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SUNDY 宋服務

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Sundy Service Group Co. Ltd

宋都服务集团有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 9608)

DISCLOSEABLE TRANSACTION REDEMPTION OF WEALTH MANAGEMENT PRODUCT

REDEMPTION OF THE WEALTH MANAGEMENT PRODUCT

Reference is made to the announcement of the Company dated 29 November 2023 (the “**Announcement**”) in relation to the subscription of the Huaxia Wealth Management Product in the amount of RMB70.0 million. Unless the context requires otherwise, capitalised terms used in this announcement shall have the same meaning as defined in the Announcement.

On 3 January 2024, Sundy Property, an indirect wholly-owned subsidiary of the Company redeemed the Huaxia Wealth Management Product for an amount of RMB70.0 million (the “**Redemption**”). The total unaudited interest income arising from the Redemption amounted to approximately RMB216,956.6.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under the Listing Rules) exceed 5% but all applicable percentage ratios are less than 25%, the Redemption constitutes a discloseable transaction under the Listing Rules and is subject to reporting and announcement requirements under Chapter 14 of the Listing Rules.

Giving the material terms included the discretion to terminate and redeem at any time, the Company was of the mistaken belief that the Redemption did not constitute as a transaction as defined under Chapter 14 of the Listing Rules, and the Company failed to comply with these Listing Rules requirements due to its unintentional and inadvertent oversight.

REDEMPTIONS OF THE WEALTH MANAGEMENT PRODUCT

On 29 November 2023, Sundy Property entered into an Agency Sales Agreement for Institutional Wealth Management Product with Huaxia Bank, pursuant to which Sundy Property agreed to subscribe for the Huaxia Wealth Management Product in an aggregate amount of RMB70.0 million using internal resources. On 3 January 2024, Sundy Property redeemed the Huaxia Wealth Management Product for an amount of RMB70.0 million. The total unaudited interest income arising from the Redemption amounted to approximately RMB216,956.6.

A summary of the Redemption is as follow:

- (1) Date of subscription: 29 November 2023
- (2) Parties: (i) Sundy Property (as the subscriber)
(ii) Huaxia Bank (as the sales agent of the Huaxia Wealth Management Product)
- (3) Name of product: Huaxia Wealth Management Fixed-income Pure Debt Wealth Management Product No.7F (華夏理財固定收益純債型日日開理財產品 7 號 F)
- (4) Subscription amount: RMB70.0 million
- (5) Type of product: Non-guaranteed
- (6) Termination and redemption: Sundy Property is entitled to terminate and redeem the Huaxia Wealth Management Product at any time.
- (7) Redemption date: 3 January 2024
- (8) Redemption amount: RMB70.0 million
- (9) Interest income: RMB216,956.6

The unaudited interest income arising from the Redemption is approximately RMB216,956.6 in total, with an average annualized rate of return of approximately 3.33%. These proceeds will be used as general working capital of the Group and acquisition of properties in relation to the announcement of the Company dated 5 January 2024. The Group's gain or loss arising from the Redemption is subject to audit and/or review by the auditors of the Group.

At the Redemption Date, the Huaxia Wealth Management Product has been redeemed and terminated. As at the date of this announcement, the Group did not hold any outstanding wealth management products.

INFORMATION ON THE PARTIES

Sundy Property

Sundy Property is a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company. It is the main operating subsidiary of the Group, and together with its subsidiaries, 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.

Huaxia Wealth Management and Huaxia Bank

Huaxia Wealth Management is a wealth management subsidiary wholly owned by Huaxia Bank. The business scope of Huaxia Wealth Management mainly covers issuing wealth management products to the public and investing and managing the investors' assets as trustee, issuing wealth management products to qualified investors and investing and managing the investors' assets as trustee, and financial advisory and consulting services.

Huaxia Bank is a licensed bank in the PRC and a joint stock company established under the laws of the PRC, which provides corporate and personal banking business, treasury business, finance leasing, asset management and other financial services in the PRC. Its shares are listed on the Shanghai Stock Exchange (stock code: 600015).

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Huaxia Wealth Management, Huaxia Bank and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

REASONS FOR AND BENEFITS OF THE REDEMPTION

The Group subscribed the Huaxia Wealth Management Product using idle cash derived from its business operations to make full use of its idle funds and improve the expected rate of return on idle funds while achieving income balance and maintaining high liquidity and low risk. While considering the fluctuation of the financial market in the year of 2024, the Group expects there would be lower interest rates under the Huaxia Wealth Management Product by entering the new economic cycle. The Redemption of Huaxia Wealth Management Product will help to enhance overall and long-term returns and flexibility of the Group's idle funds.

The Directors believe that the Redemption is on normal commercial terms, fair and reasonable, in line with the treasury policy of the Company and in the interests of the Company and its shareholders as a whole.

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Giving the material terms included the discretion to terminate and redeem at any time, the Company was of the mistaken belief that the Redemption did not constitute as a transaction as defined under Chapter 14 of the Listing Rules, and the Company failed to comply with these Listing Rules requirements due to its unintentional and inadvertent oversight.

REMEDIAL ACTIONS

The Company deeply regrets its non-compliance with the Listing Rules but the Company would like to stress that the delay in compliance with the Listing Rules was inadvertent and unintentional. To prevent the recurrence of similar incidents in the future, the Company has implemented the following remedial actions with immediate effect:

- (i) the Company has been improving its reporting system which require the finance department of the Group to report to the Group's management in advance about any proposed subscription and redemption of financial products, and shall only subscribe for these products after the finance department has evaluated the implications of the Listing Rules and the Company has complied with the applicable requirements under the Listing Rules;
- (ii) the Company has been improving the communication, coordination and reporting arrangements for notifiable transactions among the relevant departments of the Group, including among its finance team, legal team, and the office of the Board;
- (iii) the Company shall, as and when appropriate and necessary, consult financial advisers, legal advisers and/or other professional advisers before entering into possible notifiable transaction or when notifiable transactions are being contemplated, including any future subscription or disposal of financial products; and
- (iv) the Company will discuss and review its internal control and compliance system annually to identify any weakness and consider further remedial actions to address them.

Going forward, the Company will continue to comply with the management procedures of its subscription for any financial products and make appropriate disclosure in a timely manner to ensure compliance with the Listing Rules.

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

Hong Kong, 24 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, Mr. Huang Enze and Ms. Ye Qian.

* *For identification purpose only*