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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 a stock broker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Sunfonda Group Holdings Limited, you should at once hand this circular and the accompanying proxy form to the purchaser(s) or the transferee(s) or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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Sunfonda Group Holdings
SUNFONDA GROUP HOLDINGS LIMITED
新豐泰集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 01771)

MAJOR TRANSACTION
DISPOSAL OF THE TARGET COMPANY

Unless the context otherwise requires, capitalised terms used in this cover shall have the same meanings as defined in this circular.

A letter from the Board is set out on pages 5 to 17 of this circular.

The Company has obtained written Shareholders' approval for the Equity Transfer Agreement and the transactions contemplated thereunder pursuant to Rule 14.44 of the Listing Rules. Accordingly, no Shareholders' meeting will be held to approve the Equity Transfer Agreement and the transactions contemplated thereunder pursuant to Rule 14.44 of the Listing Rules. This circular is being despatched to the Shareholders for information only.

26 May 2025

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DEFINITIONS

In this circular, the following words and expressions shall have the following meanings unless the context indicates otherwise:

“Beijing Sunfonda Boao”	Beijing Sunfonda Boao Automobile Sale and Service Co., Ltd.* (北京新豐泰博奧汽車銷售服務有限公司), a company established under the laws of the PRC with limited liability, and an indirect wholly-owned subsidiary of the Company
“Board”	the board of Directors
“business day(s)”	any day(s) excluding Saturdays, Sundays and public holidays as stipulated by the laws of the PRC
“BVI”	the British Virgin Islands
“Company”	Sunfonda Group Holdings Limited 新豐泰集團控股有限公司, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
“Completion”	the completion of the Disposal
“Completion Date”	the date of Completion
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“Disposal”	the proposed disposal of the entire equity interests in Target Company by Vendors to the Purchaser as contemplated under the Equity Transfer Agreement
“Earnest Money”	the earnest money of RMB1.0 million paid to Shaanxi Sunfonda ATD by Xi’an Zhongyu on 25 January 2025
“Equity Transfer Agreement”	the equity transfer agreement dated 10 March 2025 entered into between the Purchaser and the Vendors (as supplemented and amended by the Supplemental Agreement)
“Execution Date”	10 March 2025, the date on which the Equity Transfer Agreement was executed by the all the parties

DEFINITIONS

“Golden Speed”	Golden Speed Enterprises Limited, a company incorporated under the laws of the BVI with limited liability, a controlling shareholder of the Company and wholly owned by Mr. Wu Tak Lam
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“independent third party(ies)”	any person(s) or company(ies) or their respective ultimate beneficial owner(s), to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are not core connected persons of the Company and are third parties independent of the Company and its core connected persons in accordance with the Listing Rules
“Land”	a land with a site area of 33,654.8 sq.m.
“Latest Practicable Date”	21 May 2025, being the latest practicable date prior to the printing of this circular for ascertaining certain information included in this circular
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Model Code”	Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 of the Listing Rules
“Mr. Wu Tak Lam”	Mr. Wu Tak Lam (胡德林), the Chairman of the Board, an executive Director and a controlling shareholder of the Company, the spouse of Ms. Chiu Man
“Ms. Chiu Man”	Ms. Chiu Man (趙敏), an executive Director and a controlling shareholder of the Company, the spouse of Mr. Wu Tak Lam
“Performance Deposit”	an total amount of RMB10.0 million paid by the Purchaser to Shaanxi Sunfonda ATD pursuant to the Equity Transfer Agreement as a performance deposit for Purchaser’s obligations regarding cultural relics inspection before the completion of the transaction contemplated under the Equity Transfer Agreement, which comprises the Earnest Money of RMB1.0 million and an subsequent amount of RMB9.0 million to be paid within five days after the Execution Date
“PRC” or “China”	the People’s Republic of China, which, for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan

DEFINITIONS

“Purchaser” or “Xi’an Zhongyu”	Xi’an Zhongyu Real Estate Co., Ltd.* (西安中嶼房地產有限公司), a company established under the laws of the PRC with limited liability
“RMB”	Renminbi, the lawful currency of the PRC
“Shaanxi Sunfonda ATD”	Shaanxi Sunfonda Automobile Technology Development Co., Ltd.* (陝西新豐泰汽車技術開發有限責任公司), a company established in the PRC with limited liability, and an indirect wholly-owned subsidiary of the Company
“Shaanxi Sunfonda Huixiang”	Shaanxi Sunfonda Huixiang Automobile Sale and Service Co., Ltd. (陝西新豐泰匯翔汽車銷售服務有限公司), a company established under the laws of the PRC with limited liability, and an indirect wholly-owned subsidiary of the Company
“Shaanxi Sunfonda Junmei”	Shaanxi Sunfonda Junmei Automobile Sale and Service Co., Ltd.* (陝西新豐泰駿美汽車銷售服務有限公司), a company established under the laws of the PRC with limited liability, and an indirect wholly-owned subsidiary of the Company
“Shaanxi Sunfonda Shangzhong”	Shaanxi Sunfonda Shangzhong Automobile Sale and Service Co., Ltd.* (陝西新豐泰尚眾汽車銷售服務有限公司), a company established under the laws of the PRC with limited liability, and an indirect wholly-owned subsidiary of the Company
“Shaanxi Sunfonda Yingbin”	Shaanxi Sunfonda Yingbin Automobile Sale and Service Co., Ltd.* (陝西新豐泰迎賓汽車銷售服務有限公司), a company established under the laws of the PRC with limited liability, and an indirect wholly-owned subsidiary of the Company
“SFO”	Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) of the Company
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules

DEFINITIONS

“Sunfonda Hong Kong”	SUNFONDA (HONG KONG) LIMITED (新豐泰(香港)有限公司), a company incorporated under the laws of Hong Kong with limited liability, and an indirect wholly-owned subsidiary of the Company
“Supplemental Agreement”	the supplemental agreement dated 25 April 2025 to the Equity Transfer Agreement to vary certain terms of the Equity Transfer Agreement
“Target Company”	Xi’an Sunfonda Jing River Logistics Development Co., Ltd.* (西安新豐泰涇河物流開發有限公司), a company established under the laws of the PRC with limited liability, and an indirect wholly-owned subsidiary of the Company
“Target Property”	the property which comprises the land use rights of a parcel of land located at No. 98, Changqing East Road, Jing River Industrial Park, Gaoling District, Xi’an City, Shaanxi Province, the PRC with a site area of 33,654.8 sq.m. for residential use, which will expire on 1 June 2080
“Top Wheel”	Top Wheel Limited, a company incorporated under the laws of the BVI with limited liability and a controlling shareholder of the Company
“Vendor(s)”	Shaanxi Sunfonda Huixiang, Shaanxi Sunfonda Junmei, Beijing Sunfonda Boao, Shaanxi Sunfonda Shangzhong, Shaanxi Sunfonda Yingbin, Yan’an Sunfonda Boao and Sunfonda Hong Kong, each a Vendor and collectively, the Vendors
“Win Force”	Win Force Enterprises Limited, a company incorporated under the laws of the BVI with limited liability, a controlling shareholder of the Company and wholly owned by Ms. Chiu Man
“Yan’an Sunfonda Boao”	Yan’an Sunfonda Boao Automobile Co., Ltd.* (延安新豐泰博奧汽車有限責任公司), a company established under the laws of the PRC with limited liability, and an indirect wholly-owned subsidiary of the Company
“sq.m.”	square meters

LETTER FROM THE BOARD



Sunfonda Group Holdings
SUNFONDA GROUP HOLDINGS LIMITED
新豐泰集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 01771)

Executive Directors:

Mr. Wu Tak Lam (*Chairman*)
Ms. Chiu Man (*Chief Executive Officer*)
Ms. Chen Wei
Mr. Deng Ning

Registered office:

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802 West Bay Road
P.O. Box 31119
KY1-1205
Cayman Islands

Independent non-executive Directors:

Dr. Liu Xiaofeng
Dr. Han Qinchun
Mr. Liu Qiming

Principal place of business in Hong Kong:

Unit D, 13/F
Seabright Plaza
9-23 Shell Street
North Point, Hong Kong

26 May 2025

To the Shareholders

Dear Sir or Madam,

MAJOR TRANSACTION DISPOSAL OF THE TARGET COMPANY

1. INTRODUCTION

References are made to the announcements of the Company dated 10 March 2025, 12 March 2025, 24 March 2025, 25 April 2025 and 6 May 2025 in relation to the Disposal.

The purpose of this circular is to provide you with, among other things, (i) further details of the Disposal; (ii) financial information of the Group; and (iii) other information required to be disclosed under the Listing Rules.

LETTER FROM THE BOARD

2. THE DISPOSAL

On 10 March 2025 (after trading hours), the Vendors (each being an indirect wholly-owned subsidiary of the Company), entered into the Equity Transfer Agreement with the Purchaser (an independent third party), pursuant to which, the Purchaser has conditionally agreed to acquire and the Vendors has conditionally agreed to sell all the equity interests in the Target Company. As at the Latest Practicable Date, the Target Company owned the Target Property which is located at Jinghe Industrial Park, Gaoling District, Xi'an City, Shaanxi Province.

Subsequent to the execution of the Equity Transfer Agreement, the Target Company received a reply letter from the PRC government authority on the red line around the Target Property. Pursuant to the reply letter from the PRC government authority, due to the adjustments in the overall planning of the land area where the Target Property is located on, the developable area of the Target Property will be reduced from 33,654.8 sq.m. to 28,520 sq.m. Accordingly, the Vendors and the Purchaser entered into the Supplemental Agreement on 25 April 2025 to vary certain terms of the Equity Transfer Agreement, including the consideration and the payment arrangement of the Disposal.

3. THE EQUITY TRANSFER AGREEMENT

The principal terms of the Equity Transfer Agreement (as supplemented and amended by the Supplemental Agreement) are set out as follows:

Date: 10 March 2025

Parties:

- (1) Shaanxi Sunfonda Huixiang, Shaanxi Sunfonda Junmei, Beijing Sunfonda Boao, Shaanxi Sunfonda Shangzhong, Shaanxi Sunfonda Yingbin, Yan'an Sunfonda Boao (each a “**Domestic Vendor**”, and collectively, the “**Domestic Vendors**”), and Sunfonda Hong Kong (each being an indirect wholly-owned subsidiary of the Company), as the Vendors;
- (2) Xi'an Zhongyu, as the Purchaser.

