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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)**

**RENEWAL OF CONTINUING CONNECTED TRANSACTION  
AND MAJOR TRANSACTION  
IN RELATION TO THE 2023 CROSS-GUARANTEE AGREEMENT**

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



**雋匯國際金融有限公司**  
**Jun Hui International Finance Limited**

References are made to the announcement of the Company dated 31 January 2022 and the circular of the Company dated 28 February 2022, both in relation to, among others, the 2022 Cross-guarantee Agreement, and the transactions contemplated thereunder.

**RENEWAL OF CONTINUING CONNECTED TRANSACTION AND MAJOR  
TRANSACTION IN RELATION TO THE 2023 CROSS-GUARANTEE AGREEMENT**

As the 2022 Cross-guarantee Agreement will expire on 31 March 2023, on 18 January 2023 (after trading hours), in order to meet the financing needs of Sundy Property and Sundy Holdings Group and requirements of some financial institutions on third-party guarantees when financing, Sundy Property (an indirect wholly-owned subsidiary of the Company) entered into the 2023 Cross-guarantee Agreement with Sundy Holdings (for itself and as trustee for the benefit of other members of Sundy Holdings Group) to renew the terms of such continuing connected transaction for a term commencing on 1 April 2023 and expiring on 31 March 2024. Pursuant to the 2023 Cross-guarantee Agreement, Sundy Property and Sundy Holdings Group agreed to provide guarantee in respect of their borrowings or financing from banks or financial institutions for each other.

In addition, pursuant to the terms of the 2023 Cross-guarantee Agreement, on 18 January 2023 (after trading hours), Mr. Yu entered into the 2023 Counter-guarantee Agreement in favour of Sundy Property, pursuant to which Mr. Yu agreed to indemnify Sundy Property by way of counter-guarantee for any amount payable by Sundy Property in connection with the 2023 Cross-guarantee, including but not limited to the principal amount of the relevant loan, any interest, fees, damages and enforcement expenses for breach of the relevant loan.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, Sundy Holdings is wholly owned by Mr. Yu, a Controlling Shareholder of the Company, and thus constitutes a connected person of the Company under the Listing Rules. Therefore, the transactions contemplated under the 2023 Cross-guarantee Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios exceed 25% but all applicable percentage ratios are less than 75%, the 2023 Sundy Property Guarantee (as defined below) constitutes a major transaction under the Listing Rules and is subject to the reporting, announcement and Independent Shareholders' approval requirements under the Listing Rules.

As the proposed annual cap of the 2023 Sundy Property Guarantee exceeds 8% under the assets ratio defined under Rule 14.07(1) of the Listing Rules, the provision of the 2023 Sundy Property Guarantee is also subject to the general disclosure obligations under Rules 13.13 and 13.15 of the Listing Rules.

Given that the Board considers the relevant terms of each of the 2023 Sundy Holdings Group Guarantee and the 2023 Counter-guarantee are on normal commercial terms or better and the provision of each of such guarantees is not secured by the assets of Sundy Property and/or any members of the Group, the provision of each of the 2023 Sundy Holdings Group Guarantee and the 2023 Counter-guarantee is fully exempted from reporting, announcement and Independent Shareholders' approval requirements pursuant to Rule 14A.90 of the Listing Rules.

### **EGM**

The EGM will be convened to consider and, if thought fit, to approve, among other things, the 2023 Cross-guarantee Agreement and the transactions contemplated thereunder (including the annual cap in relation thereto).

A circular containing, among other things, (i) a letter from the Board containing further details and information of the 2023 Cross-guarantee Agreement and the annual cap in relation thereto; (ii) a letter from the Independent Board Committee; (iii) a letter from Jun Hui International to the Independent Board Committee and the Independent Shareholders; and (iv) a notice of the EGM together with the proxy form, is expected to be despatched to the Shareholders on or before 13 February 2023 in accordance with the Listing Rules.

## **BACKGROUND**

References are made to the announcement of the Company dated 31 January 2022 and the circular of the Company dated 28 February 2022, both in relation to, among others, the 2022 Cross-guarantee Agreement, and the transactions contemplated thereunder.

