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**SUNBY 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 SUBSCRIPTION OF CONVERTIBLE NOTES**

### **SUBSCRIPTION OF CONVERTIBLE NOTES**

On 22 December 2023 (after trading hours), the Company (as the subscriber) entered into the Binding Terms Sheet in relation to the Subscription of Convertible Notes with Black Cat (as the issuer), pursuant to which the Company agreed to subscribe for the Convertible Notes in an aggregate amount of AUD\$9.0 million using internal resources.

### **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 Binding Terms Sheet constitutes a discloseable transaction under the Listing Rules and is subject to reporting and announcement requirements under Chapter 14 of the Listing Rules.

### **BACKGROUND**

The Company is pleased to announce that, on 22 December 2023 (after trading hours), the Company entered into the Binding Terms Sheet in relation to the Subscription of Convertible Notes with Black Cat, pursuant to which the Company agreed to subscribe for the Convertible Notes in an aggregate amount of AUD\$9.0 million using internal resources.

## SUBSCRIPTION OF CONVERTIBLE NOTES

The principal terms of the Binding Terms Sheet in relation to the Subscription of Convertible Notes are set out as follows:

- (1) Parties: The Company (as the subscriber); and  
Black Cat (as the issuer)
- (2) Date: 22 December 2023 (after trading hours)
- (3) Principal amount: AUD\$9.0 million
- (4) Face Value: The Convertible Notes will be issued at the face value of AUD\$1.00 for each.
- (5) Maturity Date: 31 March 2027

Subject to the conversion rights to be exercised by the Company, Black Cat shall repay the outstanding principal amount of the Convertible Notes together with the outstanding interest calculated (“**Total Outstanding Amount**”) to the Company on the Maturity Date.

- (6) Interest rate: While the Convertible Notes have not been converted or redeemed as contemplated by the Binding Terms Sheet, then interest will apply until the Total Outstanding Amount is redeemed or the Convertible Notes are converted on the following basis:
  - (a) interest will accrue daily at 10% per annum inclusive of interest withholding tax and will be capitalised monthly from the date of the Binding Terms Sheet up to 30 September 2024;
  - (b) thereafter interest will be paid to the Company within five (5) business days of the end of each month until the Maturity Date; and
  - (c) any interest accrued at the time of Conversion will be payable to the Company within five (5) business days of Conversion.

- (7) Payment arrangement: Upon execution of the Binding Terms Sheet:
- (a) the Company shall pay the principal amount to Black Cat by way of immediately available funds within three (3) business days and in any event no later than 31 December 2023; and
  - (b) Black Cat must issue to the Company the Convertible Notes within five (5) business days of receipt of the funds under (a) above and must do all things necessary to register the Company as the holder of those Convertible Notes.
- (8) Conversion rights: Subject to the satisfaction of the Conditions the Company, at its sole discretion, may convert at any time all or part of the Total Outstanding Amount before the Maturity Date.
- If the Company decides to exercise its aforesaid conversion rights, such conversion will constitute an acquisition of the Company in Black Cat's equity interest. The Company will make further announcement in respect thereof in accordance with the Listing Rules when appropriate.
- (9) Conversion price: The conversion price is in accordance with the following formula:
- $$\text{Number of Conversion Shares} = \text{Convertible Notes} / \text{AUD}\$0.225.$$
- The number of Conversion Shares (if the calculation results in a fraction of a Conversion Share) will be rounded down to the nearest integer.
- (10) Conditions to conversion: Conversion of the Convertible Notes is subject to and conditional upon the satisfaction of the following conditions (the "**Conditions**"):
- (a) the Company receiving confirmation from the Foreign Investment Review Board (FIRB) that it may acquire an equity interest in Black Cat or the Company confirming in writing to Black Cat that approval from FIRB for the conversion of the Convertible Notes is not required;
  - (b) the Company obtaining the Stock Exchange's approval for the conversion of the Convertible Notes or the Company confirming in writing to Black Cat that such approval is not required; and
  - (c) the Company obtaining its Shareholders' approval for the conversion of the Convertible Notes or the Company confirming in writing to the Black Cat that such approval is not required.

- (11) Conversion Shares: Conversion Shares will rank equally in all respects with existing fully paid ordinary share of Black Cat and be freely tradeable from the time of issuing.
- (12) Early redemption: Black Cat shall be entitled to repay all or part of the then Total Outstanding Amount to the Company prior to the Maturity Date without penalty by giving not less than 14 days' notice in writing to the Company specifying the amount it intends to repay and the number of Convertible Notes it intends to cancel.
- (13) Redemption on maturity: (a) the Convertible Notes will be automatically redeemed on the Maturity Date if they have not been converted in accordance with the Binding Terms Sheet;
- (b) on the Maturity Date, Black Cat must pay to the Company the face value of the Convertible Notes on issue to the Company together with the remaining interest; and
- (c) Black Cat must repay the remaining interest to the Company within five (5) business days after the Maturity Date, as applicable. Upon payment in full of the remaining interest, the Convertible Notes shall be fully and forever cancelled.
- (14) Redemption on default: Upon the occurrence of an event of default and is continuing, the Company shall have the right to require Black Cat immediate redemption of the Total Outstanding Amount and other outstanding moneys to be immediately due and payable to the Company without the need for any further demand or notice to be given.
- (15) Listing: The Convertible Notes will not be listed on any securities exchange or financial market.
- (16) Binding Effect: The Binding Terms Sheet shall be legally binding on all parties.

