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**SUNDOY 宋服務**

臻 享 幸 福 +

**Sundy Service Group Co. Ltd**

**宋都服务集团有限公司**

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

**(Stock Code: 9608)**

## **DISCLOSEABLE TRANSACTION – PROVISION OF LOANS**

### **PROVISION OF LOANS**

The Board announces that, (i) on 30 June 2023, Sundy Property, an indirect wholly-owned subsidiary of the Company, and the Borrower A entered into the Loan Agreement A, pursuant to which Sundy Property agreed to lend, and the Borrower A agreed to borrow, the Loan A in the principal amount of RMB10.0 million; and (ii) on 30 June 2023, Sundy Property and the Borrower B entered into the Loan Agreement B, pursuant to which Sundy Property agreed to lend, and the Borrower B agreed to borrow, the Loan B in the principal amount of RMB12.0 million. As at the date of this announcement, the principal amount of the Loans have been repaid in full.

### **LISTING RULES IMPLICATIONS**

As the relevant applicable percentage ratios (as defined in the Listing Rules) in respect of each of the Loan A and the Loan B are less than 5%, the grant of each of the Loan A and the Loan B, on a standalone basis, did not constitute any discloseable transaction for the Company under Chapter 14 of the Listing Rules. Nevertheless, as one of the relevant applicable percentage ratios (as defined in the Listing Rules) in respect of the Loan A and Loan B, on an aggregated basis, exceeds 5% but is less than 25%, the grant of the Loans under the Loan Agreements constitute a discloseable transaction for the Company and are subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

### **PROVISION OF LOANS**

The Board announces that, (i) on 30 June 2023, Sundy Property, an indirect wholly-owned subsidiary of the Company, and the Borrower A entered into the Loan Agreement A, pursuant to which Sundy Property agreed to lend, and the Borrower A agreed to borrow, the Loan A in the principal amount of RMB10.0 million; and (ii) on 30 June 2023, Sundy Property and the Borrower B entered into the Loan Agreement B, pursuant to which Sundy Property agreed to lend, and the Borrower B agreed to borrow, the Loan B in the principal amount of RMB12.0 million.

## THE LOAN AGREEMENTS

The principal terms of the Loan Agreements are summarised as follows:

	<b>Loan Agreement A</b>	<b>Loan Agreement B</b>
<b>Date:</b>	30 June 2023	30 June 2023
<b>Parties:</b>	(i) Sundy Property; and (ii) the Borrower A	(i) Sundy Property; and (ii) the Borrower B
<b>Principal amount:</b>	RMB10.0 million	RMB12.0 million
<b>Interest rate:</b>	one-year loan prime rate in the PRC	one-year loan prime rate in the PRC
<b>Term:</b>	6 months	6 months
<b>Repayment:</b>	Borrower A shall repay the interests together with the principal amount at loan maturity	Borrower B shall repay the interests together with the principal amount at loan maturity
<b>Early repayment:</b>	Borrower A shall be permitted to make early repayment in part or in full prior to loan maturity	Borrower B shall be permitted to make early repayment in part or in full prior to loan maturity
<b>Security:</b>	Nil	Nil

As at the date of this announcement, the principal amount of the Loans have been repaid in full.

## BASIS OF DETERMINATION OF THE TERMS OF THE LOAN AGREEMENTS

The interest rate was determined at one-year loan prime rate in the PRC by Sundy Property and the Borrowers after arm's length negotiation and taking into account, among other things, the following factors:

- (a) the half-year deposit interest rates of major commercial banks in the Chinese market range from 1.5% to 2.0%. In early June 2023, considering the downward pressure on the net interest margin of commercial banks in China, commercial banks have generally lowered their deposit interest rates, and it was expected that there would be further downward trend;
- (b) the one-year loan prime rate in the PRC are used as a peg for new corporate loan terms in the PRC. One-year loan prime rate was 3.65% at the beginning of year 2023, and slashed to 3.55% in late-June 2023. As such, coupled with a short loan period of half year, utilising one-year loan prime rate in the PRC for the loans would allow net interest rate spreads when compared against the deposit interest rates, thereby representing a reasonable return for the Group amidst the relatively weakened PRC economy;
- (c) the prevailing market terms offered by commercial banks in China for loans with a similar term and principal amount; and
- (d) the amount of the Loans and the Group's relationships with the Borrowers.

