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SUNDART HOLDINGS LIMITED

承達集團有限公司

(incorporated under the laws of British Virgin Islands with limited liability)

(Stock Code: 1568)

CONNECTED TRANSACTION FITTING-OUT AGREEMENT

THE FITTING-OUT AGREEMENT

On 18 May 2021, Sundart Beijing, an indirect wholly-owned subsidiary of the Company, and Huacheng Laboratory entered into the Fitting-out Agreement, pursuant to which Huacheng Laboratory has engaged Sundart Beijing as a contractor to carry out fitting-out works in relation to a testing laboratory and certain office premises at Changsha Industrial Park for the consideration of RMB13,550,000.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Huacheng Laboratory is wholly owned by Huacheng Medical Technology, which in turn is held as to approximately 77.69% by Jiangheyuan and approximately 12.43%, 6.99% and 2.89% by three independent third party individuals, respectively. Jiangheyuan is held as to, 85% by Mr. Liu, who is a non-executive Director and a controlling shareholder of the Company, and 15% by Mr. Liu's spouse, Ms. Fu Haixia. Therefore, Huacheng Laboratory is an associate of Mr. Liu, and hence a connected person of the Company. The transaction contemplated under the Fitting-out Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As each of the applicable percentage ratios (as defined in the Listing Rules) exceeds 0.1% but is less than 5%, the transaction contemplated under the Fitting-out Agreement is subject to the annual reporting and announcement requirements but is exempt from the circular (including independent financial advice) and shareholders' approval requirements under Chapter 14A of the Listing Rules.

INTRODUCTION

On 18 May 2021, Sundart Beijing, an indirect wholly-owned subsidiary of the Company, and Huacheng Laboratory entered into the Fitting-out Agreement, pursuant to which Huacheng Laboratory has engaged Sundart Beijing as a contractor to carry out fitting-out works in relation to a testing laboratory and certain office premises at Changsha Industrial Park for the consideration of RMB13,550,000.

THE FITTING-OUT AGREEMENT

The principal terms of the Fitting-out Agreement are set out below:

Date

18 May 2021

Parties

- (1) Huacheng Laboratory
- (2) Sundart Beijing

Subject matter

Pursuant to the Fitting-out Agreement, Sundart Beijing has been engaged by Huacheng Laboratory to carry out fitting-out works in relation to a testing laboratory and certain office premises at Changsha Industrial Park, the total floor area of which is approximately 3,890 m². The subject project scope and the mode of supply of materials is subject to adjustment by Huacheng Laboratory based on the actual project progress.

Duration

The duration of the fitting-out works is 52 calendar days, inclusive of rest days and statutory holidays, but subject to any delay caused by force majeure or material design change. The date of completion of the fitting-out works is the date when the work completion inspection carried out by Huacheng Laboratory has been completed and passed.

Consideration

The consideration payable to Sundart Beijing is RMB13,550,000, subject to adjustments to be made based on the actual work completed.

The consideration was arrived at after arm's length negotiation between Huacheng Laboratory and Sundart Beijing with reference to the government-directed price, market price and the industry pricing standards, including the 2016 Budget Quota of Hunan Construction and Fitting-out Projects* (2016年《湖南省房屋建築與裝飾工程預算定額》).

Payment terms

Huacheng Laboratory will pay the consideration to Sundart Beijing in instalments in the following manner:

- (1) Monthly payments shall be made for 70% of the value of fitting-out work done as certified by Huacheng Laboratory as progress payment;
- (2) Accumulated payment for up to 85% of the total value of fitting-out work done as certified by Huacheng Laboratory (including the amounts paid in accordance with paragraph (1) above) shall be made after completion of all fitting-out works;
- (3) Accumulated payment for up to 97% of the total value of fitting-out work done as certified by Huacheng Laboratory (including the amounts paid in accordance with paragraphs (1) and (2) above) shall be made within one month from the date of settlement and agreement by both parties of the final total value of the fitting-out work done (which settlement and agreement process shall commence upon the date when the work completion inspection carried out by Huacheng Laboratory has been completed and passed and the subject premises are delivered to Huacheng Laboratory); and
- (4) The retention amount in relation to defects liability of 3% of the total value of fitting-out work done as certified by Huacheng Laboratory shall be made within 15 days upon the expiry of the defects liability period.

Defects liability period

The defects liability period commences from the date of completion and acceptance of all fitting-out works and is for a duration of two years.

REASONS FOR AND BENEFITS OF THE FITTING-OUT AGREEMENT

The Directors (including the independent non-executive Directors) consider that the Fitting-out Agreement was entered into in the ordinary and usual course of business of the Group and the transaction contemplated thereunder will increase the business volume of the Group. The terms thereof are normal commercial terms or better, have been negotiated on an arm's length basis and are in the interests of the Group and the Shareholders as a whole.

INFORMATION OF THE COMPANY

The Company is an investment holding company incorporated in the British Virgin Islands with limited liability, the shares of which are listed on the Stock Exchange. The Group is one of the leading integrated fitting-out contractors in Hong Kong, Macau and the PRC, principally engaged in the provision of fitting-out works for residential properties, hotels and commercial buildings. In addition, the Group also generates revenue from (i) alteration and addition and construction works in Hong Kong; and (ii) manufacturing, sourcing and distribution of interior decorative materials.