Assets to be disposed:

- (1) the entire equity interests of the Target Company; and
- (2) the Target Property

For details of the Target Company and the Target Property, please refer to the paragraph headed “Information on the Target Company and the Target Property” in this circular.

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Consideration and Payment Arrangement:

The original consideration as set out in the Equity Transfer Agreement was RMB81.92 million. As revised by the Supplemental Agreement, the total consideration payable by the Purchaser to the Vendors in respect of the Disposal shall comprise the following, and the amount payable to each Vendor shall be proportionate to its respective percentage of shareholding in the Target Company:

- (1) the initial transfer price of RMB71.1372 million (the “**Initial Transfer Price**”), which is determined based on (i) the developable area of the Target Property being amended from 33,654.8 sq.m. to 28,520 sq.m. (the “**Reduction in Developable Area**”); and (ii) that the Target Company has not received any form of compensation from the government authority for the Reduction in Developable Area; and
- (2) if the Target Company receives any compensation for the Reduction in Developable Area from the government authority subsequent to the execution of the Supplemental Agreement, the Purchaser shall transfer to all the compensation received by the Target Company to the Vendors within 10 days after the receipt of such compensation (the “**Adjusted Price**”).

The Vendors and the Purchaser agreed to work together to strive for an official confirmation from the relevant government authority regarding whether any compensation will be provided to the Target Company for the Reduction in Developable Area, as well as the form and timing of such compensation, within 6 months after the Completion, in order to determine whether any Adjusted Price is required to be paid by the Purchaser to the Vendors. The Company will update shareholders on the status of the negotiation with the governmental authority and/or the compensation (if any) by announcement(s) or in its annual or interim report(s).

The Vendors will closely monitor the status of governmental compensation (if any) through communication with the governmental authority, and will immediately request the Purchaser to transfer the compensation to the Vendors once the compensation is granted. If the Purchaser fails to transfer with compensation to the Vendors within the prescribed time stipulated by the Supplemental Agreement, the Vendors may consider to safeguard its legal rights through legal means.

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The Initial Transfer Price shall be settled in the following manner:

- (1) the Earnest Money of RMB1.0 million has been paid to Shaanxi Sunfonda ATD by Xi'an Zhongyu on 25 January 2025;
- (2) five days after the execution date of the Equity Transfer Agreement (the "**Execution Date**"), Xi'an Zhongyu has paid RMB9.0 million to Shaanxi Sunfonda ATD, which, together with the Earnest Money, shall become the Performance Deposit paid by the Purchaser for cultural relics inspection. The Performance Deposit of RMB10.0 million shall automatically be converted into part of the consideration paid by the Purchaser to Shaanxi Sunfonda Huixiang and Beijing Sunfonda Boao in proportion to their respective percentage of shareholding in the Target Company upon the publication of the Circular.

The Company shall publish the Circular within 90 days after the Execution Date. Inability to publish the Circular within 90 days after the Execution Date shall not be deemed a breach of contract by any party. In such a case, either the Purchaser or the Vendors shall be entitled to terminate this agreement by serving a written notice to the other party within 5 days after the date of notification of such situation or the 90th day after the Execution Date, and the Performance Deposit shall be refunded to the Purchaser by the Vendors after deducting all liquidated damages or compensation (if any) without interests;

- (3) a total amount of RMB21,762,831 (the "**1st Instalment**") shall be paid by the Purchaser to Shaanxi Sunfonda Huixiang and Beijing Sunfonda Boao within three days following the later of (i) the date of publication of the Circular by the Company, or (2) the 70th day after the date of settlement of the Performance Deposit.

LETTER FROM THE BOARD

- (4) Both parties shall, within three business days after the settlement of the 1st Instalment, prepare and submit the application documents to the competent market supervision authority of the Target Company to complete the change of registration and filing procedures (the “**First Equity Transfer**”) reflecting the following:
- (i) the transfer of all the equity interests in the Target Company owned by Shaanxi Sunfonda Huixiang and Beijing Sunfonda Boao (representing approximately 44.6501% of the equity interests in the Target Company) to the Purchaser; and
 - (ii) necessary amendments to the articles of association of the Target Company.
- (5) subject to the full recovery of the Target Company’s accounts receivable totalling approximately RMB11.1 million, the Purchaser shall, within 60 days after the date of completion of the First Equity Transfer, pay
- (i) an aggregate amount of RMB35,817,651 to the remaining Domestic Vendors other than Shaanxi Sunfonda Huixiang and Beijing Sunfonda Boao; and
 - (ii) remit RMB3,556,718 (the “**Escrow Fund**”) to an escrow account as payment for the acquisition of the equity interests held by Sunfonda Hong Kong (the “**2nd Instalment**”).

Within three business days after the settlement of the 2nd Instalment, both parties shall prepare and submit the application documents to the competent market supervision authority of the Target Company to complete the change of registration and filing procedures (the “**Final Equity Transfer**”) reflecting the following:

- (i) the transfer of all the remaining equity interests in the Target Company owned by the remaining Vendors other than Shaanxi Sunfonda Huixiang and Beijing Sunfonda Boao to the Purchaser, and upon the completion of which, the Purchaser will own 100% equity interests in the Target Company;

LETTER FROM THE BOARD

- (ii) the change of the Target Company's name to a new registrable name as requested by the Purchaser;
- (iii) the change of the legal representative, directors, supervisors, and manager of the Target Company to personnel designated by the Purchaser; and
- (iv) the necessary amendments to the articles of association of the Target Company.

Conditions Precedent to the Disposal:

The submission of application documents for the First Equity Transfer and the Final Equity Transfer are conditional upon the fulfillment or waiver of all the following conditions precedent on or before the relevant submission:

- (1) before the submission of application documents for the First Equity Transfer, each party has completed and obtained all necessary internal approvals, permits, consents, approvals, registrations or filings from government authorities and any other third-party consents (if required) for the execution and performance of the Equity Transfer Agreement, including obtaining the written approval from the Stock Exchange for the publication of this circular by the Company;
- (2) the Purchaser has duly and fully settled all amounts payable to the Vendors according to the Equity Transfer Agreements;
- (3) each party has fulfilled or complied with all its obligations, commitments and undertakings (including the accuracy and truthfulness of the relevant representations and warranties) under the Equity Transfer Agreement in all material aspects; and
- (4) no government authority has formulated, issued, promulgated, or implemented any government order that would render the Equity Transfer Agreement invalid or restrict or prohibit the implementation of the transaction contemplated thereunder.

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Unless the waiver of the relevant conditions precedent would result in a violation of applicable laws, either party may, by providing written notice to the other party, waive the other party's performance of all or part of its obligations under the conditions precedent.

As at the Latest Practicable Date, none of the above conditions precedent had been satisfied or waived.

Completion:

Completion shall take place on the date of completion of the Final Equity Transfer.

Both parties shall complete all necessary procedures according to the terms of the Equity Transfer Agreement to remit the Escrow Fund to Sunfonda Hong Kong.

Basis of determining the consideration under the Equity Transfer Agreement

The consideration under the Equity Transfer Agreement was determined based on negotiations between the Vendors and the Purchaser on arm's length basis taking into account (i) the market value of the entire equity interests in the Target Company as at 28 February 2025 of approximately RMB85.0 million according to the valuation report prepared by an independent property valuer based on the asset-based approach (covering all assets and related liabilities of the Target Company) (the "Valuation"); (ii) the adjustment made to the initial consideration based on the size of the Reduction in Developable Area; (iii) the uncertainty as to the amount of compensation to be received from the PRC government authorities for the Reduction in Developable Area as at the Latest Practicable Date; (iv) the prevailing market conditions; and (v) the factors as set out in the paragraph headed "Reasons for and Benefits of the Disposal" below.

The original consideration of RMB81.92 million comprises (i) consideration of the Target Property of RMB70.67 million, which was determined with reference to the market value of the Target Property of approximately RMB73.83 million based on the Valuation and a certain degree of discount based on the negotiation between the Vendors and the Purchaser; and (ii) consideration of other assets of the Target Company of RMB11.25 million, which was determined with reference to the market value of the net current assets of the Target Company of RMB11.25 million based on the Valuation. The revised Initial Transfer Price of RMB71.1372 million comprises (1) the proportionately adjusted consideration of the Target Property of RMB59.89 million; and (2) the consideration of the other assets of the Target Company of RMB11.25 million.

At the time of entering into the Equity Transfer Agreement, it was the intention of the parties that the site area of the Target Property available for development would be 33,654.8 sq.m. However, due to the adjustments in the land planning of the PRC government, the developable area of the Target Property will now be reduced to 28,520 sq.m. The Reduction in Developable Area would eventually affect the value and potential use of the Target Property. In view of the above, after arm's length negotiations between the parties, the Vendors and the Purchaser mutually agreed to enter into the Supplemental Agreement to amend the total consideration to reflect the change in circumstances

LETTER FROM THE BOARD

caused by the Reduction of Developable Area. Having considered that (i) the revised consideration was proportionately adjusted according to the reduction in developable area of the Target Property; and (ii) the government compensation for the Reduction in Developable Area (if any) shall be fully transferred to the Vendors, the Board (including the independent non-executive Directors) are of the view that the adjusted consideration is fair and reasonable and in the interests of the Company and its Shareholders as a whole.

The text of the Valuation report is set out in the Appendix I to this circular.

The Initial Transfer Price represents (i) a premium of approximately 255.7% to the unaudited net asset value of the Target Company as at 28 February 2025 of approximately RMB20.0 million; and (ii) a discount of approximately 16.3% to the Valuation of the Target Company of approximately RMB85.0 million. The discount of approximately 16.3% to the Valuation of the Target Company is primarily attributable to (i) the current weakness in the investment market, and the consideration for the Disposal reflects a certain degree of discount based on the Valuation; and (ii) the Valuation did not take into account of the Reduction in Developable Area, as the Valuation was conducted prior to the Company receiving the relevant information from the PRC government authority.