In view of the above, the Board considers that the loan interest rate at one-year loan prime rate in the PRC is fair and reasonable and in the interest of the Company, and is on normal commercial terms.

## **FUNDING OF THE LOANS**

The Group financed the Loans with its internal resources.

## **INFORMATION ON THE GROUP**

The Company is an investment holding company. The Group is an integrated property management service provider in Zhejiang province, principally engaged in the (i) provision of a range of property management services to a variety of properties in the PRC, the majority of which are located in Zhejiang province; (ii) provision of a range of value-added services to non-property owners; (iii) provision of a spectrum of community value-added services; and (iv) other businesses, including long-term apartment business and hotel business.

## **INFORMATION ON THE BORROWERS**

Borrower A is a limited company established under the laws of the PRC, primarily engaged in the provision of enterprise management and information consultancy services. Mr. Wu Yaohua (吳耀華) and Ms. Yu Aiwen (俞愛文) hold 90% and 10% of equity interest in Borrower A, respectively. To the best of the knowledge, information and belief of the Directors having made all reasonable enquiry, Borrower A and its ultimate beneficial owners are Independent Third Parties.

Borrower B is a limited company established under the laws of the PRC, primarily engaged in food wholesale and retail. Borrower B is wholly owned by Tonglu Ruiqi Enterprise Management Co., Ltd.\* (桐廬瑞麒企業管理有限公司), which is 100% owned by Taixiong Investment. Taixiong Investment is 80% and 20% owned by Mr. Wu Yaohua (吳耀華) and Ms. Zheng Huifang (鄭慧芳), respectively. To the best of the knowledge, information and belief of the Directors having made all reasonable enquiry, Borrower B and its ultimate beneficial owners are Independent Third Parties.

After making all reasonable enquiries, Borrower A and Borrower B are both commonly held by Mr. Wu Yaohua (吳耀華) and they are therefore associated with one another.

## **REASONS FOR AND BENEFITS OF THE PROVISION OF THE LOANS**

Due to macro adjustments in the real estate industry within the PRC, the property service market in the PRC has experienced a downward trend. Although the COVID-19 control policies in the PRC were relaxed by the end of 2022, the recovery of the property service industry has been slow, causing the Group to slow down its expansion efforts. Considering the macro environment, the management remains cautious about the business expansion plan in the second half of 2023. While the Group was not involved in the lending business, after conducting credit risk assessments, the management decided to provide short-term loans in order to maximise the Group's revenue.

According to the Company's interim results announcement for the six months ended 30 June 2023 dated 31 August 2023, as at 30 June 2023, the Group's cash or cash equivalents amounted to approximately RMB179.1 million. As such, the Board considers that the Group has sufficient working capital to support its daily operation.

The terms of the Loan Agreement A and the Loan Agreement B were negotiated on an arm's length basis between Sundry Property with Borrower A and Borrower B, respectively, and were entered into on normal commercial terms. Taking into account the satisfactory financial background of each of the Borrowers and the benefit of additional interest income expected to be generated from the repayment of the Loans by the Borrowers, the Directors consider that the terms of the Loan Agreements are fair and reasonable and the entering into of each of the Loan Agreements is in the interests of the Company and its shareholders as a whole.

## **REMEDIAL ACTIONS**

The Company deeply regrets for the non-compliance with the Listing Rules in respect of the Loans and it would like to stress that such non-compliance was inadvertent and unintentional. The failure to make timely disclosure was due to the unfortunate oversight of the Company that transactions with counterparties which are associated shall be aggregated under Rule 14.22 of the Listing Rules. In particular, after making reasonable enquiry by the Directors, there was a transfer of equity interest in Borrower A on or around 12 June 2023, where the former shareholder Ms. Shen Qiaoying (沈巧英), who is an Independent Third Party, transferred her 90% equity interest in Borrower A to Mr. Wu Yaohua (吳耀華). Since the negotiation for Loan A took place during the said transfer, the Company was inadvertently unable to notice the change in equity structure in Borrower A. Accordingly, the Company overlooked the requirement to calculate percentage ratios under Chapter 14 of the Listing Rules on an aggregated basis in respect of loan transactions with Borrower A and Borrower B, which are separate entities with separate operations and whose loan financing arrangements with the Group had been individually and separately assessed and approved by Sundry Property.

