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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 AND CONNECTED TRANSACTION ACQUISITION OF PROPERTIES**

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



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

### **LISTING RULES IMPLICATIONS**

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

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

## **GENERAL**

An Independent Board Committee comprising all the independent non-executive Directors has been established to advise the Independent Shareholders as to whether the terms of the Property Transfer Agreement and the transactions contemplated thereunder are fair and reasonable and are in the interests of the Company and its Shareholders as a whole, and to advise the Independent Shareholders as to how to vote at the EGM.

Maxa Capital Limited has been appointed as the independent financial adviser of the Company to advise the Independent Board Committee and the Independent Shareholders in this respect.

The Company will convene the EGM to consider and, if thought fit, to approve, among other things, the entering into of the Property Transfer Agreement and the transactions contemplated thereunder.

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

Save as disclosed above, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no other Shareholders will be required to abstain from voting on the relevant resolutions approving the Property Transfer Agreement and the transactions contemplated thereunder at the EGM.

A circular containing, among others, (i) further information on the Property Transfer Agreement; (ii) a letter from the Independent Board Committee to the Independent Shareholders containing its recommendation; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; (iv) a valuation report of the Properties; and (v) a notice of the EGM with the proxy form, is expected to be despatched to the Shareholders on or before 26 January 2024.

## **INTRODUCTION**

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

## ACQUISITION OF THE PROPERTIES

### Property Transfer Agreement

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

- Date:** 5 January 2024 (after trading hours)
- Parties:** (a) Guzhang Daying, as the transferor; and  
(b) Sundy Property, as the transferee
- Location of the Properties:** Units 102 and 104 of Block 1 and Units 1 to 6 of Ground Floor of Block 2, Sunshine View Apartment\* (陽光景台公寓), 50 meters southeast of the intersection of Wangyang Street and Jiumu Road in Shangcheng District of Hangzhou City
- Site area:** The Properties have a gross floor area of 1,588.21 sq.m.
- Term of use of the land use rights:** From 14 September 1995 to 13 September 2035
- Land use:** Commercial
- Consideration:** The Properties shall be transferred at the total consideration of RMB39,730,000, which shall be paid by instalments in the following manner:
- (i) Sundy Property shall pay Guzhang Daying 10% of the total consideration, i.e. RMB3,973,000 as deposit (the “**Deposit**”) after obtaining the prior approval of Shareholders in a general meeting as referred to in the conditions precedent specified under the Property Transfer Agreement. Sundy Property and Guzhang Daying shall set up the Joint Account and the Deposit shall be paid directly to the Joint Account within five (5) working days upon execution of the Property Transfer Agreement. If Guzhang Daying fails to complete the conditions precedent as stated in the Property Transfer Agreement before the Long Stop Date, the transaction contemplated under the Property Transfer Agreement shall be cancelled and the Property Transfer Agreement shall be terminated in accordance with the terms of the Property Transfer Agreement, the Deposit shall be fully refunded to Sundy Property within five (5) working days after termination of the Property Transfer Agreement; and

- (ii) after completion of the transfer of the Properties in accordance with the Property Transfer Agreement, the remaining 90% of the total consideration shall be paid to Guzhang Daying. Guzhang Daying shall unconditionally cooperate in the payment of the relevant consideration for the transfer of the Properties to the designated party for the purpose of release of mortgage of the Properties, where the amount shall be capped at the total consideration for the transaction contemplated under the Property Transfer Agreement and specifically used for the release of mortgage and transfer of the Properties.

### **Payment terms**

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

### **Basis of determination of the consideration**

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

### **Conditions precedent**

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

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

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

### **Indemnity**

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

### **Others**

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

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

### **Completion and delivery**

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

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

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

### **INFORMATION ON THE PROPERTIES**

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

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

## **INFORMATION OF THE PARTIES**

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

Guzhang Daying is a company incorporated in the PRC with limited liability and is 51% owned by Hangzhou Xingfu Jian and 49% owned by Hangzhou Kunhong Industrial Co., Ltd.\* (杭州坤弘實業有限公司). It is principally engaged in the business of purchase and sale of mineral products.

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

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

The Group has been exploring investment opportunities from time to time with an aim to enhance the interests of the Company and the Shareholders as a whole. Considering the Properties’ prime location and the quality supporting facilities in the surroundings, as well as the relatively lower price of the Properties under the current macroeconomic environment, the Group believes that the Properties are expected to bring capital appreciation in the future, and that the proposed Acquisition would provide the Group with a promising and an excellent opportunity to capitalise on its idle funds which would otherwise generate decreasing income from bank deposits due to the continuous declining interest rate of bank deposits in the PRC since the second half of 2023. It is intended that, upon the Completion, the Properties will be used for several purposes including office premises of the Group and for the use by the Group to cope with its rapid business development and future expansion of business in the future. To the extent that the Properties are not to be fully utilised by the Group, they may also be leased out to generate external rental income.

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

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

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

## **LISTING RULES IMPLICATIONS**

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

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

## **GENERAL**

An Independent Board Committee comprising all the independent non-executive Directors has been established to advise the Independent Shareholders as to whether the terms of the Property Transfer Agreement and the transactions contemplated thereunder are fair and reasonable and are in the interests of the Company and its Shareholders as a whole, and to advise the Independent Shareholders as to how to vote at the EGM.

Maxa Capital Limited has been appointed as the independent financial adviser of the Company to advise the Independent Board Committee and the Independent Shareholders in this respect.