As the 2022 Cross-guarantee Agreement will expire on 31 March 2023, on 18 January 2023 (after trading hours), in order to meet the financing needs of Sundry Property and Sundry Holdings Group and requirements of some financial institutions on third-party guarantees when financing, Sundry Property (an indirect wholly-owned subsidiary of the Company) entered into the 2023 Cross-guarantee Agreement with Sundry Holdings (for itself and as trustee for the benefit of other members of Sundry Holdings Group) to renew the terms of such continuing connected transaction for a term commencing on 1 April 2023 and expiring on 31 March 2024. Pursuant to the 2023 Cross-guarantee Agreement, Sundry Property and Sundry Holdings Group agreed to provide guarantee in respect of their borrowings or financing from banks or financial institutions for each other.

### **Date**

18 January 2023 (after trading hours)

### **Parties**

- (i) Sundry Property (an indirect wholly-owned subsidiary of the Company)
- (ii) Sundry Holdings (for itself and as trustee for the benefit of other members of Sundry Holdings Group)

### **Nature of the Transaction**

Each of Sundry Property and Sundry Holdings Group has agreed that, during the Effective Period (as defined below):

- (i) Sundry Property to provide guarantee for borrowings or financing from banks or financial institutions for Sundry Holdings Group (“**2023 Sundry Property Guarantee**”); and
- (ii) Sundry Holdings Group to provide guarantee for borrowings or financing from banks or financial institutions for Sundry Property (“**2023 Sundry Holdings Group Guarantee**”).

With respect to the 2023 Sundry Property Guarantee, each member of Sundry Holdings Group shall indemnify Sundry Property for any amount payable by Sundry Property in connection with the 2023 Cross-guarantee Agreement, including but not limited to the principal amount of the relevant loan, any interest, fees, damages and enforcement expenses for breach of the relevant loan.

### **Effective Period**

Subject to the fulfillment of the Conditions Precedent (as defined below), the effective period of the 2023 Cross-guarantee Agreement (the “**Effective Period**”) will commence on 1 April 2023 and expire on 31 March 2024.

## Conditions Precedent

The 2023 Cross-guarantee will be subject to the conditions precedent (the “**Conditions Precedent**”) set out as follows:

- (i) the Company has complied with the requirements provided under the applicable Listing Rules in respect of the transactions contemplated under the 2023 Cross-guarantee Agreement; and
- (ii) the 2023 Cross-guarantee Agreement and the transactions contemplated thereunder have been approved by the Independent Shareholders at the EGM in compliance with the Listing Rules.

## Historical transaction amounts under the 2022 Cross-guarantee Agreement

The respective historical transaction amounts of each of the 2022 Sundry Property Guarantee and the 2022 Sundry Holdings Group Guarantee and the commission fee payable by Sundry Holdings Group under the 2022 Sundry Property Guarantee for the period from 1 April 2022 to 31 December 2022 (the “**Relevant Period**”) are set out as follows:

<b>Historical amount of the 2022 Sundry Property Guarantee</b> <i>RMB</i>	<b>The commission fee payable by Sundry Holdings Group under the 2022 Sundry Property Guarantee during the Relevant Period</b> <sup>(Note)</sup> <i>RMB</i>	<b>Historical amount of the 2022 Sundry Holdings Group Guarantee</b> <i>RMB</i>
128.0 million	3.5 million	Nil

*Note:*

The commission fee payable by Sundry Holdings Group is calculated based on the number of calendar days elapsed from the signing of the relevant guarantee under the 2022 Sundry Property Guarantee. The relevant guarantee was signed on 26 April 2022, therefore the number of calendar days elapsed was 250 as at 31 December 2022.

As at the date of this announcement, none of the annual cap for 2022 Sundry Property Guarantee and the 2022 Sundry Holdings Group Guarantee under the 2022 Cross-guarantee Agreement has been exceeded.

