completed in about 2014.</p> <p>The Property has a total gross floor area (“GFA”) of about 1,588.21 square metres with details as follows:</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Level</th> <th style="text-align: right;">GFA (<i>sqm</i>)</th> </tr> </thead> <tbody> <tr> <td>Level 1</td> <td style="text-align: right;">936.28</td> </tr> <tr> <td>Level 2</td> <td style="text-align: right;">651.93</td> </tr> <tr> <td style="border-top: 1px solid black;"><b>Total</b></td> <td style="text-align: right; border-top: 1px solid black;"><b>1,588.21</b></td> </tr> </tbody> </table> <p>Yangguanjingtai is situated in Shangcheng District in the eastern part of Hangzhou City. The subject area is predominately an established residential area dominated by several medium- to high-rise residential developments, with the lower floors (including Level 1) designated for retail use to serve the local catchments.</p> <p>The Property is served by Hangzhou Metro (Line 9), public buses and taxis. The Jiumu Road Metro Station and Hongpu South Road Metro Station is within walking distance from the Property. On normal traffic conditions, it would require around 30 minutes’ drive from the Property to Hangzhou East High-speed Railway Station or Xiaoshan International Airport.</p> <p>The land use rights of the Property were granted for a term expiring on 13 September 2035 for commercial and services uses.</p>	Level	GFA ( <i>sqm</i> )	Level 1	936.28	Level 2	651.93	<b>Total</b>	<b>1,588.21</b>	<p>As at the Valuation Date, Unit 2 of Block 2 of the Property was leased to a third party for a term of two years commencing on 1 November 2023 and expiring on 30 November 2025 at a total rent of RMB100,000 (for the entire lease period) inclusive of water charges, but is exclusive of management fees and all other charges. The remaining portion of the Property was either occupied as staff quarter (with no formal tenancy agreement signed between the staff and the owner of the Property) or vacant (see Note 2 for details).</p>	39,730,000
Level	GFA ( <i>sqm</i> )										
Level 1	936.28										
Level 2	651.93										
<b>Total</b>	<b>1,588.21</b>										

Notes:–

- (1) Pursuant to eight Real Estate Title Certificates all registered on 23 April 2023, the ownership rights of the Property with a total GFA of 1,588.21 square meters are legally vested in 古丈大盈礦業有限公司 with details as follows:

**Certificate Nos. (Zhe (2023))**

**Hang Zhou Shi Bu Dong**

**Chan Quan Di**

	Portion	GFA (sqm)		Total
		Level 1	Level 2	
No. 0214250	Unit 3 of Block 2	188.73	100.05	288.78
No. 0214251	Unit 6 of Block 2	145.84	133.74	279.58
No. 0214252	Unit 5 of Block 2	162.27	117.11	279.38
No. 0214253	Unit 4 of Block 2	161.29	117.11	278.40
No. 0214254	Unit 1 of Block 2	20.06	183.91	203.97
No. 0214255	Unit 104 of Block 1	152.04	N/A	152.04
No. 0214256	Unit 2 of Block 2	70.45	N/A	70.45
No. 0214257	Unit 102 of Block 1	35.61	N/A	35.61
<b>Total</b>		<b>936.28</b>	<b>651.93</b>	<b>1,588.21</b>

- (2) The occupancy status of the Property as of the Valuation Date is as follows:

Portion	Occupancy status as of the Valuation Date
Unit 102 of Block 1	Occupied as staff quarter with no formal tenancy agreement
Unit 104 of Block 1	Vacant
Unit 1 of Block 2	Vacant
Unit 2 of Block 2	Lease shall expire on 30 November 2025
Unit 3 of Block 2	Occupied as staff quarter with no formal tenancy agreement
Unit 4 of Block 2	Occupied as staff quarter with no formal tenancy agreement
Unit 5 of Block 2	Occupied as staff quarter with no formal tenancy agreement
Unit 6 of Block 2	Occupied as staff quarter with no formal tenancy agreement

- (3) The property was inspected by Norris Nie, a registered valuer with 25 years of real estate valuation experience on 29 November 2023.
- (4) In the course of our valuation using the direct comparison method (which is the most common and widely accepted valuation method), we have selected appropriate comparable sales data within the subject locality having similar characteristics. The selection criteria for the comparables are as follows:
- Situated within the same district, i.e., Shangcheng District;
  - Being retail properties within retail podiums of residential projects that serve similar catchments;
  - Being located on Level 1 (ground floor) within the residential developments; and
  - Total floor area of each comparable to be around 100 square metres (with similar size as each of the subject retail units).