In arriving at its appraisal result, the independent valuer had, among others, assumed that:

- (1) the information provided has been prepared on a reasonable basis after due and careful consideration by the management of the Target Company;
- (2) all relevant legal approvals and business certificates or licenses to operate the business in the localities in which the Target Company operates or intends to operate would be officially obtained and renewable upon expiry;
- (3) there will be no major changes in the current taxation laws in the localities in which the Target Company operates or intends to operate and that the rates of tax payable shall remain unchanged and that all applicable laws and regulations will be complied with;
- (4) there will be no major changes in the political, legal, economic or financial conditions in the localities in which the Target Company operates or intends to operate, which would adversely affect the revenues attributable to and profitability of the Target Company;
- (5) interest rates and exchange rates in the localities for the operation of the Target Company will not differ materially from those presently prevailing;
- (6) the core business operation of the Target Company will not differ materially from those of present or expected; and
- (7) the information regarding the Target Company provided by the management of the Target Company is true and accurate.

The Board is of the view that the scope, methodologies and assumptions adopted by the independent valuer in respect of the equity interests in the Target Company are fair and reasonable.

LETTER FROM THE BOARD

4. INFORMATION ON THE TARGET COMPANY AND THE TARGET PROPERTY

The Target Company is a company established in the PRC with limited liability. As at the Latest Practicable Date, the Target Company is directly owned as to approximately 28.5002%, 19.0001%, 16.1499%, 12.3498%, 9.5001%, 9.5001% and 4.9998% by Shaanxi Sunfonda Huixiang, Shaanxi Sunfonda Junmei, Beijing Sunfonda Boao, Shaanxi Sunfonda Shangzhong, Shaanxi Sunfonda Yingbin, Yan'an Sunfonda Boao and Sunfonda Hong Kong, respectively, and is an indirect wholly-owned subsidiary of the Company. As at the Latest Practicable Date, the Target Company owns the Target Property and is principally engaged in domestic logistics services.

Upon Completion, the Group will cease to have any interests in the Target Company and the Target Property. As such, the financial results of Target Company and the Target Property will no longer be consolidated into the financial statements of the Group.

Set out below is the unaudited financial information of the Target Company for the two financial years ended 31 December 2024:

	For the financial year ended 31 December	
	2023	2024
	RMB'000 (unaudited)	RMB'000 (unaudited)
Revenue	6,007.0	4,745.8
Net profit/(loss) before taxation	344.6	(520.1)
Net profit/(loss) after taxation	341.5	(517.8)

Based on the unaudited financial information of the Target Company, the total assets value and net assets value of the Target Company were approximately RMB20.6 million and RMB20.0 million, respectively, as at 28 February 2025.

The Target Property comprises a parcel of land located at No. 98, Changqing East Road, Jinghe Industrial Park, Gaoling District, Xi'an City, Shaanxi Province, the PRC with a site area of 33,654.8 sq.m. for residential use with the land use rights which will expire on 1 June 2080. Based on the reply letter from the PRC government authority on the red line around the Target Property, the developable area of the Target Property will be 28,520 sq.m. due to the adjustments in the overall planning of the land area where the Target Property is located on.

5. INFORMATION ON THE COMPANY AND THE VENDORS

The Company is an investment holding company. The Group is principally engaged in the sale and service of motor vehicles in the PRC.

Shaanxi Sunfonda Huixiang is a company established in Xi'an City, Shaanxi Province, the PRC under the laws of the PRC with limited liability that principally engages in after-sales sheet metal spraying center business. As at the Latest Practicable Date, Shaanxi Sunfonda Huixiang is an indirect wholly-owned subsidiary of the Company.

LETTER FROM THE BOARD

Shaanxi Sunfonda Junmei is a company established in Xi'an City, Shaanxi Province, the PRC under the laws of the PRC with limited liability that principally engages in the sale and service of motor vehicles. As at Latest Practicable Date, Shaanxi Sunfonda Junmei is an indirect wholly-owned subsidiary of the Company.

Beijing Sunfonda Boao is a company established in Beijing City, the PRC under the laws of the PRC with limited liability that principally engages in the sale and service of motor vehicles. As at the Latest Practicable Date, Beijing Sunfonda Boao is an indirect wholly-owned subsidiary of the Company.

Shaanxi Sunfonda Shangzhong is a company established in Xi'an City, Shaanxi Province, the PRC under the laws of the PRC with limited liability that principally engages in the sale and service of motor vehicles. As at the Latest Practicable Date, Shaanxi Sunfonda Shangzhong is an indirect wholly-owned subsidiary of the Company.

Shaanxi Sunfonda Yingbin is a company established in Xi'an City, Shaanxi Province, the PRC under the laws of the PRC with limited liability that principally engages in the sale and service of motor vehicles. As at the Latest Practicable Date, Shaanxi Sunfonda Yingbin is an indirect wholly-owned subsidiary of the Company.

Yan'an Sunfonda Boao is a company established in Yan'an City, Shaanxi Province, the PRC under the laws of the PRC with limited liability that principally engages in the sale and service of motor vehicles. As at the Latest Practicable Date, Yan'an Sunfonda Boao is an indirect wholly-owned subsidiary of the Company.

Sunfonda Hong Kong is a company incorporated under the laws of Hong Kong with limited liability that principally engages in investment holding. As at the Latest Practicable Date, Sunfonda Hong Kong is an indirect wholly-owned subsidiary of the Company.

6. INFORMATION ON THE PURCHASER

The Purchaser is a company established in the PRC with limited liability that principally engages in property management, enterprise management consulting and real estate development. As at the Latest Practicable Date, the Purchaser is owned as to 100% by Mr. Yang Haowei (楊浩偉). To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, the Purchaser and Mr. Yang Haowei are third parties independent of the Company and its connected persons.

7. REASONS FOR AND BENEFITS OF THE DISPOSAL

Based on the needs of the Company's strategic development, the Group has decided to carry out the Disposal of the Target Company to enhance the asset utilisation rate of the Group and realize further enhancement of the quality and efficiency of its business. The Disposal is beneficial to optimizing the financial position and asset liquidity of the Group and focusing on the development of its core business to achieve economic benefits and sustainable development. The Target Company was primarily engaged in domestic logistics services. Due to insufficient business volume, the business of

LETTER FROM THE BOARD

the Target Company has ceased and the factory premises are idle as at the Latest Practicable Date. The Disposal allows the Group to divest assets of low return and free up idle resources. The proceeds of the Disposal can be reallocated to the Group's core business, thereby improving asset utilisation. The Company's principal activities and operation will not be affected by the Disposal.

Having made prudent assessments on the above and considered the prevailing market conditions, the Directors are of the view that it would be beneficial for the Company and its stakeholders (including its Shareholders) as a whole to pursue the Disposal and generate liquidity for the Group.

The terms of the Equity Transfer Agreement and the Supplemental Agreement were determined after arm's length negotiations between the parties thereto and the Directors (including the independent non-executive Directors) believe that the terms of the Equity Transfer Agreement, the Supplemental Agreement and the Disposal are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

8. FINANCIAL EFFECT OF THE DISPOSAL AND INTENDED USE OF PROCEEDS

Earnings

It is expected that the Group will realise an unaudited gain (before tax) of approximately RMB51.14 million on the Disposal, which is calculated by reference to the Initial Transfer Price for the Disposal less the carrying amount of the net assets of the Target Company as at 28 February 2025. The actual gain or loss resulting from the Disposal expected to be recognized in the income statement of the Company will be further adjusted subject to the audits of the Company.

Assets and liabilities

Based on the financial information of the Target Company as at 28 February 2025, the assets, liabilities and net assets of the Target Company amounted to RMB20.6 million, RMB0.6 million and RMB20.0 million respectively, and will be derecognized from the consolidated financial statements of the Group.

Following the Disposal, it is expected that the Group will record an increase in cash of RMB71.1372 million as the Initial Transfer Price received from the Disposal.

Shareholders and potential investors should note that the financial impact set out above is for illustrative purposes only, which will have to be ascertained at the time of preparation of the Company's consolidated financial statements with reference to, among other things, the actual earnings and effect on the balance sheet of the Group, is subject to audit.

Sales proceeds

The sales proceeds from the Disposal are intended to be used as general working capital of the Group for its development of main business. In particular, the sales proceeds are intended to be used as to (i) 72% on automobile procurement; (ii) 8% on spare parts procurement; and (iii) 20% on daily operation capital.

LETTER FROM THE BOARD

9. LISTING RULES IMPLICATIONS

As the highest applicable percentage ratios (as defined in the Listing Rules) in respect of the Disposal is more than 25% but are less than 75%, the Disposal constitutes a major transaction of the Company and is therefore subject to reporting, announcement and Shareholder's approval requirements under Chapter 14 of the Listing Rules.

Pursuant to Rule 14.44 of the Listing Rules, Shareholders' approval may be obtained by written Shareholders' approval in lieu of convening a general meeting if (a) no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Equity Transfer Agreement and the transactions contemplated thereunder; and (b) the written approval has been obtained from a Shareholder or a closely allied group of Shareholders who together hold more than 50% of the issued share capital of the Company having the right to attend and vote at the general meeting to approve the Equity Transfer Agreement and the transactions contemplated thereunder.

As at the Latest Practicable Date, to the best of the knowledge, information and belief of the Directors after having made all reasonable enquiries, none of the Shareholders has any material interest in the Equity Transfer Agreement and the transactions contemplated thereunder, and therefore no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Equity Transfer Agreement and the transactions contemplated thereunder.

The Company has obtained a written approval from Top Wheel, a controlling shareholder of the Company interested in 434,183,000 shares of the Company (representing approximately 72.36% of the issued share capital of the Company) as at the Latest Practicable Date. The issued share capital of Top Wheel is owned as to 70% by Golden Speed, a company wholly-owned and controlled by Mr. Wu Tak Lam, and 30% by Win Force, a company wholly-owned and controlled by Ms. Chiu Man, the spouse of Mr. Wu Tak Lam. Accordingly, no Shareholders' meeting will be convened by the Company to approve the Disposal.

Pursuant to Rule 14.41(a) of the Listing Rules, this circular shall be despatched within 15 business days after publication of the announcement in relation to the Disposal. As additional time was required for the Company to publish this circular, the Company had first applied to the Stock Exchange and the Stock Exchange had granted a waiver from strict compliance with Rule 14.41(a) of the Listing Rules on the condition that the Company would despatch this circular on or before 16 May 2025. Subsequently, the Company had applied to the Stock Exchange and the Stock Exchange had granted a further waiver from strict compliance with Rule 14.41(a) of the Listing Rules on the condition that the Company would despatch this circular on or before 26 May 2025.