Due to the decrease in number of customers and the delay of the furnishing and decoration process of the long-term rental apartment as a result of the COVID-19 pandemic and the respective control measures implemented by the PRC local government in 2022, the Group’s expansion and development of the long-term rental apartment business have been fallen behind schedule, therefore Sundry Property did not obtain any borrowings or financing from banks or financial institutions during the Relevant Period.

## Proposed Annual Cap

The respective accumulated amount under the 2023 Sundry Property Guarantee and the 2023 Sundry Holdings Group Guarantee shall not exceed RMB150 million for the 12-month Effective Period. Such annual cap was determined taking into consideration the following factors:

- (i) historical transaction amounts for the transactions contemplated under the 2022 Cross-guarantee Agreement;

- (ii) with the loosening of the national restrictions of COVID-19 pandemic in the PRC, the Board expects that the development and expansion of its business, including long-term rental apartment business, will get back on track in 2023 and Sundry Property will require not more than RMB150 million borrowings or financing to be guaranteed by Sundry Holdings Group during the Effective Period, which such borrowings or financing will be used for the possible funding needs of Sundry Property on (a) its investment in, expansion and development of the long-term rental apartment business; (b) acquisitions, investment in or formation of strategic alliance with its suppliers and subcontractors; and (c) its working capital and other general corporate purposes (if necessary); and
- (iii) the management of Sundry Holdings estimates Sundry Holdings Group will not require more than RMB150 million borrowings or financing to be guaranteed by Sundry Property during the Effective Period based on the current level of business activities and funding needs of Sundry Holdings Group.

### **Commission Fees to be charged by Sundry Property**

With respect to the 2023 Sundry Property Guarantee, a commission fee of 4% will be payable by Sundry Holdings Group for any amount of guarantee provided to Sundry Holdings Group, as well as any interest, fees, damages and enforcement expenses for breach of the relevant loan. The commission fee is determined on arm's length negotiation with reference to (i) historical amount of commission fee charged by Sundry Property under the 2022 Cross-guarantee; and (ii) the prevailing market rates of transactions of similar types of other listed companies on the Stock Exchange in the past 12 months immediately preceding the date of the 2023 Cross-guarantee Agreement.

For avoidance of doubt, no commission fee is payable by Sundry Property under the 2023 Sundry Holdings Group Guarantee.

### **Undertakings provided by Sundry Holdings Group and Mr. Yu**

With respect to the 2023 Sundry Property Guarantee, Sundry Holdings Group and Mr. Yu executed a deed of undertaking in favour of Sundry Property (the "**Undertakings**"), pursuant to which, during the Lock-up Period:

- (i) without the prior written consent of Sundry Property, Sundry Holdings Group and Mr. Yu shall not deal with the Underlying Shares (including but not limited to any rights, money or property otherwise accrued or conferred as a result therefrom) in any manner, including but not limited to by way of pledge, sale, swap or gift before the full payment of any amount payable by Sundry Property in connection with the 2023 Cross-guarantee;
- (ii) Sundry Holdings Group and Mr. Yu shall use the Underlying Shares as one of the sources of funds for the repayment of any amount payable by Sundry Property in connection with the 2023 Cross-guarantee, including but not limited to the principal amount of the relevant loan, any interest, fees, damages and enforcement expenses for breach of the relevant loan (the "**Outstanding Sum**") in favour of Sundry Property;

- (iii) during the Lock-up Period, if (i) Sundy Land issues bonus shares, converts capital reserve to share capital or does any act resulting in its capital increase, the new shares of Sundy Land to be held by Sundy Holdings and Mr. Yu generated therefrom will constitute part of the Underlying Shares and be subject to the lock-up restrictions under the Undertakings; or (ii) there is any matter causing the Underlying Shares to be less than 3.56% of the entire equity interest of Sundy Land, Sundy Holdings and Mr. Yu shall provide additional guarantee or undertakings according to the reasonable request of Sundy Property; and
- (iv) notwithstanding any other clauses of the Undertakings, Sundy Property shall have the absolute right to request Sundy Holdings Group and Mr. Yu to provide a share pledge over the Underlying Shares and register such share pledge at the relevant registration authority at any time before the full repayment of the Outstanding Sum by Sundy Holdings and/or Mr. Yu to Sundy Property.