Based on the above aforesaid criteria, it is expected that the adjustments to those comparables would not be overly significant and hence the valuation result would not be overly subjective.

We sourced the comparable data from either the local agency websites or from our on-site investigations. From our on-site investigations, we have scrutinized 17 sales data on retail properties based on the aforesaid selection criteria, and the range of these sales data range from around RMB25,000 to RMB68,000 per sqm (on GFA basis). These properties comprise both retail podiums within the residential development (either completed or at pre-sale stage), or on-street retail shops. Despite they are located within the same district, some of those data possesses different physical attributes as those of the Property (such as location, pedestrian potential and size, etc.) such that substantial adjustments might need to be considered on those comparables.

Having considered the above, we have identified the following three comparables which are considered to be the most comparable to the Property in terms of those physical attributes (and hence with the least adjustments required), and are the most representative based on the criteria as mentioned above.

Comparables	Comparable 1	Comparable 2	Comparable 3
Name of development	Longfor Chensongxuan (龍湖宸頌軒)	Greentown Lijiang Apartment (綠城麗江公寓)	Shenao Lingyu (聖奧領寓)
Address	No. 71 Jiuchang Road	No. 73 Renai Road	No. 71 Jinbao Street
District	Shangcheng	Shangcheng	Shangcheng
Year of completion	2011	2012	2012
Floor level of retail unit	Level 1	Level 1	Level 1
Total GFA (sqm)	37	60	50
Unit price (RMB/sqm) after consideration of asking price discount	31,000	37,000	36,000
Date	Nov 2023	Nov 2023	Nov 2023

- (5) In the course of our valuation, given the differences between the Property and the comparables we identified above, we have considered certain adjustment factors including nature of transaction, time, location, floor level, remaining land tenure and size.

Factor	Rationale
Nature of transaction	Reflects the potential discount between the asking price and the transaction price.
Time	Reflects the difference in market conditions between the price information of the comparables and the Valuation Date.
Location	Reflects the difference in trading potential and pedestrian flow between the comparables and the Property.
Floor level	Reflects the difference in floor level between the comparables and the Property. The higher the floor level, the lower the retail property value and vice versa.
Remaining land tenure	Reflects the difference in remaining land tenure between the comparables and the Property. The longer the remaining land tenure, the higher the value and vice versa.
Size	Reflects the difference in size between the comparables and the Property. The smaller the size, the higher the unit price and vice versa.

By adopting Unit 102 of Block 1 as the reference unit, the magnitudes of the adjustment applied by us in our valuation are tabulated below:

Comparables	Comparable 1	Comparable 2	Comparable 3
Time	0%	0%	0%
Location	-3%	-12%	-12%
Floor level (Level 1)	0%	0%	0%
Remaining land tenure	-6%	-6%	-6%
Size	0%	+4%	+4%
Aggregate adjustments	-9%	-14%	-14%

Based on the above, the unit price applicable for Unit 102 of Block 1 would be RMB31,000 per sqm (rounded). We further considered size (-4% to -6%) and location (within the Property, 0% to +4%) adjustments for the remaining Level 1 units and came up with a range of unit prices of RMB29,000 to RMB32,000 for Level 1 of the Property.

For Level 2, we considered floor level (60% of Level 1), size (-4% to -6%) and building condition adjustment (0% to 4%), and came up a range of unit prices of RMB17,000 to RMB19,000 for Level 2 of the Property.

Details of the calculations are illustrated below:

Portion	Adopted unit price before any adjustment (RMB/sqm, on GFA basis)	Adjustments (L1)		Adjusted unit price (Level 1, rounded)	Adjustments (L2)			Adjusted unit price (Level 2, rounded)
		Size	Frontage		Size	Conditions	Floor level (from L1)	
Unit 3 of Block 2	31,000	-6%	+4%	30,000	-4%	4%	-40%	19,000
Unit 6 of Block 2	31,000	-6%	+4%	30,000	-6%	4%	-40%	18,000
Unit 5 of Block 2	31,000	-6%	+4%	30,000	-6%	4%	-40%	18,000
Unit 4 of Block 2	31,000	-6%	+4%	30,000	-6%	4%	-40%	18,000
Unit 1 of Block 2	31,000	0%	+4%	32,000	-6%	0%	-40%	17,000
Unit 104 of Block 1	31,000	-6%	0%	29,000	N/A	N/A	N/A	N/A
Unit 2 of Block 2	31,000	-4%	+4%	31,000	N/A	N/A	N/A	N/A
Unit 102 of Block 1	31,000	0%	0%	31,000	N/A	N/A	N/A	N/A