10. RECOMMENDATION

The Directors (including all of the independent non-executive Directors) consider that the terms of the Equity Transfer Agreement (as supplemented and amended by the Supplemental Agreement) are (i) fair and reasonable; (ii) on normal commercial terms; and (iii) in the interests of the Company and the Shareholders as a whole. Accordingly, although, as explained above, no general meeting of the Company will be convened for the purpose of approving the Equity Transfer Agreement (as supplemented and amended by the Supplemental Agreement), if a general meeting were to be

LETTER FROM THE BOARD

convened, the Directors (including the independent non-executive Directors) would recommend the Shareholders to vote in favor of the Equity Transfer Agreement (as supplemented and amended by the Supplemental Agreement) at such general meeting. The above recommendation is for the Shareholders' reference only.

11. ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular.

Yours faithfully,
By order of the Board
Mr. Wu Tak Lam
Chairman

The following the text of the valuation report in connection with the valuation of the Target Company as at 28 February 2025, which has been prepared for the purpose of inclusion in this circular and for the purpose of reference only.



27th Floor
One Island East
Taikoo Place
18 Westlands Road
Quarry Bay
Hong Kong

26 May 2025

The Board of Directors
Shaanxi Sunfonda Automobile Technology Development Co., Ltd.
(陝西新豐泰汽車技術開發有限責任公司)
No.1555,1st Ou Ya Road,
Chan Ba Zone,
Xi'an City,
Shaanxi Province,
The PRC

Dear Sirs,

Re: Valuation of the 100% Equity Interest in Xi'an Sunfonda Jing River Logistics Development Co., Ltd.

In accordance with the instructions from Shaanxi Sunfonda Automobile Technology Development Co., Ltd. (referred to as the “**Company**”) together with its subsidiaries (collectively the “**Group**”) to us to conduct a valuation of the 100% equity interest in Xi'an Sunfonda Jing River Logistics Development Co., Ltd.* (西安新豐泰涇河物流開發有限公司) (referred to as the “**Target Company**”), we are pleased to report that we have made relevant enquiries and obtained necessary information for the purpose of providing our valuation as at 28 February 2025 (referred to as the “**Valuation Date**”).

* for identification purpose only

This report states the purpose and basis of valuation, scope of work, source of information, background of the Target Company, major assumptions, valuation methodology, limiting conditions, and presents our opinion of value.

1. PURPOSE OF VALUATION

The purpose of this valuation is to value the 100% equity interests in the Target Company as at 28 February 2025 as a reference for the proposed disposal of the entire equity interests in the Target Company by the Group.

We assume no responsibility whatsoever to any person other than the Company in respect of, or arising out of, the contents of this report. If any party chooses to rely in any way on the contents of this report, they do so entirely at their own risk.

2. BASIS OF VALUATION

We have carried out the valuation on the basis of market value in accordance with the International Valuation Standards. Market value is defined 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”.

3. SCOPE OF WORK

Our valuation conclusion is based on the assumptions stated herein and on information provided by the management of the Target Company, and/or its representatives (together referred to as the “**Management**”).

In the course of our valuation work, the following processes had been conducted to evaluate the reasonableness of the adopted basis and assumptions provided by the Management:

- Discussed with the Management and obtained relevant financial information in respect of the Target Company;
- Examined the relevant basis and assumptions of the financial information in respect of the Target Company;
- Conducted appropriate research to obtain sufficient market data and statistical figures and prepared the valuation based on generally accepted valuation procedures and practices; and
- Presented the purpose and basis of valuation, scope of work, source of information, background of the Target Company, major assumptions, valuation methodology and our opinion of value in this report.

4. SOURCE OF INFORMATION

In arriving at our assessment of the value of the 100% equity interest in the Target Company, we have relied on the following information that was provided to us by the Management, as well as other publicly available information that we have gathered through our own research, including, but not limited to, the following:

- Copies of business licences and other relevant documents of the Target Company;
- Unaudited financial statements of the Target Company as at the Valuation Date provided by the Management; and
- Other public information relating to the valuation.

5. BACKGROUND OF THE TARGET COMPANY

The Target Company was established in the People's Republic of China (the "PRC") in 2013 and is primarily engaged in domestic cargo transportation agency services. The Target Company held the land use rights of No. 98 Changqing East Road, Jinghe Industrial Park, Gaoling District, Xi'an City, Shaanxi Province, the PRC. (referred to as the "**Jinghe Project**").

The balance sheet of the Target Company as at the Valuation Date provided by the Management was as follows:

	As at 28 February, 2025
	Book Value (RMB)
Current assets	
Cash and cash equivalents	720,813
Accounts receivables	1,854,835
Prepayments	2,432
Other receivables	9,195,478
Other current assets	99,429
Total current assets	11,872,987
Non-current assets	
Property, plant, and equipment	3,658,984
Intangible assets	5,092,940
Total non-current assets	8,751,925
Total assets	20,624,912

As at 28 February, 2025
Book Value (RMB)

Current liabilities	
Wages payables	6,000
Tax payables	34,729
Other payables	583,000
Total current liabilities	623,729
Non-current liabilities	–
Total non-current liabilities	–
Total liabilities	623,729

6. MAJOR ASSUMPTIONS

We have adopted certain specific assumptions in our valuation and the major ones are as follows:

- The information provided has been prepared on a reasonable basis after due and careful consideration by the Management;
- All relevant legal approvals and business certificates or licences to operate the business in the localities in which the Target Company operates or intends to operate would be officially obtained and renewable upon expiry;
- There will be no major changes in the current taxation laws in the localities in which the Target Company operates or intends to operate and that the rates of tax payable shall remain unchanged and that all applicable laws and regulations will be complied with;
- There will be no major changes in the political, legal, economic or financial conditions in the localities in which the Target Company operates or intends to operate, which would adversely affect the revenues attributable to and profitability of the Target Company;
- Interest rates and exchange rates in the localities for the operation of the Target Company will not differ materially from those presently prevailing;
- The core business operation of the Target Company will not differ materially from those of present or expected; and
- The information regarding the Target Company provided by the Management is true and accurate.

7. VALUATION METHODOLOGY

There are generally three accepted approaches to obtain the market value of the 100% equity interest in the Target Company, namely the market approach, the income approach and the asset-based approach. Each of these approaches is appropriate in one or more circumstances, and sometimes, two or more approaches may be used together. Whether to adopt a particular approach will be determined by the most commonly adopted practice in valuing business entities that are similar in nature.

Market Approach

The market approach values a business entity by comparing prices at which other business entities in a similar nature changed hands in arm's length transactions. The underlying theory of this approach is that one would not pay more than one would have to for an equally desirable alternative. The market approach comprises two methods namely the guideline (or comparable) company method and the similar transaction method.

The guideline company method focuses on analysing the data and valuation multiples of companies that can be considered comparable to those being valued. Adjustments are made to the comparable companies to compensate for differences between those companies and the company being valued. Finally, appropriate valuation multiples are applied to the subject company's normalised financial data to arrive at an indication of the value of the subject company.

The similar transaction method measures value based on what other purchasers in the market have paid for companies that can be considered reasonably similar to those being valued. When the similar transaction method is utilised, data are collected on the prices paid for reasonably comparable companies. Adjustments are made to the comparable companies to compensate for differences between those companies and the company being valued. The application of the similar transaction method results in an estimate of the price reasonably expected to be realised from the sale of the company.

Income Approach

The income approach focuses on the economic benefits due to the income producing capability of the business entity. The underlying theory of this approach is that the value of the business entity can be measured by the present worth of the economic benefits to be received over the useful life of the business entity. Based on this valuation principle, the income approach estimates the future economic benefits and discounts them to their present values using a discount rate appropriate for the risks associated with realising those benefits.

Alternatively, this present value can be calculated by capitalising the economic benefits to be received in the next period at an appropriate capitalisation rate. This is subject to the assumption that the business entity will continue to maintain stable economic benefits and growth rate.

Asset-Based Approach

The asset-based approach is based on the general concept that the earning power of a business entity is derived primarily from its existing assets. The assumption of this approach is that when each of the elements of working capital, tangible and intangible assets is individually valued, their sum represents the value of a business entity and equals to the value of its invested capital. In other words, the value of the business entity is represented by the money that has been made available to purchase the business assets needed.

This money comes from investors who buy stocks of the business entity and investors who lend money to the business entity. After collecting the total amounts of money from equity and debt, and converted into various types of assets of the business entity for its operation, their sum equals the value of the business entity.

Selection of Valuation Methodology

The selection of a valuation approach is based on, among others, the quantity and quality of information provided, access to available data, availability of relevant market transactions, type and nature of subject assets, purpose and objective of the valuation and professional judgment and technical expertise. As the major assets owned by the Target Company are land use rights, the income approach is not applicable since the estimate of future economic benefit involves timing and cashflow derived from the development of land which cannot be reliably determined. Furthermore, the market approach is not applicable due to the lack of comparable guideline companies or comparable equity transactions as the Target Company is an asset holding company holding a specific piece of land in Xi'an city and the land has been valued at market value. Therefore, among the three approaches, we consider that the asset-based approach is more appropriate for valuing the entire equity interest in the Target Company.

Valuation Summary

The adopted values and valuation methodologies for each of the balance sheet items of the Target Company are listed below:

	As at 28 February, 2025 Book Value (RMB)	As at 28 February, 2025 Market Value (RMB)	Remark
Current assets			
Cash and cash equivalents	720,813	720,813	1
Accounts receivables	1,854,835	1,854,835	1
Prepayments	2,432	2,432	1
Other receivables	9,195,478	9,195,478	1
Other current assets	99,429	99,429	1
Total current assets	11,872,987	11,872,987	
Non-current assets			
Property, plant, and equipment	3,658,984	–	2
Intangible assets	5,092,940	132,000,000	3
Total non-current assets	8,751,925	132,000,000	
Total assets	20,624,912	143,872,987	
Current liabilities			
Wages payables	6,000	6,000	1
Tax payables	34,729	34,729	1
Other payables	583,000	583,000	1
Total current liabilities	623,729	623,729	
Non-current liabilities			
Deferred tax liabilities	–	21,692,741	4
Provision for land appreciation tax	–	36,477,113	5
Total non-current liabilities	–	58,169,854	
Total liabilities	623,729	58,793,583	
Net assets	20,001,182	85,000,000	Rounded

Remarks:

1. Book values shown on the management accounts of the Target Company as at the Valuation Date provided by the Management were adopted. We have not performed any valuation exercise.
2. Per information provided by the Company, tangible assets mainly consist of property, plant and equipment which will be demolished as part of the redevelopment of the land. The property, plant, and equipment are considered to have no market value.