For avoidance of doubt, the 2023 Sundy Holdings Group Guarantee is not secured by any assets of Sundy Property and/or any members of the Group.

### **THE 2023 COUNTER-GUARANTEE AGREEMENT**

On 18 January 2023 (after trading hours), Mr. Yu entered into the 2023 Counter-guarantee Agreement in favour of Sundy Property, pursuant to which Mr. Yu agreed to indemnify Sundy Property by way of counter-guarantee for any amount payable by Sundy Property in connection with the 2023 Cross-guarantee, including but not limited to the principal amount of the relevant loan, any interest, fees, damages and enforcement expenses for breach of the relevant loan.

In addition to the Underlying Shares with a market value of approximately RMB134.5 million as at the date of this announcement, the Board considers Mr. Yu's 2023 Counter-guarantee can effectively provide further additional security to the Company based on the following consideration:

1. The 2023 Counter-guarantee represents a direct claim on Mr. Yu. It is unconditional and irrevocable and remains continuously effective until the outstanding amount under the 2023 Cross-guarantee is fully repaid or settled.
2. The Board has assessed the sufficiency of Mr. Yu's personal financial resources to fulfil his obligations in connection with the 2023 Counter-guarantee Agreement with details below:
  - (a) Mr. Yu is an experienced businessman with various businesses in the PRC, including but not limited to his interest in Sundy Land. Sundy Land is a company established in the PRC and listed on the Shanghai Stock Exchange (stock code: 600077) with market capitalisation of approximately RMB3.8 billion as at the date of this announcement. Sundy Land and its subsidiaries are principally engaged in property development and sales of properties in the PRC.

- (b) Mr. Yu's equity interest in Sundy Land and other private companies and other assets in his personal capacity well exceed RMB150 million, which is the maximum accumulated amount of Sundy Property's liabilities under the 2023 Cross-guarantee Agreement. Also, the Company was confirmed by Mr. Yu with supporting documents that he has liquid assets of more than RMB150 million. Accordingly, the Company considers that Mr. Yu will have sufficient and adequate financial resources to discharge his liabilities in full under the 2023 Counter-guarantee Agreement in the event of any default by Sundy Property of its payment obligations under 2023 Cross-guarantee Agreement.

For avoidance of doubt, the obligation of counter-guarantee is unilateral; and no member of the Group is obliged to provide any counter-guarantee for the 2023 Sundy Holdings Group Guarantee and/or the 2023 Cross-guarantee.

## **INTERNAL CONTROL**

The Company has adopted the following internal control measures to ensure that continuing connected transactions entered into by the Group (the "**Subject Transactions**") are fair and reasonable and entered into on normal commercial terms:

- (i) The Company has adopted and implemented a management system on the Subject Transactions. Under this system, the general management and administration department of the Company (the "**Administration Department**") is responsible for collecting information, monitoring the status of the Subject Transactions and conducting reviews on compliance with relevant laws, regulations, company policies and the Listing Rules in respect of the underlying agreements of the Subject Transactions (the "**Subject Agreements**"). It is also responsible for evaluating the terms and conditions of the Subject Agreements, in particular, the fairness of the pricing terms as stated therein;
- (ii) The independent non-executive Directors have also reviewed and will continue to review the Subject Agreements and ensure that the Subject Agreements, if applicable, are entered on normal commercial terms, fair and reasonable, and carried out pursuant to the terms thereof;
- (iii) The auditor of the Company will also conduct annual review on the pricing and annual caps of the Subject Agreements; and
- (iv) The Administration Department will assess the fairness of the terms and conditions of the Subject Agreements and ensure that the actual transaction amount of the Subject Transactions shall be not more than the relevant annual caps. If the actual amount reaches 90% of the relevant annual cap, the finance department of the Company will notify the Administration Department in time, and the Administration Department shall perform the corresponding review and disclosure procedures according to the Listing Rules.

