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SUNDOY 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)

**(1) MAJOR TRANSACTION
PROJECT INVESTMENT AGREEMENT IN RELATION
TO GOLD REFINERY AND FOUNDRY
(2) CHANGE OF USE OF PROCEEDS FROM THE GLOBAL OFFERING**

PROJECT OF GOLD REFINERY AND FOUNDRY

On 31 January 2024 (after trading hours), Gold Standard Mining (Chongqing), an indirect wholly-owned subsidiary of the Company entered into the Project Investment Agreement with Tongnan Industrial Investment and Development, pursuant to which Gold Standard Mining (Chongqing) shall, among others, provide an aggregated amount of RMB150 million using internal resources and re-allocated part of the Net Proceeds and acquire the state-owned land use rights of the Land and Tongnan Industrial Investment and Development shall construct and establish the Project on the Land. The period for construction is expected to be approximately 18 months.

CHANGE OF USE OF PROCEEDS FROM THE GLOBAL OFFERING

Reference is made to the Prospectus in relation to the listing of the Shares on the Stock Exchange and the Global Offering of the Company. The Net Proceeds from the Global Offering amounted to approximately HKD133.2 million. Having considered the reasons for and benefits of the Project Investment Agreement as set out in the section headed “Reasons for and Benefits of the Project Investment Agreement” in this announcement, in order to better utilise the financial resources of the Group and to capture favourable investment opportunities, the Board has reviewed the utilization plan of the Net Proceeds and resolved to re-allocate the unutilised Net Proceeds amounting to approximately HKD63.1 million from the Global Offering for the Project Investment Agreement.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under the Listing Rules) exceed 25% but all applicable percentage ratios are less than 75%, the transaction under the Project Investment Agreement constitutes a major transaction under the Listing Rules and is subject to announcement, circular and Independent Shareholders’ approval requirements under Chapter 14 of the Listing Rules.

The EGM will be convened and held for the Shareholders to consider and, if thought fit, to approve the Project Investment Agreement and the transactions contemplated thereunder. A circular containing, among other things, further details of the Project Investment Agreement, the notice convening the EGM and other information as required under the Listing Rules is expected to be despatched to the Shareholders on or before 23 February 2024 as additional time is required to prepare the information to be included in the circular.

Completion of the Project Investment Agreement is conditional upon the Shareholders' approval having been obtained. Accordingly, the Project Investment Agreement may or may not proceed. Shareholders and potential investors should therefore exercise caution when dealing in the shares of the Company.

THE PROJECT INVESTMENT AGREEMENT

On 31 January 2024 (after trading hours), Gold Standard Mining (Chongqing), an indirect wholly-owned subsidiary of the Company entered into the Project Investment Agreement with Tongnan Industrial Investment and Development, pursuant to which Gold Standard Mining (Chongqing) shall, among others, provide an aggregated amount of RMB150 million using internal resources and re-allocated part of the Net proceeds and acquire the land use rights of the Land and Tongnan Industrial Investment and Development shall construct and establish the Gold Refinery and Foundry on the Land. The period for construction is expected to be approximately 18 months.

A summary of the principal terms of the Project Investment Agreement is set out below:

- (1) Date: 31 January 2024
- (2) Parties: (i) Tongnan Industrial Investment and Development; and
(ii) Gold Standard Mining (Chongqing)
- (3) Main product: Standard gold ingot – 30 tons per year
- (4) Consideration: Aggregated amount of RMB150 million (the “**Consideration**”), which includes the costs of the acquisition of the stated-owned land use rights of the Land, and the costs of the furnishing of the plant and ancillary facilities. The Board considers that the Consideration to be paid under the Project Investment Agreement is fair and reasonable, having taken into account the costs of the acquisition of stated-owned land use rights, the estimated costs of the furnishing of the plant and ancillary facilities, the location of the Land, the current market conditions, and business prospects.
- (5) Economic performance: The effective annual yield is expected to be not less than RMB150 million, and the annual tax payment is expected to be not less than RMB1 million.
- (6) Construction period: Approximately 18 months
- (7) Location of the Land: Tongnan District, Chongqing City, PRC