3. The intangible assets are the land use rights of No. 98 Changqing East Road, Jinghe Industrial Park, Xi'an held by the Target Company. The difference between the market value and the book value is primarily due to the appreciation of land use rights. We have referred to the valuation report in Annex I for the market value of the land use rights.
4. The value of deferred tax liabilities is the provision for the deferred tax on surplus arising from the valuation of intangible assets after considering the tax deduction of the decrease in property, plant and equipment, and land appreciation tax (assuming a prevailing tax rate of 25%).
5. The provision for land appreciation tax is the provision for land appreciation tax on surplus arising from the valuation of intangible assets.

8. LIMITING CONDITIONS

The valuation reflects facts and conditions existing at the Valuation Date. Subsequent events have not been considered and we are not required to update our report for such events and conditions.

To the best of our knowledge, all data set forth in this report are reasonable and accurately determined. The data, opinions, or estimates identified as being furnished by others that have been used in formulating this analysis are gathered from reliable sources; yet, no guarantee is made nor liability assumed for their accuracy.

We have relied to a considerable extent on information provided by the Management, including written information and oral representation, in arriving at our opinion of value. We are not in the position to verify the accuracy of all information provided to us. However, we have had no reason to doubt the truth and accuracy of the information provided to us and to doubt that any material facts have been omitted from the information provided. No responsibilities for the operation and financial information that have not been provided to us are accepted.

Our conclusion of the market value was derived from generally accepted valuation procedures and practices that rely substantially on the use of various assumptions and the consideration of many uncertainties, not all of which can be easily quantified or ascertained.

Finally and in accordance with our standard practice, we must state that this report and valuation are for the exclusive use only of the addressee and for the purpose stated herein. No responsibility is accepted to any third party for the whole or any part of the contents.

9. REMARKS

Unless otherwise stated, all monetary amounts stated in this valuation report are in Renminbi (“RMB”).

We hereby confirm that we have neither present nor prospective interests in the Company, the Target Company or the value reported herein.

10. OPINION OF VALUE

Based on the investigation and analysis stated above and on the valuation method employed, the market value of the 100% equity interest in the Target Company as at the Valuation Date is, in our opinion, reasonably estimated as **RMB85,000,000 (RENMINBI EIGHTY FIVE MILLION ONLY)**.

Yours faithfully,

For and on behalf of

Cushman & Wakefield Limited

This report has been reviewed by

Bruce Oong

CPA

Senior Director

Valuation & Advisory Services, Greater China

Grace Lam

MRICS, MHKIS, R.P.S. (GP)

Senior Director

Valuation & Advisory Services, Greater China

ANNEX I



The Board of Directors
Shaanxi Sunfonda Automobile Technology Development Co., Ltd.
(陝西新豐泰汽車技術開發有限責任公司)
No. 1555, 1st Ou Ya Road,
Chan Ba Zone,
Xi'an City,
Shaanxi Province,
The PRC

27th Floor
One Island East
Taikoo Place
18 Westlands Road
Quarry Bay
Hong Kong

26 May 2025

Re: A residential land located at No. 98 Changqing East Road, Jinghe Industrial Park, Gaoling District, Xi'an City, Shaanxi Province, People's Republic of China

Instructions, Purpose & Valuation Date

In accordance with your instructions for Cushman & Wakefield Limited (“C&W”) to value the captioned property in the People's Republic of China (the “PRC”) in which Shaanxi Sunfonda Automobile Technology Development Limited (the “Company”) together with its subsidiaries (collectively the “Group”) have interests, we confirm that we have inspected the property, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the value of the property as at 28 February 2025 (the “Valuation Date”).

Valuation Basis

Our valuation of the property represents its market value which in accordance with the HKIS Valuation Standards 2024 issued by the Hong Kong Institute of Surveyors is defined 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”.

We confirm that the valuation is undertaken in accordance with the HKIS Valuation Standards, the RICS Global Valuation Standards and the International Valuation Standards.

Our valuation of the property is on an entirety interest basis.

Valuation Assumptions

Our valuation of the property excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangement, special considerations or concessions granted by anyone associated with the sale, or any element of value available only to a specific owner or purchaser.

In the course of our valuation of the property, we have relied on the information and advice given by the Company, regarding the titles to the property and the interests of the Company in the property in the PRC. In valuing the property, we have assumed that the Group has an enforceable title to the property and has free and uninterrupted rights to use, occupy or assign the property for the whole of the respective unexpired land use term as granted and that any premium payable has already been fully paid.

In respect of the property situated in the PRC, the status of titles and grant of major certificates, approvals and licences, in accordance with the information provided by the Company are set out in the notes of the valuation report. We have assumed that all consents, approvals and licences from relevant government authorities for the developments have been obtained without onerous conditions or delays. We have also assumed that the design and construction of the property is in compliance with the local planning regulations and have been approved by the relevant authorities.

No allowances have been made in our valuation for any charges, mortgages or amounts owing on the property nor 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.

Method of Valuation

In valuing the property, we have used Market Approach assuming sale of the property in its existing state by making reference to comparable sales evidence as available in the relevant market subject to appropriate adjustments including but not limited to location, accessibility, size and other relevant factors. This method is in line with the market practice.

As the subject property was a developable site at the Valuation Date and land sales evidence is available in the local market, Market Approach is appropriate under such circumstances. We have examined current land transactions and our search was based on similar zoned parcels of land traded recently in the vicinity of the subject property. The most widely used and market-oriented units of comparison for properties with characteristics similar to those of the subject property is unit rate per square meter of developable floor area of the land. The analysis of all comparable transactions are based on the same basis which is commonly used in the local market.

In the course of our valuation, we have considered the differences between the subject property and the comparable properties in terms of various factors and accordingly made due adjustments, including but not limited to the transaction time, location and environment, transport and accessibility, land use, size, plot ratio, development constraints, etc. If the comparable is similar to the subject property, no adjustment is necessary. However, if the comparable is superior to the subject property, downward adjustment would be made in order to derive the lower unit rate of the subject property. Likewise, if the comparable is inferior to the subject property, upward adjustment would be made.

Currency

Unless otherwise stated, all monetary amounts stated in our valuation report are in Renminbi (“**RMB**”), the official currency of the PRC.

Key Assumptions

Our key assumption of the valuation by Market Approach is:

Type	Market Unit Value
Residential land	RMB1,514 per sq m (accommodation value)

Source of Information

In the course of our valuation, we have relied to a very considerable extent on the information given to us by the Group regarding the title to the property and the interests of the Group in the property. We have accepted advice given by the Group on such matters as planning approvals or statutory notices, easements, tenure, identification of land and buildings, particulars of occupancy, site and floor areas, interest attributable to the Group and all other relevant matters.

Dimensions, measurements and areas are based on the copies of documents or other information provided to us by the Company and are therefore only approximations. No on-site measurement has been carried out. We have had no reason to doubt the truth and accuracy of the information provided by the Company which is material to the valuation. We were also advised that no material facts have been omitted from the information provided to us.

We would point out that the copies of documents of the property provided to us are mainly compiled in Chinese characters and the transliteration into English represents our understanding of the contents. We would therefore advise you to make reference to the original Chinese editions of the documents and consult the legal adviser regarding the legality and interpretation of these documents.

Title Investigation

We have been provided with copies of the title documents relating to the property but have not carried out any land title searches. Moreover, we have not inspected the original documents to verify ownership or to ascertain any amendments which may not appear on the copies handed to us. We are also unable to ascertain the title of the property in the PRC and we have therefore relied on the advice given by the Company regarding its interests in the property.

In the course of our valuation, we have relied to a considerable extent on the information given by the Group in respect of the title to the property in the PRC.

Site Inspection

Our valuer, Dean Wang (Manager, 11 years' experience, Registered China Real Estate Appraiser) of our Xi'an Office inspected the exterior and, where possible, the interior of the property on 14 March 2025. However, no structural survey has been made, but in the course of our inspection, we did not note any serious defects. Moreover, we have not carried out investigation on site to determine the suitability of the soil conditions and the services etc. for any future development. Our valuation is prepared on the assumption that these aspects are satisfactory and that no extraordinary expenses or delays will be incurred during the

construction period. We are, however, not able to report that the property is free of rot, infestation or other structural defects. No test was carried out on any of the services. Our valuation is prepared on the assumption that these aspects are satisfactory.

Unless otherwise stated, we have not carried out detailed on-site measurements to verify the site and floor areas of the property and we have assumed that the areas shown on the documents handed to us are correct.

Confirmation of Independence

We hereby confirm that C&W and the undersigned have no pecuniary or other interests that could 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 also 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.

Finally and in accordance with our standard practice, we must state that this letter and valuation report are for the use only of the party to whom they are addressed and no responsibility is accepted to any third party for the whole or any part of their contents.

We enclose herewith our valuation report for your attention.

Yours faithfully,
For and on behalf of
Cushman & Wakefield Limited
Grace Lam
MRICS, MHKIS, R.P.S. (GP)
Senior Director
Valuation & Advisory Services, Greater China

Note: Grace Lam is a member of the Royal Institution of Chartered Surveyors, a member of the Hong Kong Institute of Surveyor and a Registered Professional Surveyor (General Practice). Ms. Lam has over 30 years of experience in the professional property valuation and advisory services in the Greater China region and various overseas countries. Ms. Lam has sufficient current national knowledge of the market, and the skills and understanding to undertake the valuation competently.