- (6) Based on the above analyses, the adopted unit rates for the individual units of the Property and the valuation results are tabulated below:

Portion	GFA (sqm)		Adopted unit price (RMB/sqm, on GFA basis)		Valuation result (RMB)
	Level 1	Level 2	Level 1	Level 2	
Unit 3 of Block 2	188.73	100.05	30,000	19,000	7,560,000
Unit 6 of Block 2	145.84	133.74	30,000	18,000	6,780,000
Unit 5 of Block 2	162.27	117.11	30,000	18,000	6,980,000
Unit 4 of Block 2	161.29	117.11	30,000	18,000	6,950,000
Unit 1 of Block 2	20.06	183.91	32,000	17,000	3,770,000
Unit 104 of Block 1	152.04	N/A	29,000	N/A	4,410,000
Unit 2 of Block 2	70.45	N/A	31,000	N/A	2,180,000
Unit 102 of Block 1	35.61	N/A	31,000	N/A	1,100,000
<b>Total</b>	<b>936.28</b>	<b>651.93</b>			<b>39,730,000</b>

- (7) We have been provided with a legal opinion on the property prepared by the Company's PRC legal advisor – Zong Heng Law Firm, which contains, *inter alia*, the following:

- a. The Property is mortgaged to Hua Xia Bank Co., Ltd Hangzhou West Lake Branch in the form of the highest mortgage and the registration date was on 26 April 2023 with details as follows:-

Portion	Loan amount (RMB)	Certificate No. (Zhe (2023) Hang Zhou Shi Bu Dong Chan Zheng Ming)
Unit 102 of Block 1	5,620,000	No. 0172031
Unit 104 of Block 1	23,980,000	No. 0172085
Unit 1 of Block 2	32,170,000	No. 0172084
Unit 2 of Block 2	11,100,000	No. 0172030
Unit 3 of Block 2	45,550,000	No. 0172024

<b>Portion</b>	<b>Loan amount (RMB)</b>	<b>Certificate No. (Zhe (2023) Hang Zhou Shi Bu Dong Chan Zheng Ming)</b>
Unit 4 of Block 2	43,910,000	No. 0172016
Unit 5 of Block 2	44,070,000	No. 0172021
Unit 6 of Block 2	44,100,000	No. 0172035

The Property is subject to limitations or restrictions on transfer.

- b. The Property is subject to a seizure order – (2023) Zhe 01 Min Chu No. 830 imposed by the Zhejiang Province Hangzhou Municipal Intermediate People’s Court for a period between 23 May 2023 and 22 May 2026.
- c. The Property is subject to another seizure order – (2023) Zhe 0102 Min Su Qian Tiao No. 8843 imposed by the Hangzhou Municipal Shangcheng District People’s Court for a period between 24 May 2023 and 23 May 2026.
- d. The occupancy status of the Property as of the Valuation Date is as follows:

<b>Portion</b>	<b>Occupancy status as of the Valuation Date</b>
Unit 102 of Block 1	Occupied as staff quarter with no formal tenancy agreement
Unit 104 of Block 1	Vacant
Unit 1 of Block 2	Vacant
Unit 2 of Block 2	Lease shall expire on 30 November 2025
Unit 3 of Block 2	Occupied as staff quarter with no formal tenancy agreement
Unit 4 of Block 2	Occupied as staff quarter with no formal tenancy agreement
Unit 5 of Block 2	Occupied as staff quarter with no formal tenancy agreement
Unit 6 of Block 2	Occupied as staff quarter with no formal tenancy agreement

- e. Subject to the aforesaid encumbrances, 古丈大盈礦業有限公司 possesses the legal title of the Property, and has the rights to occupy, use, transfer, lease, mortgage or otherwise handle the land use rights and building ownership rights of the Property during the remaining land use rights term.