In order to minimise the risk in relation to the 2023 Cross-guarantee, the Audit Committee (all members being independent non-executive Directors) shall, during the Effective Period:

- (i) review each guarantee under the 2023 Cross-guarantee Agreement. The Audit Committee has the right to fully understand the business operations and financial position of the relevant member of Sundry Holdings Group to be guaranteed (the “**Borrower**”) before approving each individual guarantee under the 2023 Cross-guarantee Agreement. It would not constitute a breach of the 2023 Cross-guarantee Agreement in the event that the Audit Committee considers it is inappropriate to approve such guarantee after reviewing the financial position of the Borrower. To facilitate such review process, the Borrower has to provide its financial statements and other relevant information as requested by the Audit Committee as soon as possible. The Audit Committee will take into account the following factors for approving such guarantee:
  - (a) no guarantee shall be granted to the Borrower if it is with negative consolidated equity attributable to owners; and
  - (b) no guarantee shall be granted to the Borrower where an event occurs that may constitute an event of default under any of its existing loan agreements;
- (ii) monitor the implementation of each individual guarantee provided by the Company under the 2023 Cross-guarantee Agreement;
- (iii) consider the suitability of each member of the Sundry Holdings Group;
- (iv) periodically review (at least on a quarterly basis or when the situation may require) and make sure no material adverse event or litigation issues will substantially affect the financial status and operations of Sundry Holdings Group and to determine the effect to the guarantee, including if they will constitute breach;
- (v) periodically review (at least on a quarterly basis or when the situation may require) the management accounts, relevant financial information and books and records of Sundry Holdings Group;
- (vi) periodically review (at least on a quarterly basis or when the situation may require) and examine any material adverse changes on the business, properties, assets or operations of Sundry Holdings Group, or its ability to perform any of its obligations under the 2023 Cross-guarantee Agreement; and
- (vii) periodically review (at least on a quarterly basis or when the situation may require) and examine any material adverse change in foreign exchange risk and policy risk under the 2023 Cross-guarantee Agreement.



## **EFFECT OF THE 2023 SUNDY PROPERTY GUARANTEE ON THE FINANCIAL POSITION OF THE GROUP**

In the event the 2023 Sundry Property Guarantee becomes enforceable, the Board is of the view that the Company will have sufficient internal and/or external resources to settle the liabilities based on its cash and financial position as at the date of this announcement. Meanwhile, Sundry Property is entitled to enforce the Undertakings and/or the 2023 Counter-guarantee provided by Mr. Yu for any amount payable by Sundry Property in connection with the 2023 Cross-guarantee, including but not limited to the principal amount of the relevant loan, any interest, fees, damages and enforcement expenses for breach of the relevant loan. Considering that the Underlying Shares have a market value of approximately RMB134.5 million as at the date of this announcement and Mr. Yu's strong financial resources position, the Board is of the view that even in the event the 2023 Sundry Property Guarantee becomes enforceable, Sundry Property's liabilities under the 2023 Cross-guarantee Agreement are likely to be covered and hence it is not expected that the enforcement of the 2023 Sundry Property Guarantee will have a material adverse impact on the Company's financial position. Therefore, the Company does not expect any material adverse impact on the financial position of the Group as a result of the enforcement of the 2023 Sundry Property Guarantee under the 2023 Cross-guarantee Agreement.

Each individual guarantee provided under the 2023 Sundry Property Guarantee will initially be recognised as a liability in the consolidated financial statements of the Company, the specific value of which will be determined based on the evaluation. The above liability will be amortized in profit or loss over the term of the guarantee as income from financial guarantees issued. In addition, the financial status of Sundry Holdings Group will be regularly reviewed; and the risk shall be assessed and reserves be withheld in the event of a possible default.