VALUATION REPORT

Property to be held by the Group for future development in the PRC

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 28 February 2025
A residential land located at No. 98 Changqing East Road, Jinghe Industrial Park, Gaoling District, Xi'an City, Shaanxi Province, the PRC.	The property comprises a parcel of land of 33,654.8 sq m. The total permitted above ground gross floor area of the property is 87,502.48 sq m. The property is located in the sub-urban area of Xi'an city, at No. 98 Changqing East Road, Jinghe Industrial Park, Gaoling District. Developments nearby are mainly residential in nature. The property is served by several public bus routes and is close to Metro Lines 10 subway station (under construction). According to the information provided by the Group, the property is for residential use. The land use rights of the property have been granted for a term due to expire on 1 June 2080 for residential use.	As at the Valuation Date, the property was a vacant land with dilapidated buildings and trees.	RMB132,000,000 (RENMINBI ONE HUNDRED THIRTY TWO MILLION) (100% interest attributable to the Group: RMB132,000,000)

Notes:—

- (1) According to a Grant Contract for State-owned Construction Land Use Rights, the land use rights of the property have been contracted to be granted to Shaanxi Sunfonda Automobile Co., Ltd. Jinghe Branch (陝西新豐泰汽車有限責任公司涇河分公司) with details as:

Contract Number	:	XGL-2010-015
Land Use	:	Residential
Land Use Term	:	70 years
Site Area	:	33,654.8 sq m

Land Premium	:	RMB4,139,540
Plot ratio	:	Not more than 3.5 (the government reserves the right to adjust the planning of the land)
Building density	:	Not more than 20%
Greenery ratio	:	Not less than 35%
Building Covenant	:	Construction to commence before 20 June 2010 and to complete before 19 June 2013
Idle land issue	:	If the transferee causes the land to be idle for more than one year but less than two years, they shall pay the land idle fee in accordance with the law; The transferor of land that has been idle for two years and has not started construction has the right to reclaim the right to use state-owned construction land free of charge.
Supporting facilities for land construction	:	The proportion of housing area with a building area of less than 90 square meters within the scope of the land parcel shall not be less than 70% of the total development and construction area of the land parcel. Economically affordable housing, low rent housing, and other government subsidised housing constructed within the scope of the land parcel shall be transferred to the government after completion.

It is noted that the commencement date and completion date for construction works stated in the building covenant have lapsed.

It is also noted that the property has not yet undergone any development or construction works, nor has it applied for an extension of construction to the competent government department. It has exceeded the agreed completion deadline by more than ten years and is suspected of constituting idle land. The Group confirms that it has not received any documents such as the "Notice of Idle Land Investigation", "Confirmation of Idle Land", "Decision on Collecting Land Idle Fees", "Decision on Recovering State owned Construction Land Use Rights", etc.

As per the instruction of the Group, in valuing the property, we have disregarded the lapse of building covenants in our valuation and have assumed that no additional premium is required to be paid to the relevant government authorities or penalty has been fully settled for this issue.

- (2) According to State-owned Land Use Certificate (Gao Guoyong (2014) No. 49) dated 4 August 2014, the land use rights of a site of 33,654.8 sq m have been vested in Xi'an Sunfonda Jing River Logistics Development Co., Ltd. (西安新豐泰涇河物流開發有限公司) for a term of 70 years due to expire on 1 June 2080 for residential use.
- (3) As advised by the Group, the standard permitted plot ratio of the property is 2.6 in accordance with the current standards for planning and design of urban resident areas in Xi'an. As per the instruction of the Group, in valuing the property, we have adopted the aforesaid plot ratio.
- (4) There were some dilapidated buildings erected on the land. As per the instruction of the Group, we have disregarded it in our valuation. We have valued the property as vacant land.

- (5) In accordance with the information provided by the Group, the status of title and grant of major approvals and licences are as follows:-

Grant Contract of State-owned Land Use Rights	Yes
State-owned Land Use Certificate	Yes

- (6) We have been provided by the Group with a copy of Grant Contract of State-owned Land Use Rights and State-owned Land Use Certificate in relation to the current title to the property. In valuing the property, we have assumed that the owner of the property has an enforceable title to the property and has free and uninterrupted rights to transfer, use, occupy, lease or dispose of the property for the whole or part of the unexpired term as granted. We have not verified the authentication of the Grant Contract of State-owned Land Use Rights and State-owned Land Use Certificate. We have assumed that the copies of relevant documents provided by the Group are true and accurate.
- (7) According to the proof provided by the owner of the property, the property has no encumbrance such as mortgage or pledge, and currently has no plans for construction, renovation or improvement.
- (8) In valuing the market value of the property, Market Approach is adopted. We have made reference to relevant land sales comparable which are selected based on criteria of
- (a) time – comparables transacted in the past 19 months;
 - (b) location – comparables of similar accessibility as property located in Xi'an;
 - (c) size – comparables within 16,000 to 34,000 sq m.;
 - (d) plot ratio – comparables of plot ratio within 2.6 to 4.5;
 - (e) land use – residential use and/or residential and commercial uses;
 - (f) remaining land use term – comparables of land use term of 70 years.

We have selected three relevant land comparables. The accommodation value of the selected comparables range from about RMB1,678/sq m to RMB2,237/sq m. Our concluded accommodation value of the property is about RMB1,514/sq m. Details of the land comparables considered are listed below:

No.	Land Comparable	Location	Transaction Time	Site Area (sq m)	Plot Ratio	Land Use	Remaining Land Use Term	Transacted accommodation Value (RMB/sq m)
1	CB4-4-48	East of Shangchun North Road and north of Bapu Eighth Road in Chanba Ecological Zone	Oct 2023	16,416.65	3.5	Residential	70 years	1,900
2	CB4-4-47	East of Beichen Avenue and north of Bapu Eighth Road in Chanba Ecological Zone	Oct 2023	33,283.32	2.6	Residential and commercial	Residential 70 years commercial 40 years	2,237
3	CB4-4-43-2	East of Beichen Avenue and south of Qinhan Avenue in Chanba Ecological Zone	Aug 2023	24,654.63	4.45	Residential and commercial	Residential 70 years commercial 40 years	1,678

The major adjustments made to arrive at our valuation, include but not limited to, are summarised below:

Adjustment	Range
Time	0% to +1%
Land use & remaining land use term	-2.3%
Commercial prosperity level	-5%
Accessibility and transportation	-6% to -9%
Environment	+3%
Public infrastructure	-6%
Size	0% to +4%
Plot ratio	0% to +17%
Shape of the land parcel	0% to +3%
Supporting facilities for land construction	-10%

The general basis of adjustment is that if the property is better than the comparable, an upward adjustment is made. Alternatively, if the property is inferior to or less desirable than the comparable, a downward adjustment is made.

The selected land comparables represent an exhaustive list based on the above-mentioned selection criteria.

1. FINANCIAL INFORMATION OF THE GROUP

The audited consolidated financial statements of the Group for each of the three years ended 31 December 2024 are accessible via the following hyperlinks:

- (i) the annual report of the Company for the year ended 31 December 2022 which was published on 19 April 2023:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0419/2023041900279.pdf>

- (ii) the annual report of the Company for the year ended 31 December 2023 which was published on 25 April 2024:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0425/2024042501156.pdf>

- (iii) the annual report of the Company for the year ended 31 December 2024 which was published on 28 April 2025:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2025/0428/2025042802702.pdf>

Each of the said consolidated financial statements of the Group is incorporated by reference to this circular and forms part of this circular.

2. INDEBTEDNESS

As at the close of business on 31 March 2025, for the purpose of ascertaining the indebtedness of the Group prior to the printing of this circular, the Group had aggregate indebtedness of approximately RMB2,897.1 million comprising:

- (i) bank loans of approximately RMB1,743.0 million, and other borrowing of approximately 264.1 million, among which approximately RMB1,671.1 million are secured bank loans and approximately RMB336.0 million are unsecured bank loans and other borrowings. Such secured bank borrowings are secured by (a) mortgages over the Group's land use rights situated in Chinese Mainland, which had an aggregate carrying value of approximately RMB341.4 million; (b) mortgages over the Group's buildings, which had an aggregate net book value of approximately RMB670.7 million; (c) mortgages over the Group's inventories, which had an aggregate carrying amount of approximately RMB512.6 million; and (d) mortgages over the Group's bank deposits, which had an aggregate carrying amount of approximately RMB112.4 million;
- (ii) bills payable of RMB828.3 million, which are secured by mortgages over the Group's inventories and bank deposits, which had an aggregate carrying value of approximately RMB337.2 million and RMB522.6 million, respectively;
- (iii) lease liabilities of RMB61.7 million.

Except for those guarantees by certain subsidiaries within the Group, there is no other guarantees by third parties among bank loans, other borrowing and bills payable.

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities, the Group did not have, as of 31 March 2025, any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptable credits, debentures, mortgages, charges, hire purchase commitments, guarantees or other material contingent liabilities.

3. MATERIAL ADVERSE CHANGE

The Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2024 (being the date to which the latest published audited financial statements of the Company were made up).

4. WORKING CAPITAL

The Directors, after due and careful consideration, are of the opinion that the Group has sufficient working capital for its present requirements and for at least 12 months from the date of this circular in the absence of any unforeseeable circumstances after taking into account its present internal resources and available banking facilities together with the estimated net proceeds of the Disposal.

5. FINANCIAL AND TRADING PROSPECTS

Forecast of China's Economic Trend in 2025 – Stabilising While Seeking Progress to Promote a Sustainable Economic Recovery

In 2025, the uncertainties of world economic development will increase. The fundamentals of China's long-term economic upturn will remain unchanged, as evidenced by the integrity of the industrial and supply chains, the continuous improvement of technological innovation, the upgrading of the industrial structure, the rapid development of the digital economy, the green industry, the high-tech industry and the equipment manufacturing industry, and the mounting momentum of new economic growth. In 2025, China's economic growth is expected to be approximately 4.5%. If China continues to take the necessary measures to expand its economy and accelerate the implementation of reform and opening-up policies, the economic growth in 2025 may reach approximately 5%. The greater increase in disposable income than economic growth in 2024 will be conducive to stabilising consumption in 2025, with retail sales of social consumer goods growing by approximately 5% and retail sales of services growing by approximately 5.5% in 2025.

The Central Economic Work Conference confirmed that in 2025, it is necessary to implement a more aggressive fiscal policy and an appropriately loose monetary policy, to strengthen the coordination of fiscal, monetary, employment, industrial, regional, trade, environmental protection, regulatory and other policies as well as reform and opening-up initiatives, and to improve the effective communication and consultation and feedback mechanism among departments to enhance the synergy of policies. At the same time, the Central Economic Work Conference put "vigorously boosting consumption, improving the efficiency of investment and expanding domestic demand on all

fronts” as its first priority. The National Development and Reform Commission has continued its efforts to effectively carry out the equipment renewal and trade-in policies, implement special actions to boost consumption, and promote consumption in terms of quantity, quality and efficiency. The expanded party group meeting of the Ministry of Commerce emphasised that in 2025, it will focus on expanding consumption, stabilising foreign trade and foreign investment, and promoting high-level openness to the world. The National Market Supervision Work Conference stated that a three-year action plan will be implemented in 2025 to optimise the consumer environment.