In order to avoid reoccurrence of similar events in the future, the following remedial actions will be taken by the Company:

- (1) the Company will arrange trainings on listing compliance matters relating to notifiable transactions to the Directors and responsible staff to strengthen and reinforce their existing knowledge as well as their ability to identify potential issues at an early state, ensure that they fully understand the requirements of the Listing Rules;
- (2) the Company will strengthen and monitor the reporting arrangements for notifiable transactions to ensure due compliance of the Listing Rules; and
- (3) the Company will, as and when appropriate and necessary, consult legal or other professional advisers before entering into possible notifiable transactions or when notifiable transactions are being contemplated.

Going forward, the Company shall make disclosure in a timely manner to ensure compliance with the Listing Rules in this regard and ensure adequate control measures are in place for the monitoring of transactions of the Group.

## **LISTING RULES IMPLICATIONS**

As the relevant applicable percentage ratios (as defined in the Listing Rules) in respect of each of the Loan A and the Loan B are less than 5%, the grant of each of the Loan A and the Loan B, on a standalone basis, did not constitute any discloseable transaction for the Company under Chapter 14 of the Listing Rules. Nevertheless, as one of the relevant applicable percentage ratios (as defined in the Listing Rules) in respect of the Loan A and Loan B, on an aggregated basis, exceeds 5% but is less than 25%, the grant of the Loans under the Loan Agreements constitute a discloseable transaction for the Company and are subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the meanings as set out below:

“Board”	the board of Directors
“Borrower A”	Hangzhou Hechu Enterprise Management Co., Ltd.* (杭州和儲企業管理有限公司), a company established in the PRC with limited liability on 23 November 2022, an Independent Third Party and the borrower under the Loan Agreement A
“Borrower B”	Hangzhou Wudu Trade Co., Ltd.* (杭州梧都貿易有限公司), a company established in the PRC with limited liability on 30 July 2010, an Independent Third Party and the borrower under the Loan Agreement B
“Borrowers”	collectively, Borrower A and Borrower B
“Company”	Sundy Service Group Co. Ltd (宋都服务集团有限公司) (formerly known as SUNDY HUIDU LIMITED (宋都汇都有限公司)), incorporated in the Cayman Islands on 5 May 2017 as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	party(ies) who is/are independent of and not a connected person of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
“Loan A”	a loan in the principal amount of RMB10.0 million provided by Sundy Property to the Borrower A pursuant to the terms of the Loan Agreement A
“Loan Agreement A”	a loan agreement dated 30 June 2023 entered into between Sundy Property and the Borrower A in respect of the provision of the Loan A
“Loan Agreement B”	a loan agreement dated 30 June 2023 entered into between Sundy Property and the Borrower B in respect of the provision of the Loan B

“Loan Agreements”	collectively, the Loan Agreement A and the Loan Agreement B
“Loan B”	a loan in the principal amount of RMB12.0 million provided by Sundry Property to the Borrower B pursuant to the terms of the Loan Agreement B
“Loans”	collectively, the Loan A and the Loan B
“PRC”	the People’s Republic of China and, except where the context otherwise requires and only for the purpose of this announcement, and for geographical reference only, references in this announcement to China or the People’s Republic of China exclude Hong Kong, the Macao Special Administrative Region of the People’s Republic of China and Taiwan region
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed thereto under the Listing Rules
“Sundry Property”	Hangzhou Sundry Property Management Co., Ltd.* (杭州宋都物業經營管理有限公司) (formerly known as Hangzhou Shenye Sundry Property Management Co., Ltd.* (杭州深業宋都物業經營管理有限公司)), a company established in the PRC with limited liability on 8 January 1995, which is an indirect wholly-owned subsidiary of the Company
“Taixiong Investment”	Hangzhou Taixiong Investment Management Co., Ltd.* (杭州泰雄投資管理有限公司), a company established in the PRC with limited liability on 24 April 2015
“%”	per cent.

By order of the Board  
**Sundry Service Group Co. Ltd**  
**Yu Yun**  
*Chairman*

Hong Kong, 20 September 2023

*As at the date of this announcement, the Board comprises four executive Directors, Ms. Yu Yun (Chairman), Mr. Zhu Yihua (Chief Executive Officer), Mr. Zhu Congyue and Mr. Zhang Zhenjiang; and three independent non-executive Directors, Mr. Zhang Jingzhong, Mr. Xu Rongnian and Mr. Lau Kwok Fai Patrick.*

\* For identification purposes only