## **REASONS FOR AND BENEFITS OF THE TRANSACTIONS**

Bank facilities and bank loans are one of the financial resources of Sundry Property. With the gradual increase in capital demand of Sundry Property with details as set out below, it is beneficial for Sundry Property to obtain credit from banks or financial institutions so that it can have the flexibility to obtain fundings in a timely manner, which is important to its implementation of its business expansion and performance improvement. With the tightening of the lending policies and regulations of banks in the PRC, it is a common practice for banks in the PRC to request for either guarantees or pledge of assets. To the best of the Directors' knowledge, banks in the PRC would only accept guarantees provided by creditworthy enterprises, so as to reduce the risk of non-recovery.

As corporate guarantee from PRC corporations continues to be commonly required by banks as a security or additional security for financial transactions in the PRC to secure the obligations of the borrower, the execution of the 2023 Cross-guarantee Agreement would (i) enable the parties to continue to obtain loans from banks in the PRC in order to support its ordinary and usual course of business; and (ii) allow the parties to continue to respond promptly to any request of provision of a corporate guarantee by the banks.

After deducting the proceeds from the global offering of the Company which are expected to be fully utilised by 31 December 2023, the Board expects the Group will require bank facilities of an aggregated sum of approximately RMB150 million for (a) its investment in, expansion and development of the long-term rental apartment business; (b) acquisitions, investment in or formation of strategic alliance with its suppliers and subcontractors; and (c) its working capital and other general corporate purposes (if necessary) during the Effective Period.

After assessing the credit rating of Sundry Holdings based on, including but not limited to (i) the credit report of Sundry Holdings issued by Credit Reference Centre of People's Bank of China showing, among others, details of its credit history and unsettled loans and their status and (ii) background and desktop searches, it is noted that Sundry Holdings has timely repaid all of its loans and repayments of the existing outstanding loans have been normal, accordingly the Board considers that the likelihood of Sundry Holdings defaulting will be low.

On the one hand, to compensate for the risk exposure of an independent third-party guarantor, the Company would need to pay a commission calculated based on the annual amount of the guarantee. Since the guaranteed amount will be up to RMB150 million, it is expected that the commission chargeable by such guarantor would be relatively costly for the Group. On the other hand, (i) based on the financial information provided by Sundry Holdings as at 31 December 2022, Sundry Holdings, as an investment holding company with interests in various companies, including Sundry Land, is relatively financially sound; (ii) according to the 2023 Cross-guarantee Agreement, Sundry Property will charge a commission fee of 4% against Sundry Holdings Group whereas Sundry Holdings Group will not charge any commission fee against Sundry Property; (iii) Mr. Yu agreed to indemnify Sundry Property for any amount payable by Sundry Property to the lenders of Sundry Holdings in accordance with the terms and conditions of each individual guarantee provided by Sundry Property under the 2023 Cross-guarantee Agreement. Such obligation of cross-guarantee is unilateral and not applicable against any member of the Group; and (iv) Sundry Holdings Group and Mr. Yu shall provide Undertakings of the Underlying Shares with a market value of approximately RMB134.5 million as at the date of this announcement with respect to 2023 Sundry Property Guarantee.

Taking into consideration, among others, the above reasons, the Directors (excluding the independent non-executive Directors whose views will be contained in the circular after considering the advice from the Independent Financial Adviser) are of the view that the terms of the 2023 Cross-guarantee Agreement are fair and reasonable, have been entered into after arm's length negotiation between all parties thereto and determined on normal commercial terms or better in the ordinary and usual course of business and are in the interests of the Company and its Shareholders as a whole.

## **BOARD'S APPROVAL**

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 2023 Cross-guarantee Agreement; and therefore no Director (except Ms. Yu Yun) is required to abstain from voting at the meeting of the Board to approve the 2023 Cross-guarantee Agreement.

## **GENERAL INFORMATION**

### **Information of 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.

### **Information on Sundry Property**

Sundry 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.

### **Information on Sundry Holdings Group**

Sundry Holdings is a company established in the PRC with limited liability and wholly owned by Mr. Yu. It is an investment holding company with interests in various businesses, such as Sundry Land, which is engaged in property development and sales of properties.