#### **BASIS OF DETERMINATION OF THE CONSIDERATION**

The Company confirms that the consideration of the subscription amount of AUD\$9.0 million was determined based on normal commercial terms after arm's length negotiation between the Company and Black Cat with reference to (i) the internal resources of the Group available for the purpose of treasury management; (ii) the financial status of the Group; (iii) the expected investment return and terms of the Binding Terms Sheet; and (iv) the expected annualised rate of interest return of the Subscription of Convertible Notes.

## INFORMATION ON THE COMPANY

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.

## INFORMATION OF BLACK CAT

Black Cat is a company listed on the Australian Securities Exchange (Stock code: BC8), which is principally engaged in the exploration for minerals and the economic evaluation of gold projects located in Western Australia.

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

The following is the audited financial information, prepared in accordance with the Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards, for the years ended 30 June 2022 and 2023 extracted from the annual reports of Black Cat:

|                 | <b>For the year ended 30 June</b> |                  |
|-----------------|-----------------------------------|------------------|
|                 | <b>2022</b>                       | <b>2023</b>      |
|                 | <i>AUD\$</i>                      | <i>AUD\$</i>     |
|                 | <i>(audited)</i>                  | <i>(audited)</i> |
| Loss before tax | (3,901,147)                       | (4,799,532)      |
| Loss after tax  | (3,901,147)                       | (4,799,532)      |

As at 30 June 2023, the total assets and total equity of Black Cat recorded AUD\$128.2 million and AUD\$93.5 million.

## REASONS FOR AND BENEFITS OF THE SUBSCRIPTION OF CONVERTIBLE NOTES

The Subscription of Convertible Notes provided an option for the Company, which was different from the subscription of shares with high investment risks, obtaining stable and considerable interest cash inflows. The Convertible Note bears interests at the rate of 10% per annum which is comparatively higher than the normal long-term saving interest rate in PRC and Hong Kong. Therefore, the Company believes that the fixed interest income generated from the Subscription of Convertible Notes will bring a stable source of cash inflow to the Group. The Company reviewed the business performance of Black Cat and believed the Subscription of Convertible Notes would be beneficial to the Shareholders. The Group would be benefited from the potential growth of Black Cat through conversion of part or whole of the Convertible Note into shares of Black Cat as and when the Company considers appropriate. The Company has also considered the daily operational funding needs of the Group and believe that the Subscription of Convertible Notes will not have an adverse impact on the Group's daily funding needs.

Having considered the reasons for and the benefits from the Subscription of Convertible Notes set out above, the Directors (excluding two independent non-executive Directors) consider that the Subscription of Convertible Notes and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms or better in the ordinary course of business of the Group, and are in the interests of the Company and its Shareholders as a whole. The Company at present has no intention to convert Convertible Note after completion of the Subscription of Convertible Notes. The conversion of the Convertible Notes will be in compliance with the Listing Rules.

## **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 Binding Terms Sheet constitutes a discloseable transaction under the Listing Rules and is subject to reporting and announcement requirements under Chapter 14 of the Listing Rules.

## **DEFINITIONS**

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

|                       |  |
|-----------------------|--|
| “AUD\$”               | Australian Dollar, the lawful currency of the Australia  |
| “Binding Terms Sheet” | the binding terms sheet dated 22 December 2023 and entered into between the Company and Black Cat in relation to the Subscription of Convertible Notes   |
| “Black Cat”           | Black Cat Syndicate Ltd, incorporated in Australia and listed on the Australian Securities Exchange (Stock code: BC8)  |
| “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 |
| “connected person(s)” | has the same meaning ascribed to it under the Listing Rules  |
| “Conversion”          | the Convertible Notes to be converted at the price of AUD\$0.225 per Convertible Share   |
| “Conversion Share(s)” | new shares to be issued upon exercise of the Conversion attaching to the Convertible Notes   |
| “Convertible Notes”   | the unsecured convertible notes issued by Black Cat at the face value of AUD\$1.00 for each  |
| “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 PRC  |
| “Listing Rules”                     | the Rules Governing the Listing of Securities on the Stock Exchange   |
| “Maturity Date”                     | 31 March 2027   |
| “PRC”                               | the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region and Taiwan |
| “Shareholder(s)”                    | shareholder(s) of the Company   |
| “Stock Exchange”                    | The Stock Exchange of Hong Kong Limited   |
| “Subscription of Convertible Notes” | the subscription of the unsecured Convertible Notes by the Company on 22 December 2023 for the amount of AUD\$9.0 million                         |
| “%”                                 | per cent.   |

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

Hong Kong, 22 December 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, Ms. Ye Qian and Mr. Lau Kwok Fai Patrick.*