- (8) Total site area: 20,000 sq.m.
- (9) Use of the Land: Pursuant to the Project Investment Agreement, the Land is used for the construction and establishment of the gold refinery and foundry.
- (10) Term of land use right: The term of the land use right of the land for the Project is approximately 50 years commencing from the completion date of acquiring the stated-owned land use right, which shall be discussed separately by the grant contract of use of the Land.
- (11) Subject matter:
- (i) Tongnan Industrial Investment and Development shall be responsible for the construction of gold refinery and foundry on the Land required by the Project including but not limited to the plant and ancillary facilities; and
 - (ii) Upon the completion of the construction, Gold Standard Mining (Chongqing) shall, as part of the Consideration, repurchase the state-owned right of land use of the Land and the gold refinery and foundry on the Land (the “**Repurchase**”).
- (12) Government subsidy: Upon the completion of the Repurchase, Tongnan Industrial Investment and Development shall provide a specific subsidy of an amount of RMB5.1 million.
- (13) Undertaking: Gold Standard Mining (Chongqing) shall provide a five-year irrevocable letter of undertaking.
- (14) Conditions precedent: The Project Investment Agreement shall be effective upon fulfilling the following conditions:
- (i) Tongnan Industrial Investment and Development coordinates the approval of the gold tailings storage facilities; and
 - (ii) The Company shall have obtained the necessary approval from its Shareholders and the transactions contemplated thereunder at a general meeting of the Company.
- (15) Source of funds: Internal resources and re-allocated part of the Net Proceeds

INFORMATION ON THE PARTIES

Gold Standard Mining (Chongqing)

Gold Standard Mining (Chongqing) is a limited liability company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company. The business scope of Gold Standard Mining (Chongqing) covers recycling of renewable resources, property management services and mineral separation and smelting.

TONGNAN INDUSTRIAL INVESTMENT AND DEVELOPMENT

Tongnan Industrial Investment and Development is a limited liability company established in the PRC and a direct wholly-owned subsidiary of Chongqing City Tongnan District State-owned Assets Supervision and Administration Commission, which is a state-owned investment platform in the PRC.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Tongnan Industrial Investment and Development and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

REASONS FOR AND BENEFITS OF THE PROJECT INVESTMENT AGREEMENT

Having considered the development and expected return from the investment in the gold refinery and foundry, the Group is confident in the prospect of such industry in the foreseeable future. The investment in the gold refinery and foundry will further widen the scope of the business lines of the Group to strengthen the revenue bases of the Group.

The Directors believe that the Project Investment Agreement is on normal commercial terms, and that the terms of the transaction thereunder are fair and reasonable and in line with the treasury policy of the Company and in the interests of the Company and the Shareholders as a whole. None of the Directors has a material interest in the transaction contemplated under the Project Investment Agreement or is required to abstain from voting on the Board resolution considering and approving the transaction.

CHANGE OF USE OF PROCEEDS FROM THE GLOBAL OFFERING

Reference is made to the Prospectus in relation to the listing of the Shares on the Stock Exchange and the Global Offering. The Net Proceeds from the Global Offering amounted to approximately HKD133.2 million. Having considered the reasons for and benefits of the Project Investment Agreement as set out in the section headed "Reasons for and Benefits of the Project Investment Agreement" in this announcement, in order to better utilize the financial resources of the Group and to capture favourable investment opportunities, the Board has reviewed the utilization plan of the Net Proceeds and resolved to re-allocate part of the Net Proceeds amounting to approximately HKD63.1 million from the Global Offering for the Project Investment Agreement.

Unless the context otherwise requires, the terms defined in the Prospectus shall have the same meanings prescribed to them when used herein. The following table sets out the details of the use of the Net Proceeds before and after re-allocation:

Use of proceeds	Proposed use of proceeds according to the Prospectus (HKD million)	Utilised Net Proceeds as at the date of this announcement (HKD million)	Unutilised Net Proceeds as at the date of this announcement (HKD million)	New allocation of the Unutilised Net Proceeds (HKD million)
Acquire, invest in, or form strategic alliance with one or more than one financially sound property management company with business focus on provision of property management services to residential and/or non-residential properties within the Yangtze River Delta region, particularly Hangzhou and other cities where the Group considers to be appropriate based on market needs ⁽¹⁾	63.9	9.8	54.1	0
Invest in and expand the services related to the Future Community Pilot Plan, which primarily involves the provision of property management services and various types of community value-added services	16.0	16.0	0	0
Create a smart community through utilisation of advanced technology, such as the use of electronic patrolling systems and smart accesses, introduction of intelligent products and services and utilisation of digital equipment; and development of a mobile application for property owners and residents	20.0	20.0	0	0
Explore, diversify and expand its community value-added services, including move-in and move-out services, household services, home cleaning and laundry services, childcare, babysitting and elderly care services for property owners and residents; and expand other businesses, in particular longterm rental apartment business ⁽²⁾	20.0	11.0	9.0	0
Provide funding for its working capital and other general corporate purposes	13.3	13.3	0	
Invest in the Project Investment Agreement	0	0	0	63.1
Total	133.2	70.1	63.1	63.1

- (1) *The Group has been monitoring the use of the Net Proceeds and actively sought in the market for potential opportunities in acquiring and investing in property management companies. However, the Group failed to identify acquisition targets that offers property management services meeting the Group's service quality management needs and could create synergies. With a view of fully utilising the proceeds, approximately HKD54.1 million of the unutilised Net Proceeds will be allocated for the use of invest in the Project Investment Agreement.*
- (2) *With the wide use of online applications in the PRC, the housekeeping services industry has become more competitive but less profitable. Online applications provide wider choice for customers with cheaper prices. After assessing output-to-input ratio and expected investment returns, the Group has been cautious about investing in the fields of housekeeping and other related services with high substitution rate. Therefore, the Group will re-allocate the unutilised Net Proceeds, i.e. HKD9.0 million to the use of invest in the Project Investment Agreement.*

The Board has considered the reasons and benefits as set out above and is of the view that the proposed re-allocation of the Net Proceeds is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under the Listing Rules) exceed 25% but all applicable percentage ratios are less than 75%, the transaction under the Project Investment Agreement constitutes a major transaction under the Listing Rules and is subject to announcement, circular and Independent Shareholders' approval requirements under Chapter 14 of the Listing Rules.

Completion of the Project Investment Agreement is conditional upon the Shareholders' approval having been obtained. Accordingly, the Project Investment Agreement may or may not proceed. Shareholders and potential investors should therefore exercise caution when dealing in the shares of the Company.

DEFINITION

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

“Board”	the board of Directors
“Company”	Sundy Service Group Co. Ltd (宋都服务集团有限公司) (formerly known as SUNDY HUIDU LIMITED (宋都匯都有限公司)), incorporated in the Cayman Islands on 5 May 2017 as an exempted company with limited liability under the Companies Act (As Revised) of the Cayman Islands
“connected person(s)”	has the same meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“EGM”	an extraordinary general meeting or any adjournment thereof of the Company to be convened to consider and, if thought fit, approve the Project Investment Agreement and the transactions contemplated thereunder

“Global Offering”	the global offering of the Company in connection with the listing of the Shares on the Stock Exchange on 18 January 2021
“Gold Standard Mining (Chongqing)”	Gold Standard Mining (Chongqing) Co., Ltd* (金本位礦業(重慶)有限公司), a limited company established under the laws of the PRC on 16 January 2024 and an indirect wholly-owned subsidiary of the Company
“Group”	the Company and its subsidiaries from time to time
“HKD”	Hong Kong Dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Land”	the plant area located in Tongnan District, Chongqing City, PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Net Proceeds”	net proceeds from the Global Offering, amounting to approximately HK\$133.2 million
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region and Taiwan
“Project”	the construction and establishment of a gold refinery and foundry on the Land pursuant to the Project Investment Agreement
“Project Investment Agreement”	A project investment agreement entered into between Gold Standard Mining (Chongqing) and Tongnan Industrial Investment and Development, pursuant to which, among others, Gold Standard Mining (Chongqing) agreed to provide an aggregated amount of RMB150 million to invest in the Project
“Prospectus”	the prospectus of the Company dated 31 December 2020
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Tongnan Industrial
Investment and
Development”

Chongqing Tongnan Industrial Investment and Development (Group) Co., Ltd* (重慶市潼南區工業投資開發(集團)有限公司), a limited company established under the laws of the PRC on 3 April 2018 and a direct wholly-owned subsidiary of Chongqing City Tongnan District State-owned Assets Supervision and Administration Commission

“%”

per cent.

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

Hong Kong, 31 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*