## **LISTING RULES IMPLICATIONS**

### **The 2023 Cross-guarantee Agreement**

As at the date of this announcement, Sundry Holdings is wholly owned by Mr. Yu, a Controlling Shareholder of the Company, thus constitutes a connected person of the Company under the Listing Rules. Therefore, the transactions contemplated under the 2023 Cross-guarantee Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

### ***2023 Sundry Property Guarantee***

As one or more of the applicable percentage ratios exceed 25% but all applicable percentage ratios are less than 75%, the 2023 Sundry Property Guarantee constitutes a major transaction of the Company under the Listing Rules and is subject to the reporting, announcement and Independent Shareholders' approval requirements under the Listing Rules.

As the proposed annual cap of the 2023 Sundry Property Guarantee exceeds 8% under the assets ratio as defined under Rule 14.07(1) of the Listing Rules, the provision of the 2023 Sundry Property Guarantee is also subject to the general disclosure obligations under Rules 13.13 and 13.15 of the Listing Rules.

## ***2023 Sundy Holdings Group Guarantee***

Given that the Board considers the relevant terms of the 2023 Sundy Holdings Group Guarantee are on normal commercial terms or better, and that the provision of such guarantee is not secured by any assets of Sundy Property and/or any members of the Group, the provision of the 2023 Sundy Holdings Group Guarantee is fully exempted from reporting, announcement and Independent Shareholders' approval requirements pursuant to Rule 14A.90 of the Listing Rules.

## **The 2023 Counter-guarantee Agreement**

Given that the Board considers the relevant terms of the 2023 Counter-guarantee are on normal commercial terms or better and the provision of such guarantee is not secured by any assets of Sundy Property and/or any members of the Group, the provision of the 2023 Counter-guarantee is fully exempted from reporting, announcement and Independent Shareholders' approval requirements pursuant to Rule 14A.90 of the Listing Rules.

## **EGM**

The Independent Board Committee comprising all the independent non-executive Directors has been established to advise the Independent Shareholders regarding the transactions contemplated under the 2023 Cross-Guarantee Agreement and to advise the Independent Shareholders on how to vote at the EGM. Jun Hui International has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this connection.

A circular containing, among other things, (i) details on entering into the 2023 Cross-guarantee Agreement and the annual cap in relation thereto; (ii) a letter from Jun Hui International containing its recommendation to the Independent Board Committee and the Independent Shareholders in respect of the 2023 Cross-guarantee Agreement; and (iii) a letter from the Independent Board Committee containing its recommendation in respect of the 2023 Cross-guarantee Agreement, as well as the notice of the EGM, is expected to be despatched on or before 13 February 2023 in accordance with the Listing Rules.

## **DEFINITIONS**

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

“2022 Cross-guarantee Agreement”	the cross-guarantee agreement dated 31 January 2022 entered into between Sundy Property and Sundy Holdings (for itself and as trustee for the benefit of other members of Sundy Holdings Group) pursuant to which the parties thereto have agreed to provide certain guarantee to each other
“2022 Sundy Holdings Group Guarantee”	the guarantee provided by Sundy Holdings Group for Sundy Property for borrowings or financing from banks or financial institutions pursuant to the 2022 Cross-guarantee Agreement

“2022 Sundry Property Guarantee”	the guarantee provided by Sundry Property for Sundry Holdings Group for borrowings or financing from banks or financial institutions pursuant to the 2022 Cross-guarantee Agreement
“2023 Counter-guarantee”	the counter-guarantee provided by Mr. Yu in favour of Sundry Property pursuant to the 2023 Counter-guarantee Agreement
“2023 Counter-guarantee Agreement”	the counter-guarantee agreement dated 18 January 2023 entered into by Mr. Yu in favour of Sundry Property, pursuant to which Mr. Yu has agreed to indemnify Sundry Property for any amount that becomes payable by Sundry Property in relation to the 2023 Cross-guarantee Agreement
“2023 Cross-guarantee”	the cross-guarantee between Sundry Property and Sundry Holdings Group pursuant to the 2023 Cross-guarantee Agreement, namely 2023 Sundry Property Guarantee and 2023 Sundry Holdings Group Guarantee
“2023 Cross-guarantee Agreement”	the cross-guarantee agreement dated 18 January 2023 entered into between Sundry Property and Sundry Holdings (for itself and as trustee for the benefit of other members of Sundry Holdings Group) pursuant to which the parties thereto have agreed to provide certain guarantee to each other
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Audit Committee”	the audit committee of the Company
“Board”	the board of Directors
“Company”	Sundry 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
“connected transaction(s)”	has the meaning ascribed thereto under the Listing Rules