## 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 Group. 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

### 2.1 Directors' and Chief Executives' Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company and its Associated Corporations

None of the Directors or chief executives of the Company had interests or short positions in the Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be 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 in which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be maintained pursuant to section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

### 2.2 Substantial Shareholders' and Other Persons' Interests and Short Positions in the Shares and Underlying Shares

So far as the Directors and the chief executives of the Company are aware, as at the Latest Practicable Date, the following persons (other than the Directors and chief executive of the Company) had interests or short positions in the shares or underlying shares of the Company which were required to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO and recorded in the register of the Company required to be maintained pursuant to section 336 of the SFO:

Names	Note	Capacity/Nature of interest	Number of shares	Long/short position	Approximate percentage of shareholding in the Company
Mr. Yu		Settlor of a trust	2,280,000,000	Long position	59.38%
CMB Wing Lung (Trustee) Limited ("CMB Wing Lung")	(1)	Trustee	2,280,000,000	Long position	59.38%
Success Base Group Limited ("Success Base")	(1)	Interest of a controlled corporation	2,280,000,000	Long position	59.38%
Sundy Heye	(1)	Beneficial owner	2,280,000,000	Long position	59.38%

*Note:*

1. Sundy Heye is wholly-owned by Success Base, which is indirectly wholly-owned by CMB Wing Lung. CMB Wing Lung is the trustee of a discretionary trust established by Mr. Yu with CMB Wing Lung (i.e. The Jianwu Yu's Trust), which holds the entire issued share capital in Sundy Heye through its nominee companies on trust for the benefit of Mr. Yu and his family members.

Save as disclosed above, as at the Latest Practicable Date, to the best knowledge of the Directors, none of any other person (other than the Directors and chief executive of the Company) had interests or short positions in the shares or underlying shares of the Company which were required to be disclosed pursuant to Divisions 2 and 3 of Part XV of the SFO or to be recorded in the register referred to in section 336 of the SFO.

As at the Latest Practicable Date, to the best knowledge of the Directors, no Director or supervisor is a director or employee of a company which has an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO.

### **3. SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group which would not expire or were not determinable by the Group within one year without payment of compensation (other than statutory compensation).

### **4. INTEREST IN ASSETS AND/OR CONTRACTS AND OTHER INTERESTS**

As of the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had been, since 31 December 2022, being the date to which the latest published audited accounts of the Company were made up, acquired or disposed of by or leased to, or are proposed to be acquired or disposed of by or leased to, the Group.

As of the Latest Practicable Date, none of the Directors were materially interested in any contract or arrangement subsisting which is significant in relation to the business of the Group.

### **5. COMPETING INTERESTS**

As at the Latest Practicable Date, none of the Directors or any of his/her respective close associates were considered to have an interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

### **6. MATERIAL ADVERSE CHANGE**

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2022, being the date to which the latest published audited accounts of the Group were made up.

## 7. LITIGATION AND CLAIMS

As at the Latest Practicable Date, none of the members of the Group were engaged in any litigation or arbitration of material importance known to the Directors to be pending or threatened against any member of the Group.

## 8. QUALIFICATIONS AND CONSENTS OF EXPERTS

The following is the qualification of the experts who have been named in this circular or have given their opinion or advice which is contained in this circular:

<b>Name</b>	<b>Qualification</b>
ValQuest Advisory (Hong Kong) Limited	independent valuer
Maxa Capital Limited	a corporation licensed to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

As at the Latest Practicable Date, each of ValQuest Advisory (Hong Kong) Limited and Maxa Capital Limited has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its statements, letter, report and opinion (as the case may be) as set out in this circular and references to its name in the form and context in which they are included.

As at the Latest Practicable Date, each of ValQuest Advisory (Hong Kong) Limited and Maxa Capital Limited (i) did not have any shareholding directly or indirectly in any member of the Group or any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group; and (ii) did not have any direct or indirect interest in any assets which have been, since 31 December 2022, the date of the latest published audited accounts of the Group, acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

## 9. GENERAL

- a. The registered office of the Company is situated at Conyers Trust Company (Cayman) Limited Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Island.
- b. The headquarters and principal place of business in the PRC is 127, Hanghai Road, Jianggan District, Hangzhou, Zhejiang province, PRC.
- c. The principal place of business in Hong Kong is 39/F, Gloucester Tower, The Landmark, 15 Queen's Road Central, Hong Kong.

- d. The branch share registrar of the Company in Hong Kong is Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- e. The joint company secretaries of the Company are Ms. Zhang Qisi and Mr. Tsang Ho Yin. Mr. Tsang Ho Yin is a solicitor admitted to practice in Hong Kong.
- f. The English text of this circular shall prevail over the Chinese text for the purpose of interpretation, except that if there is any inconsistency between the Chinese names of PRC entities, departments, facilities or titles mentioned in this circular and their English translation, the Chinese version shall prevail.

