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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)

**SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO
(1) DISCLOSEABLE AND CONNECTED TRANSACTION
IN RELATION TO ACQUISITION OF PROPERTY; AND
(2) RENEWAL OF CONTINUING CONNECTED TRANSACTIONS
FOR 2026 TO 2028**

Reference is made to the announcement of the Company dated 19 November 2025 in relation to, among others, (i) the acquisition of the Property and (ii) the renewal of the New Master Lease Agreement and New Property Management Agreements and the continuing connected transactions contemplated thereunder (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 (i) the non-existence of any rental income previously generated from the Property, (ii) the basis of determination of the proposed annual caps under the New Master Lease Agreement and (iii) the pricing policies of each of the New Master Lease Agreement and the New Property Management Agreements.

NO RENTAL INCOME OR NET PROFIT GENERATED FROM THE PROPERTY

The Property had been listed for sale and has not been leased during the two financial years immediately preceding the Acquisition and no rental income or net profit is attributable to it during this period.

BASIS OF DETERMINATION OF THE PROPOSED ANNUAL CAPS UNDER THE NEW MASTER LEASE AGREEMENT

Under the New Master Lease Agreement, the Company (for itself and as trustee for the benefit of other members of the Group) and Sundry Land (for itself and as trustee for other members of the Sundry Land Group) shall enter into separate lease agreements, pursuant to which the Group shall lease from Sundry Land Group certain premises for hotel use.

Pursuant to the accounting standard International Financial Reporting Standards 16 “Leases”, the Group as lessee shall recognize a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. The right-of-use assets should be initially measured at cost and should be amortized on a straight line basis using the shorter of the useful life of the right-of-use asset and the lease term. Lease liability should be initially measured at the present value of the lease payables that are not paid as at commencement day of the lease term, discounted using the lessees’ incremental borrowing rate. As a result, the Group is required to set annual caps on the total value of right-of-use assets entered into in each year under the New Master Lease Agreement.

The terms of and the consideration payable under such agreements (including fixed amounts of periodic rental fees payable by the Group to Sundry Land Group in respect of lease periods of not more than twelve months (“**Short Term Lease Payments**”) and variable rental fees linked to sales generated from the leased property(ies) (“**Variable Lease Payments**”)) shall be negotiated on a case-by-case and arm’s length basis, and shall be on normal commercial terms. Short Term Lease Payments are charged to the income statement as an expense.

It is expected that the annual recognised amount of right-of-use assets (including the abovementioned Short Term Lease Payments and Variable Lease Payments) in respect of the transactions contemplated under the New Master Lease Agreement will not exceed RMB12 million, RMB12 million and RMB12 million for the three years ending 31 December 2026, 2027 and 2028, respectively. In addition to the basis of determination of the proposed annual caps as disclosed in the Announcement, the proposed annual caps were also determined with reference to the expected right-of-use assets to be recognized in each of the years for the three years ending 31 December 2026, 2027 and 2028, respectively.

PRICING POLICIES

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 other factors, the prevailing market price for similar services in the market. Where there are no local government's pricing guidance or regulations on property management fees (the **"Guided Price"**), the transaction price shall be determined based on bidding/selection process or arm's length negotiation with reference to (i) the size and location of the properties; (ii) budgeted operational expenses including but not limited to the historical labour, administrative, subcontracting and other expenses, for projects with similar size, location and scope of services; (iii) scope and quality of the services proposed; and (iv) revenue generating model and targeted profit margins. All of the property management services under the New Zhizhonghe Master Agreement and the New Yangguang Master Agreement were subject to bidding/selection process, while most of the property management services under the New Master Property Management Agreement were subject to bidding/selection process, with the exception of one property that was under the sole ownership of the property developer. For projects involving a bidding process, the lowest bid will be awarded the projects. During the bidding/selection or negotiation process, the Group will take into consideration the factors mentioned above in order to submit a bid with a competitive price or to agree on a competitive price, as the case may be, and in each case the bidding price or the agreed price would aim to achieve a reasonable profit margin for the Group.

As our service fees were determined through an open market bidding process in accordance with applicable PRC law which mandate transparency and impartiality, it can be ensured that prices remain competitive and reflective of the market value for the required service specifications. For these reasons, the Directors consider that the methods and procedures are conducted on normal commercial terms and are not prejudicial to the interests of the Company and its Shareholders.

New Master Purchase Agreement

As disclosed in the Announcement, beverages and food items that are subject to state-determined prices, state-guided prices, or government-guided prices, shall be determined on such prices. The relevant regulations for such guided prices include: (i) the Price Law of the PRC* (《中華人民共和國價格法》) issued by the National People's Congress of the PRC in 1997, which sets out the principles and procedures for the provincial or city level government authorities to follow when formulating the guided price. Beverages typically fall under market-regulated prices, allowing manufacturers to set suggested retail prices autonomously while adhering to principles of fairness, legality, and good faith; (ii) The Regulations on the Implementation of Clear Price Marking for Commodities and Services* (《關於商品和服務實行明碼標價的規定》) issued by the former State Development Planning Commission (now overseen by the State Administration for Market Regulation) in 2000, which requires distributors to clearly mark prices when selling goods and prohibits ambiguous pricing practices and (iii) The Regulations of the People's Republic of China on Price Control* (《中華人民共和國價格管理條例》), promulgated by the State Council in 1987, which stipulates the adherence to national pricing policies when setting guidance prices, and that prices may not arbitrarily exceed relevant price management authorities or requirements.

As further disclosed in the Announcement, for beverages and food items not subject to national pricing, national guidance pricing, or government guidance pricing, the payment shall be determined by taking into account the prevailing market price of similar or comparable beverages and food items in the local community. In particular, when determining and approving the price and terms of the transactions under the New Master Purchase Agreement, the Group will consider the following:

- (i) the historical transaction amounts paid by the Group for products of similar type, quantity and quality;
- (ii) comparing the purchase price with quotations from not less than three independent suppliers that provide similar products and ensuring that the purchase price shall be no less favourable than the price offered by the independent suppliers supplying products of similar type and quality and shall not be higher than the prevailing market price to ensure that the purchase price payable by the Group represents the prevailing market price and is on normal commercial terms; and
- (iii) factors such as types of products required, the estimated delivery time, transportation costs, quality and quantity of products and any other factors affecting the products' price.

In the event that the price offered by Zhizhonghe Industry is less favourable than those offered by the independent suppliers, the Company will not enter into transactions with Zhizhonghe Industry.

The above pricing policy will be reviewed by the Directors (including the independent non-executive Directors) on a yearly basis.

The Company and Zhizhonghe Industry will enter into individual agreements or orders to set out specific terms with respect to the purchase of foods and beverages under the New Master Purchase Agreement in accordance with the principal terms thereunder.

This announcement is supplemental to, and should be read in conjunction with the Announcement. Save for the supplemental information provided above, all other information and contents set out in the Announcement remain unchanged.

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

Hong Kong, 25 November 2025

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.