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**SUNDY 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)**

**SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO THE  
RENEWAL OF CONTINUING CONNECTED TRANSACTIONS  
FOR 2023 TO 2025**

Reference is made to the announcement of the Company dated 31 October 2022 in relation to, among others, the New Master Lease Agreement, the New Property Management Agreements and the New Master Service Agreement and the continuing connected transactions contemplated thereunder, as well as the respective proposed annual caps for 2023, 2024 and 2025 (the “**Announcement**”). Unless otherwise specified, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcement.

The Board would like to provide additional information in relation to pricing policies of each of the New Master Lease Agreement, the New Property Management Agreements and the New Master Service Agreement.

**PRICING POLICIES**

**New Master Lease Agreement**

As disclosed in the Announcement, the specific rental fee concerned and other relevant matters will be negotiated by the relevant subsidiaries for both parties with reference to the prevailing market rates and in good faith which will be set out in separate lease agreements in accordance with the terms set out in the New Master Lease Agreement.

In particular, in determining the prevailing market rates, the specific rental fee concerned shall be negotiated on an arm’s length basis, based on normal commercial terms, fair and reasonable, and determined by a pricing mechanism with reference to the prevailing market prices of comparable properties of similar specifications, size and nature in the vicinity of the premises to be leased. The Group will conduct desktop searches on the market prices of comparable properties or obtain two or more quotations of comparable properties from independent property agents, landlords or lessors (if available) of such rental information for reference. The rental and other charges payable by the Group shall be consistent with the prevailing market prices with reference to the rental information gathered by the Group of comparable properties in the vicinity and are monitored regularly under the Group’s internal control procedures, such as inspection and regular collection and evaluation of, among others, pricing principles of the Subject Agreements.

## New Property Management Agreements

As disclosed in the Announcement, the service fees concerned in the New Property Management Agreements will be negotiated by the relevant members of both parties with reference to, among others, the Guided Price (if applicable).

In particular, with regard to the local government's pricing guidance or regulations on property management fees, the National Development and Reform Commission (the "NDRC") is responsible for setting out the general guidance on how the price of various services and products should be formulated. Provincial or city level of NDRC and/or Commodity Price Bureau\* (物價局) (the "**provincial or city level government authorities**") publish the Guided Price of the relevant provinces and cities on their respective websites. The Guided Price is determined according to (i) the Price Law of the PRC (《中華人民共和國價格法》), which sets out the principles and procedures for the provincial or city level government authorities to follow when formulating the Guided Price; (ii) the Property Management Regulations of the PRC\* (《中華人民共和國物業管理條例》) (the "**Regulations**"); and (iii) the Administrative Measures for Property Service Charges (《物業服務收費管理辦法》) (the "**Measures**"). The Regulations and Measures set out the principal scopes and benchmark ranges of the Guided Price. Respective provincial or city level government authorities then assess the economic conditions and real estate industry conditions of their own provinces and cities and formulate the applicable range of the Guided Price according to the assessment and update the Guided Prices from time to time based on the actual situation of their own provinces and cities. The specific property management fee is agreed between the contractual parties within the applicable range of the Guided Price.

## New Master Service Agreement

As disclosed in the Announcement, the Company adopts the principle of cost plus a targeted profit margin.

For the value-added services to non-property owners and community value-added services, when determining the service fees, the Group takes into account factors such as labour allocation and estimated total expenses, as well as the target gross profit margin which can be represented by the formula:  $\text{cost} \times (1 + \text{target gross profit margin})$ . The gross profit margin is targeted to range from 25% to 35% (subject to adjustment depending on market conditions). For other services (which primarily represent the provision of conferencing and meeting spaces for rental by corporate clients or the provision of accommodation to the employees of members of Sundry Land Group (where applicable) under the Group's hotel businesses), the fee offered to Sundry Land Group will not be less than the prevailing market price of comparable hotels in the vicinity. In determining the prevailing market prices, the specific fee concerned shall be negotiated on an arm's length basis, based on normal commercial terms, fair and reasonable, and determined by a pricing mechanism with reference to the prevailing market prices of comparable hotels of similar specifications, size and nature in the vicinity. The Group will conduct desktop searches on the market prices of comparable hotels or obtain two or more quotations of comparable hotels from independent agents or vendors (if available) for reference. The fees payable to the Group shall be consistent with the prevailing market prices with reference to the information gathered by the Group of comparable hotels in the vicinity and are monitored regularly under the Group's internal control procedures, such as inspection and regular collection and evaluation of, among others, pricing principles of the New Master Service Agreement.

By implementing the above pricing policies and in view of the internal control procedures as disclosed in the Announcement, the Directors (including the independent non-executive Directors) consider that the Group has sufficient internal control procedures to ensure that the Subject Agreements will be on normal commercial terms and the terms are fair and reasonable and no less favourable to the Group than those available to independent third parties or no less favourable from independent third parties.

Save as disclosed above, all other information set out in the Announcement remains unchanged.

Hong Kong, 4 November 2022

*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*