The Company will convene the EGM to consider and, if thought fit, to approve, among other things, the entering into of Property Transfer Agreement and the transactions contemplated thereunder.

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

Save as disclosed above, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no other Shareholders will be required to abstain from voting on the relevant resolutions approving the Property Transfer Agreement and the transactions contemplated thereunder at the EGM.

A circular containing, among others, (i) further information on the Property Transfer Agreement; (ii) a letter from the Independent Board Committee to the Independent Shareholders containing its recommendation; (iii) a letter of advice from Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; (iv) a valuation report of the Properties; and (v) a notice of the EGM with the proxy form, is expected to be despatched to the Shareholders on or before 26 January 2024.

**Completion is subject to the fulfillment of certain conditions precedent set out in the Properties Transfer Agreement and therefore may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.**

## DEFINITIONS

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

“Acquisition”	acquisition of the Properties
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Company”	Sundy Service Group Co. Ltd (宋都服务集团有限公司) (formerly known as SUNDY HUIDU LIMITED (宋都汇都有限公司)), incorporated in the Cayman Islands on 5 May 2017 as an exempted company with limited liability under the Companies Act (As Revised) of the Cayman Islands
“Completion”	completion of the delivery of the Properties after the fulfilment of the conditions precedent pursuant to the Property Transfer Agreement
“Completion Date”	has the meaning ascribed to it under the section headed “Acquisition of the Properties – Property Transfer Agreement – Completion and delivery” in this announcement
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Deposit”	has the meaning ascribed to it under the section headed “Acquisition of the Properties – Property Transfer Agreement” in this announcement

“EGM”	an extraordinary general meeting or any adjournment thereof of the Company to be convened to consider and, if thought fit, approve the Property Transfer Agreement and the transactions contemplated thereunder
“Encumbrances”	any mortgage, charge, pledge, lien, claim, hypothecation or other encumbrance, priority or security interest, deferred purchase, title retention, leasing, sale-and-repurchase or sale-and-leaseback arrangement whatsoever over or in any property, assets, securities or rights of whatsoever nature and includes any agreement for any of the same
“Group”	the Company and its subsidiaries from time to time
“Guzhang Daying”	Guzhang Daying Mining Co., Ltd.* (古丈大盈礦業有限公司), a company incorporated in the PRC with limited liability and is 51% owned by Hangzhou Xingfu Jian and 49% owned by Hangzhou Kunhong Industrial Co., Ltd.* (杭州坤弘實業有限公司)
“Hangzhou Xingfu Jian”	Hangzhou Xingfu Jian Holdings Co., Ltd.* (杭州幸福健控股有限公司) (formerly known as Zhejiang Songdu Holdings Co., Ltd.* (浙江宋都控股有限公司)), a company incorporated in the PRC with limited liability and is a company wholly-owned by Mr. Yu
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the Board comprising all independent non-executive Directors, namely Mr. Zhu Haoxian, Ms. Ye Qian and Mr. Huang Enze, established to advise the Independent Shareholders in respect of the Property Transfer Agreement and the transactions contemplated thereunder
“Independent Financial Adviser”	Maxa Capital Limited, a licensed corporation to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) appointed by the Company as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Property Transfer Agreement and the transactions contemplated thereunder
“Independent Shareholders”	the Shareholders who are not required to abstain from voting at the EGM to approve the Property Transfer Agreement and the transactions contemplated thereunder
“Joint Account”	a joint bank account in the name of Guzhang Daying set up by Guzhang Daying and Sundy Property with a state-owned large-scale joint-stock commercial bank as designated by Sundy Property which is jointly supervised by Guzhang Daying and Sundy Property

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	30 June 2024
“Mr. Yu”	Mr. Yu Jianwu (俞建午), one of the controlling shareholders of the Company
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region and Taiwan
“Properties”	the properties located at Units 102 and 104 of Block 1 and Units 1 to 6 of Ground Floor of Block 2, Sunshine View Apartment* (陽光景台公寓), 50 meters southeast of the intersection of Wangyang Street and Jiumu Road in Shangcheng District of Hangzhou City, with a gross floor area of 1,588.21 sq.m.
“Property Transfer Agreement”	the property transfer agreement dated 5 January 2024 entered into between Guzhang Daying and Sundy Property in relation to the transfer of the land use rights of the Properties
“RMB”	Renminbi, the lawful currency of the PRC
“Seized Units”	has the meaning ascribed to it under the section headed “Acquisition of the Properties – Property Transfer Agreement” in this announcement
“Share(s)”	ordinary share(s) with a nominal value or par value of US\$0.00001 each in the share capital of the Company
“Shareholder(s)”	shareholder(s) of the Company
“sq.m.”	square meter
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Sundy Heye”	SUNDY HEYE LIMITED (宋都和業有限公司), a company incorporated in the British Virgin Islands with limited liability on 21 March 2017, one of the controlling shareholders of the Company
“Sundy Property”	Hangzhou Sundy Property Management Co., Ltd.* (杭州宋都物業經營管理有限公司) (formerly known as Hangzhou Shenye Sundy Property Management Co., Ltd.* (杭州深業宋都物業經營管理有限公司)), a company established in the PRC with limited liability on 8 January 1995, which is an indirect wholly-owned subsidiary of the Company

“The Jianwu Yu’s Trust” A discretionary trust established by Mr. Yu with CMB Wing Lung (Trustee) Limited

“%” per cent.

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

Hong Kong, 5 January 2024

*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. Zhu Haoxian, Ms. Ye Qian and Mr. Huang Enze.*

\* *for identification purposes only*