INFORMATION OF THE PARTIES TO THE TRANSACTION

Sundart Beijing is an indirect wholly-owned subsidiary of the Company. It is principally engaged in the provision of fitting-out works for high-end residential properties, hotels and commercial buildings in the PRC.

Huacheng Laboratory is a limited liability company established in the PRC. It is principally engaged in the business of providing laboratory testing.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Huacheng Laboratory is wholly owned by Huacheng Medical Technology, which in turn is held as to approximately 77.69% by Jiangheyuan and approximately 12.43%, 6.99% and 2.89% by three independent third party individuals, respectively. Jiangheyuan is held as to, 85% by Mr. Liu, who is a non-executive Director and a controlling shareholder of the Company, and 15% by Mr. Liu's spouse, Ms. Fu Haixia. Therefore, Huacheng Laboratory is an associate of Mr. Liu, and hence a connected person of the Company. The transaction contemplated under the Fitting-out Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As each of the applicable percentage ratios (as defined in the Listing Rules) exceeds 0.1% but is less than 5%, the transaction contemplated under the Fitting-out Agreement is subject to the annual reporting and announcement requirements but is exempt from the circular (including independent financial advice) and shareholders' approval requirements under Chapter 14A of the Listing Rules.

Mr. Liu, who has an interest in the transaction contemplated under the Fitting-out Agreement, abstained from voting on the resolutions approving the transaction at the relevant Board meeting. Save as mentioned above, none of the Directors has a material interest in the Fitting-Out Agreement and hence no other Directors abstained from voting on such Board resolutions. All other Directors, including the independent non-executive Directors, have reviewed and approved the resolutions related to the Fitting-out Agreement.

DEFINITIONS

Unless otherwise specified, the following terms have the following meanings in this announcement:

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| “associate(s)” | has the meaning ascribed to it under the Listing Rules |
| “Board” | the board of Directors |
| “Changsha Industrial Park” | basement level 1 to fourth floor of Building C3 and third floor to fourth floor of Building C2 of an industrial park located at 336 Xueshi Road, Yuelu District, Changsha City, Hunan Province, the PRC |
| “Company” | SUNDART HOLDINGS LIMITED 承達集團有限公司, a company incorporated in the British Virgin Islands with limited liability, the shares of which are listed on the Stock Exchange (stock code: 1568) |
| “connected person” | has the meaning ascribed to it under the Listing Rules |
| “controlling shareholder” | has the meaning ascribed to it under the Listing Rules |
| “Director(s)” | the director(s) of the Company |
| “Fitting-out Agreement” | the agreement dated 18 May 2021 and entered into between Huacheng Laboratory and Sundart Beijing in respect of the provision of fitting-out works in relation to a testing laboratory and certain office premises at Changsha Industrial Park |
| “Group” | the Company and its subsidiaries |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |
| “Huacheng Laboratory” | 長沙江河華晟醫學檢驗實驗室有限公司(Zhangsha Jianghe Huacheng Medical Science Testing Laboratory Company Limited*), a limited liability company established in the PRC, which is wholly owned by Huacheng Medical Technology |
| “Huacheng Medical Technology” | 南京江河華晟醫學科技有限公司 (Nanjing Jianghe Huacheng Medical Technology Company Limited*), a limited liability company established in the PRC, which is held as to approximately 77.69% by Jiangheyuan and approximately 12.43%, 6.99% and 2.89% by three independent third party individuals |

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| “Jiangheyuan” | 北京江河源控股有限公司 (Beijing Jiangheyuan Holdings Co., Ltd.*), a limited liability company established in the PRC, which is held as to 85% by Mr. Liu and 15% by Mr. Liu’s spouse, Ms. Fu Haixia |
| “Listing Rules” | the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited |
| “Mr. Liu” | Mr. Liu Zaiwang (劉載望), a non-executive Director and a controlling shareholder of the Company |
| “PRC” | the People’s Republic of China, excluding, for the purpose of this announcement, Hong Kong, the Macau Special Administrative Region and Taiwan |
| “RMB” | Renminbi, the lawful currency of the PRC |
| “Shareholders” | the holders of the ordinary shares of the Company |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Sundart Beijing” | 北京承達創建裝飾工程有限公司 (Sundart Engineering & Contracting (Beijing) Limited), a limited liability company established in the PRC on 19 September 2003 and an indirect wholly-owned subsidiary of the Company |
| “%” | per cent. |
| “m ² ” | square metre |

* *English translation of the Chinese names are for identification purpose only.*

By order of the Board
SUNDART HOLDINGS LIMITED
承達集團有限公司
Ng Tak Kwan

Chief Executive Officer and Executive Director

Hong Kong, 18 May 2021

As of the date of this announcement, the executive Directors are Mr. Ng Tak Kwan, Mr. Leung Kai Ming, Mr. Xie Jianyu and Mr. Ng Chi Hang; the non-executive Director is Mr. Liu Zaiwang; and the independent non-executive Directors are Mr. Tam Anthony Chun Hung, Mr. Huang Pu and Mr. Li Zheng.