According to Chen Lifen, a researcher at the Institute of Market Economics of the Development Research Centre of the State Council, consumption is an important part of domestic demand and the main engine of economic growth. The Central Economic Work Conference has made a series of deployments to “vigorously boost consumption”, and it can be expected that the foundation of consumption growth in 2025 will be further consolidated, which will promote the consumer market to continue to pick up. At the same time, the potential of consumption of goods and services will be unleashed in an accelerated manner. According to Chen Lifen, the trade-in policy remained effective in 2024, and key commodities such as automobiles, home appliances and household goods posted positive sales results. In 2025, further expansion efforts will drive the continued unleash of the consumption potential of durable goods.

Xi'an – To Accelerate the Enhancement of Comprehensive Capabilities as a National Central City

Xi'an is the capital of Shaanxi Province, where the Group's main business is located, and is also the location of the Group's headquarters. At the Eighth Plenary Meeting of the 14th Xi'an Municipal Committee of the Communist Party of China, Fang Hongwei, Secretary of the Standing Committee of the Shaanxi Provincial Party Committee and the Xi'an Municipal Committee, pointed out that 2025 is the conclusive year of the “14th Five-Year Plan”, in which high-quality development shall be solidly promoted. Fang Hongwei emphasised, it is necessary to deepen the coordinated development mechanism reform of scientific and technological innovation and industrial innovation, and to consolidate the foundation of strong industrial city by focusing on the construction of “dual centres”. Ye Niuping, Mayor of Xi'an, stressed in the deployment of economic work in 2025, it is necessary to adopt an enterprise-centric approach to help key enterprises increase production capacity and enhance efficiency by promoting “one policy for one enterprise”, jointly promote small and micro-enterprises to ramp up, focus on enterprises' needs to optimise business environment, precisely serve for the growth of enterprises, and practically support economic growth on a market-oriented basis. According to the Notice on the Increased Efforts to Implement the Policy and Measures for Trade-in of Consumer Goods in Xi'an for 2025 and Its Implementation Plan promulgated by Xi'an Municipal Bureau of Commerce, a new round of the trade-in subsidies policy covers five major areas, namely automobiles, home appliances, digital products, electric bicycles, and home furnishings and kitchen and bathroom products. The scope of subsidies is further expanded. Notably, in the field of automobiles, eligible models with China IV emissions standards are included in the scope of subsidies for automobile scrapping and renewal, and the registration deadline of automobiles has also been extended.

Chinese Passenger Vehicle Market in 2025

According to the Notice on the Increased Efforts to Implement the Policy on Large-scale Renewal of Equipment and Trading-in of Consumer Goods for 2025 promulgated by the National Development and Reform Commission and the Ministry of Finance on 8 January, it is believed that with the promulgation and implementation of a series of policies, the effects of the policy mix will become increasingly prominent, and will further unleash the potential of the automobile market.

According to Chen Shihua, Deputy Secretary General of the China Association of Automobile Manufacturers, in 2025, the production and sales of automobiles in China will continue to maintain growth. According to Xu Haidong, specialized Deputy Secretary General of China Association of Automobile Manufacturers, thanks to the favourable factors such as the accelerated prominent effects of macro policies, the continuous effects of the equipment renewal and trade-in policies, the continued policy of new energy exemption from purchase tax and the persistent expansion of overseas market, China's total automobile sales are expected to reach 32.9 million units in 2025, representing a year-on-year growth of 4.7%. In terms of the performance of the domestic passenger vehicle market in 2025, CAAM forecasts that the total sales volume will grow by 4.9% year-on-year to reach 28.9 million automobiles. As for the development of China's new energy vehicle market in 2025, Xu Haidong believes that it will continue to grow rapidly, with annual sales volume reaching 16 million automobiles, achieving a year-on-year growth of 24.4%.

According to Cui Dongshu, Secretary General of the CPCA, the scale of new energy vehicles is showing explosive growth, with significant increase in bulk sales size and substantial decrease in costs of automobiles, and the competitive landscape of the top brands remains unstable. Therefore, in this high-growth market, the "price war" will continue in 2025. The Gasgoo Research Institute forecasts that China's passenger vehicle market is expected to achieve a sales volume of 28.09 million units in 2025, representing a year-on-year growth of approximately 2%.

At the beginning of 2025, the offices of the Ministry of Commerce and other eight departments jointly promulgated the Notice on Effectively Implementing the Trade-in of Automobiles in 2025 (hereinafter referred to as the "Notice"), which further clarifies the trade-in subsidy policy in 2025. Next, the Ministry of Commerce will work with relevant departments to guide localities to implement the subsidy policy, effectively carry out policy coordination, increase efforts in policy promotion and interpretation, and facilitate consumers to participate in the trade-in of automobiles, so as to better meet people's needs for a better life.

To Accelerate the Deployment of Leading New Energy Brands and Expand the Co-operation Area of Advantageous Brands

In respect of the development of brand network, in a market environment of frequent "price wars" under fierce competition, the Group has been keeping a close watch on the trend of brand development and proactively adjusting its brand strategy to promote the transformation and upgrading of its brands and outlets. The Group will strengthen its co-operation with leading new energy brands such as BYD and AITO, and aggressively accelerate the construction and completion of new energy brand outlets.

By the end of 2024, the DENZA centre store in Lanzhou and the Formula Leopard 4S store in Xi'an had been completed and officially commenced operations. The DENZA flash stores in Yinchuan and Weinan were also in trial operation. The AITO user centre in Lanzhou was also officially put into operation in January 2025, and the construction of the DENZA centre store in Yinchuan and the DENZA 4S store in Weinan will also commence successively in March 2025.

The landscape of new energy vehicle brands has become increasingly clear in the intensively competitive market environment. Looking ahead, China's automobile market will be driven by policy guidance, technological innovation and consumer upgrades, which will lead to growing demand for smarter, higher quality and more personalised automobile products, thereby opening up unprecedented development opportunities for China's automobile market with unlimited possibilities.

In the future, the Group will continue to deepen and expand the number of regions and outlets in which it cooperates with leading new energy brands based on the actual business capacity of some of its traditional brand outlets, follow the trend of increasing penetration of new energy vehicles, and continue to expand its co-operation in the transformation and deployment of its advantageous regions and core assets in Shaanxi, Gansu and Ningxia, taking into account the needs of the nationwide business deployment of the leading manufacturers.

The “FUN TIME LANE” Automobile Theme Fashion District Project in Xi'an Commenced Trial Operation by the End of 2024

The two “FUN TIME LANE” automobile fashion street zone projects in Xi'an and Lanzhou, which were invested by Sunfonda Group, have completed governmental inspection and acceptance and obtained building ownership certificates.

The “FUN TIME LANE” automobile theme fashion district project in Xi'an had entered the trial operation stage by the end of 2024, with Cadillac, Volkswagen Anhui and BYD-Dynasty already housed in, and various themed businesses including new energy vehicle business will be introduced, along with purpose-built businesses such as café and business catering will be introduced in a later stage, which will drive regional consumption upgrading through the creation of themed commercial space and become a new commercial landmark in the region. The “FUN TIME LANE” automobile theme fashion district project in Lanzhou has already commenced operation, with BMW, GAC Toyota, DENZA as well as several sports and leisure brands housed in, and themed businesses under new energy brands, catering facilities, education and other related businesses will be introduced in a later stage, thereby striving to achieve a 100% opening rate.

Digital Empowerment to Lead Development

In 2024, the Group vigorously promoted digitalisation and achieved decent results by introducing advanced technologies such as pilot electronic work permit positioning, audio recording and big models. The positioning of electronic work permits helps realise functions including staff fieldwork and work track recording. This project has effectively improved the timeliness of staff arriving at the accident scene by providing a quick and clear understanding of the dynamics of the staff in the accident outreach in Xi'an and assigning them to their work in a quick and reasonable manner.

As at the end of 2024, among the Group's private traffic pool, there were 352,000 users registered with the member centre, 411,000 customers were added to Enterprise WeChat, and 209,000 users were successfully bonded to vehicle registration plates. The launch of the insurance tracking system has standardised the work of insurance renewal staff and provides timely renewal leads to improve insurance renewal performance.

Looking ahead, we will continue to promote digitalisation and enhance the digitalisation level of our business. We will also strengthen co-operation with our partners to explore new ways and means of digitalisation, and inject new vitality into the development of our enterprise.

To Leverage on an Intelligent Management Platform and Diversified Innovative Marketing to Comprehensively Reach Customer Needs and Improve Customer Experience

In response to the increasingly competitive automobile market and constantly changing consumer psychology and product demands, the Group has proactively adjusted its marketing strategy to leverage on the intelligent management platform and diversified innovative marketing to establish and strengthen the relationship between consumers and automobiles, thereby catering for customers' diversified needs and experiences in a comprehensive manner. In 2024, the Group, together with the membership centre, invited female car owners to participate in the interview program, which, through precise promotion by way of short videos, enhanced female car owners' automobile-purchasing experience and strengthened the emotional connections among consumers, automobile brands and the Group. A total of six issues were published throughout the year, which were well received by the customers unanimously. At the same time, the Group reached out to new media in various aspects. On the one hand, the Group consolidated the foundation of new media operation in various stores, put forward higher requirements for the number of live broadcasts and streaming of new media in each store, and requested each store to roll out special new media activities. The Group planned and launched a multi-brand nationwide joint online live broadcast of the Automobile Purchase Festival activities, with the general manager taking the lead and various business departments participating in live broadcasts and short video shooting. On the other hand, the Group further expanded its media channels by requesting each brand store to establish a new media matrix, and personnel of the business department to create personal accounts to attract more potential customers from various channels. At the same time, the Group attached great importance to social media marketing and requested each store to launch a "planting grass" campaign, under which the delivery of automobiles to key customers shall be posted on Xiaohongshu, and customers are encouraged to post their purchase experience on their own platforms to attract potential customers, thereby generating word-of-mouth marketing while fostering closer connections with them. By the end of 2024, the Group's orders generated from new media recorded a year-on-year increase of 55%, which effectively facilitated channel expansion.

In addition, the Group adheres to a long-term approach, places great emphasis on maintaining relationships with existing customers and implements community-based marketing strategies, actively launches customer retention activities, explores cross-industry resources, and comprehensively promotes the commencement of various marketing initiatives. This not only enhances customer satisfaction but also strengthens customers' trust and sense of loyalty to the Group, thereby boosting the Group's influence.