#### 10. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the Stock Exchange's website ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company's website (<http://songduwuye.com>) for a period of not less than 14 days from the date of this circular until the date of the EGM (both days inclusive):

- (i) the Property Transfer Agreement;
- (ii) the letter from the Independent Board Committee, the text of which is set out in the section headed "Letter from the Independent Board Committee" of this circular;
- (iii) the letter of advice from Maxa Capital Limited to the Independent Board Committee and the Independent Shareholders, the text of which is set out in the section headed "Letter from the Independent Financial Adviser" of this circular;
- (iv) the valuation report of ValQuest Advisory (Hong Kong) Limited as set out in Appendix I of this circular;
- (v) the letters of consent from the expert referred to under the section headed "Qualifications and Consents of Experts" in this appendix; and
- (vi) this circular.

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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### Sundy Service Group Co. Ltd

### 宋都服务集团有限公司

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 9608)**

#### NOTICE OF EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** an extraordinary general meeting (“EGM”) of Sundy Service Group Co. Ltd (the “Company”) will be held at 11:00 a.m. on Monday, 26 February 2024 at Conference Room, 21st Floor, Caihejiaye Building, No. 19 Xintang Road, Shangcheng District, Hangzhou City, Zhejiang Province, PRC for the purpose of considering and, if thought fit, passing the following resolutions. Unless otherwise indicated, capitalised terms used herein shall have the same meaning as those defined in the circular of the Company dated 31 January 2024 in relation to the EGM:

#### ORDINARY RESOLUTIONS

To consider and, if thought fit, pass (with or without modification) the following resolutions as ordinary resolutions of the Company:

**“THAT:**

- (A) the Property Transfer Agreement (as defined in the circular of the Company of even date) and the transactions contemplated thereunder be and is hereby approved and confirmed and any one director of the Company (the “**Director**”) (other than Ms. Yu Yun) be and are hereby authorised to do all such acts or things and sign all documents deemed necessary by him/her for the purpose of giving effect to the Property Transfer Agreement and the transactions contemplated thereunder; and
- (B) any one Director be and is hereby authorised for and on behalf of the Company to execute all such other documents, instruments and agreements and to do all such acts or things deemed by him/her to be incidental to, necessary to, ancillary to or in connection with the matters contemplated under the Property Transfer Agreement and the transactions contemplated thereunder and the implementation thereof including the affixing of seal thereon.”

By Order of the Board of  
**Sundy Service Group Co. Ltd**  
**Yu Yun**  
*Chairman*

Hong Kong, 31 January 2024

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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*Registered office in the Cayman Islands:*  
Conyers Trust Company (Cayman) Limited  
Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman KY1-1111  
Cayman Island

*Headquarters and principal place of business  
in the People's Republic of China:*  
127, Hanghai Road  
Jiangan district  
Hangzhou  
Zhejiang province  
People's Republic of China

*Principal place of business in Hong Kong:*  
39/F, Gloucester Tower  
The Landmark  
15 Queen's Road Central  
Hong Kong

*Notes:*

1. A member of the Company entitled to attend and vote at the extraordinary general meeting (the "EGM") is entitled to appoint another person as his/her/its proxy to attend and vote instead of him/her/it. A member of the Company who is the holder of two or more shares of the Company may appoint more than one proxy to represent him/her/it and vote on his/her/its behalf. A proxy need not be a member of the Company. If more than one proxy is appointed, the appointment shall specify the number of shares in respect of which each such proxy is so appointed.
2. To be valid, the form of proxy and the power of attorney or other authority, if any, under which it is signed, or a certified copy thereof must be lodged with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the EGM or at any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the Meeting or at any adjournment thereof if you so wish. In such event, the form of proxy shall be deemed to be revoked.
3. For determining the qualification as members of the Company to attend and vote at the EGM, the register of members of the Company will be closed from Wednesday, 21 February 2024 to Monday, 26 February 2024, both days inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the EGM, all transfers of shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 20 February 2024.
4. The translation into Chinese language of this notice is for reference only. In case of any inconsistency, the English version shall prevail.
5. If typhoon signal no. 8 or above, or a "black" rainstorm warning is hoisted on the date of the EGM, the meeting will be postponed. The Company will post an announcement on the website of the Company at <http://songduwuye.com> and on the HKEXnews website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) to notify members of the Company of the date, time and place of the re-scheduled EGM.

*As at the date of this notice, the Board comprises four executive Directors, Ms. Yu Yun (Chairman), Mr. Zhu Yihua (Chief Executive Officer), Mr. Zhu Congyue and Mr. Zhang Zhenjiang; and three independent non-executive Directors, Mr. Zhu Haoxian, Ms. Ye Qian and Mr. Huang Enze.*