“Controlling Shareholder(s)”	has the meaning ascribed thereto under the Listing Rules, including any person or group of persons who are entitled to exercise 30% or more of the voting power at the general meeting or are in a position to control the composition of a majority of the Board, which as at the date of this announcement, refer to Mr. Yu and Sundry Heye
“Director(s)”	the director(s) of the Company
“EGM”	an extraordinary general meeting of the Company to be convened for the purpose of considering, and if thought fit, approving the 2023 Cross-guarantee Agreement and the transactions contemplated thereunder
“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 Board Committee”	an independent committee of the Board (which comprises Mr. Zhang Jingzhong, Mr. Xu Rongnian and Mr. Lau Kwok Fai Patrick, all being independent non-executive Directors) established to advise the Independent Shareholders with regard to the terms of the 2023 Cross-guarantee Agreement and the transactions contemplated thereunder (including the annual cap in relation thereto)
“Independent Financial Adviser” or “Jun Hui International”	Jun Hui International Finance Limited, a licensed corporation permitted to carry out Type 6 (advising on corporate finance) regulated activity under the SFO and the independent financial adviser to the Independent Board Committee and the Independent Shareholders with regard to the terms of the 2023 Cross-guarantee Agreement and the transactions contemplated thereunder (including the annual cap in relation thereto)
“Independent Shareholders”	Shareholders who are not required to abstain from voting on the relevant resolutions at the EGM due to their material interests in the transactions contemplated under the 2023 Cross-guarantee Agreement (including the annual cap in relation thereto)
“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

“Lock-up Period”	the period from the date of execution of the Undertakings to the date of extinguishment of Sundy Property’s guarantee obligation as a guarantor under the 2023 Cross-guarantee or the full repayment of all Outstanding Sum by Sundy Holdings and Mr. Yu (whichever is later)
“Mr. Yu”	Mr. Yu Jianwu (俞建午), one of the Controlling Shareholders of the Company
“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
“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)”	holder(s) of Shares from time to time
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed thereto under the Listing Rules
“Sundy Heye”	SUNDY HEYE LIMITED (宋都和业有限公司), a company incorporated in the BVI with limited liability on 21 March 2017, one of the Controlling Shareholders of the Company
“Sundy Holdings”	Zhejiang Sundy Holdings Co., Ltd.* (浙江宋都控股有限公司), a company established in the PRC with limited liability on 29 December 2006, which is wholly owned by Mr. Yu and is therefore a connected person of the Company
“Sundy Holdings Group”	Sundy Holdings and its subsidiaries, including but not limited to Sundy Land and its subsidiaries
“Sundy Land”	Sundy Land Investment Co., Ltd.* (宋都基業投資股份有限公司), a company established in the PRC with limited liability on 22 March 1999 and the shares of which are listed on the Shanghai Stock Exchange (stock code: 600077), an associate of Mr. Yu, and is therefore a connected person 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
“Underlying Shares”	13,144,518 shares and 34,550,000 shares of Sundy Land (collectively, 47,694,518 shares of Sundy Land), held by Sundy Holdings and Mr. Yu, respectively, representing approximately 0.98% and 2.58% (collectively, 3.56%) of the entire equity interests in Sundy Land
“US\$”	United States dollars, the lawful currency of United States of America
“%”	per cent

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

Hong Kong, 18 January 2023

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

\* *For identification purpose only*