1. RESPONSIBILITY STATEMENT

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

2. DISCLOSURE OF INTERESTS

A. Directors' and chief executives' interests and short positions in shares, underlying shares and debentures of the Company

As at the Latest Practicable Date, the interests and short positions of the directors of the Company and the chief executives of the Company in the shares, underlying shares and debentures of the Company or associated corporations (within the meaning of Part XV of the SFO which as recorded in the register required to be kept by the Company 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, were as follows:

(1) *Interests and short positions in ordinary shares of the Company*

Name of Directors	Capacity/ Nature of interests	Notes	Number of shares	Approximate percentage* of shareholding in the Company
Mr. Wu Tak Lam	Interest held by controlled corporations	1	434,183,000 (L)	72.36%
Ms. Chiu Man	Interest held by controlled corporations	1	434,183,000 (L)	72.36%
Ms. Chen Wei	Beneficial owner		864,000 (L)	0.14%
Mr. Deng Ning	Beneficial owner		1,071,000 (L)	0.18%

(L): Long position (S): Short position

Note:

- These shares are all held by Top Wheel Limited ("**Top Wheel**").

The issued share capital of Top Wheel is owned as to 70% by Golden Speed Enterprises Limited ("**Golden Speed**"), a corporation wholly-owned and controlled by Mr. Wu Tak Lam, and 30% by Win Force Enterprises Limited ("**Win Force**"), a corporation wholly-owned and controlled by Ms. Chiu Man. As Top Wheel is a controlled corporation of Mr. Wu Tak Lam, Ms. Chiu Man, Golden Speed and Win Force, they are deemed to be interested in the 434,183,000 shares held by Top Wheel pursuant to Part XV of the SFO.

* The percentage represents the number of ordinary shares involved divided by the number of the Company's issued shares as at the Latest Practicable Date.

(2) *Long positions in the shares of associated corporations of the Company*

Name of Associated corporation	Name of Director	Capacity/Nature of interest	Number of shares	Approximate percentage* of shareholding in the associated corporation
Golden Speed	Mr. Wu Tak Lam	Beneficial owner	1	100%
	Ms. Chiu Man	Interest of spouse	1	100%
Top Wheel	Mr. Wu Tak Lam	Interest held by a controlled corporation	14,000	70%
		Interest of spouse	6,000	30%
	Ms. Chiu Man	Interest held by a controlled corporation	20,000	100%
		Interest of spouse	6,000	30%
			14,000	70%
			20,000	100%

Note: Mr. Wu Tak Lam holds the entire issued share capital of Golden Speed which holds 70% of the issued share capital of Top Wheel. The remaining 30% of the issued share capital of Top Wheel is indirectly held by his wife, Ms. Chiu Man (an executive Director of the Company), through her wholly-owned investment company, Win Force. As Top Wheel holds more than 50% of the issued share capital of the Company and Golden Speed holds more than 50% of the issued share capital of Top Wheel, Top Wheel and Golden Speed are the associated corporations of the Company within the meaning of Part XV of the SFO.

* The percentage represents the number of ordinary shares involved divided by the number of issued shares of the associated corporation as at the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executives of the Company had registered an interest or a short position in the shares or underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company 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.

B. Substantial Shareholders' interest and short positions in shares and underlying shares*Interests and short positions in ordinary shares of the Company*

As at the Latest Practicable Date, the following persons (other than the Directors or chief executives of the Company) had interests and short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO:

Name of shareholders	Capacity/ Nature of interests	Notes	Number of shares	Approximate percentage* of shareholding in the Company
Top Wheel	Beneficial owner	1	434,183,000 (L)	72.36%
Win Force	Interest held by controlled corporations	1	434,183,000 (L)	72.36%
Golden Speed	Interest held by a controlled corporation	1	434,183,000 (L)	72.36%

(L): Long position (S): Short position

Notes:

- The above interests of Top Wheel, Win Force and Golden Speed were also disclosed as the interests of each of Mr. Wu Tak Lam and Ms. Chiu Man in the above section headed "Directors' and chief executives' interests and short positions in shares, underlying shares and debentures of the Company".

* The percentage represents the number of ordinary shares involved divided by the number of issued shares of the associated corporation as at the Latest Practicable Date.

Save as disclosed above, the Directors are not aware of any person (other than Directors or chief executive of the Company) who, as at the Latest Practicable Date, had any interest, directly or indirectly, or short position in the Shares and underlying Shares which were recorded in the register required to be kept by the Company under Section 336 of the SFO. Save that (i) Mr. Wu Tak Lam is a director of each of Top Wheel and Golden Speed; and (ii) Ms. Chiu Man is a director of each of Top Wheel and Win Force, as at the Latest Practicable Date, none of the Directors and the chief executive of the Company was a director or employee of a company which has an interest or short position in the Shares and underlying shares which would fall to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO.

3. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered, or proposed to enter into a service contract with the Group which was not determinable by the Group within one year without payment of compensation, other than statutory compensation.

4. INTEREST IN ASSETS OR CONTRACTS

- (a) As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which have been acquired, disposed of or leased to or which are proposed to be acquired, disposed of or leased to any member of the Group since 31 December 2024, being the date to which the latest published audited accounts of the Company were made up.
- (b) As at the Latest Practicable Date, none of the Directors is materially interested in any contract or arrangement subsisting at such date and which is significant in relation to the business of the Group.

5. DIRECTORS' INTEREST IN COMPETING BUSINESS

As at the Latest Practicable Date, to the best knowledge and belief of the Directors after having made all reasonable enquiries, none of the Directors, controlling Shareholders or any of their respective associates has engaged in any business that competes or may compete with the business of the Group or has any other conflict of interests with the Group.

6. LITIGATION

As at the Latest Practicable Date, none of the members of the Group were engaged in any litigation, arbitration or claim of material importance, and no litigation, arbitration or claim of material importance is known to the Directors to be pending or threatened by or against any member of the Group.

7. MATERIAL CONTRACTS

The following contracts (not being contracts in the ordinary course of business) have been entered into by the Group within the two (2) years immediately preceding the date of this circular which are or may be material:

- (a) the Equity Transfer Agreement;
- (b) the Supplemental Agreement;
- (c) the agreement entered into by Shaanxi Sunfonda Automobile Co., Ltd.* (陝西新豐泰汽車有限責任公司) (an indirect wholly-owned subsidiary of the Company) and Shaanxi Sunfonda Automobile Technology Development Co., Ltd.* (陝西新豐泰汽車技術開發有限責任公司) (“**Shaanxi Sunfonda ATD**”) (an indirect wholly-owned subsidiary of the Company) of the one part and Zhongsheng Holdings Co., Ltd. (中升(大連)集團有限公司) (“**Zhongsheng Dalian**”) of the other part dated 20 July 2024 in relation to the disposal of 100% registered equity interests in Suzhou Sunfonda Toyota Automobile Sales Services Co., Ltd.* (蘇州新豐泰豐田汽車銷售服務有限公司) to Zhongsheng Dalian;

- (d) the agreement entered into by SUNFONDA (HONG KONG) LIMITED (新豐泰(香港)有限公司) (an indirect wholly-owned subsidiary of the Company) and Shaanxi Sunfonda ATD of the one part and Zhongsheng Dalian of the other part dated 20 July 2024 in relation to the disposal of 100% registered equity interests in Wuxi Fengtai Kaida Automobile Sales Services Co., Ltd.* (無錫豐泰凱達汽車銷售服務有限公司) to Zhongsheng Dalian; and
- (e) the agreement entered into by Shaanxi Sunfonda ATD of the one part and Zhongsheng Dalian of the other part dated 20 July 2024 in relation to the disposal of 100% registered equity interests in Yangzhou Sunfonda Junsheng Lexus Automobile Sales Services Co., Ltd.* (揚州新豐泰鈞盛雷克薩斯汽車銷售服務有限公司) to Zhongsheng Dalian.

8. EXPERT AND CONSENT

The following is the qualification of each of the expert who has given its opinions or advice for inclusion in this circular:

Name	Qualification
Cushman & Wakefield Limited	Qualified independent valuer

The above expert has given and has not withdrawn its respective written consent to the issuer of this circular with the inclusion of its letters, reports and/or opinion, as the case may be, and references to its name in the form and context in which they respectively appear.

As the Latest Practicable Date, the above experts did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As the Latest Practicable Date, the above experts did not have, directly or indirectly, any interest in any assets which had since 31 December 2024 (being the date to which the latest published audited consolidated accounts of the Group were made up) been 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 members of the Group.

9. MISCELLANEOUS

- (a) The registered office of the Company is situated at Grand Pavilion, Hibiscus Way, 802 West Bay Road, P.O. Box 31119, KY1-1205, Cayman Islands.
- (b) The head office of the Company is situated at Sunfonda Automobile Center, No. 1555 Ouya 1st Road, Beichen Avenue, Chanba Ecological District, Xi'an City, Shaanxi Province, the PRC. The principal place of business in Hong Kong of the Company is situated at Unit D, 13/F, Seabright Plaza, 9-23 Shell Street, North Point, Hong Kong.

- (c) The Hong Kong branch share registrar and transfer office of the Company is Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen' s Road East, Wan Chai, Hong Kong.
- (d) The company secretary of the Company is Ms. Chan Sze Ting (*FCG, HKFCG*). Ms. Chan is a director of the corporate services division of Tricor Services Limited, which is a global professional services supplier specializing in integrated business, corporate and investor services. Ms. Chan has over 18 years of experience in the corporate secretarial field. She has been providing professional corporate services to Hong Kong listed companies as well as multinational, private and offshore companies. Ms. Chan is a Chartered Secretary (CS), a Chartered Governance Professional (CGP) and a fellow of both The Hong Kong Chartered Governance Institute (HKCGI) and The Chartered Governance Institute (CGI) in the United Kingdom.
- (e) In the event of inconsistency, the English text of this circular shall prevail over the Chinese text thereof

10. DOCUMENTS ON DISPLAY

Copies of the following documents are available on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.sunfonda.com.cn/>) from the date of this circular up to 14 days thereafter:

- (a) the Equity Transfer Agreement;
- (b) the Supplemental Agreement;
- (c) the valuation report of the Target Company issued by Cushman & Wakefield Limited.