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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)**

## **CONTINUING CONNECTED TRANSACTIONS BUSINESS COOPERATION FRAMEWORK AGREEMENT**

### **BUSINESS COOPERATION FRAMEWORK AGREEMENT**

On 21 November 2022, the Company (for itself and on behalf of its subsidiaries) and Jangho Co (for itself and on behalf of its subsidiaries, but excluding the members of the Group) entered into the Business Cooperation Framework Agreement for the period commencing on 21 November 2022 and ending on 31 December 2024.

### **LISTING RULES IMPLICATION**

As at the date of this announcement, the Company was owned as to 59.38% by Reach Glory, an indirect wholly-owned subsidiary of Jangho Co. Jangho Co, being a holding company of Reach Glory, itself being a substantial shareholder of the Company, is an associate of Reach Glory and thus a connected person of the Company for the purpose of Chapter 14A of the Listing Rules. The transactions contemplated under the Business Cooperation Framework Agreement therefore constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As each of the applicable percentage ratios of The Group's Annual Caps and Jangho Group's Annual Caps (whether calculated on an individual basis or aggregated) is more than 0.1% but less than 5%, the transactions under the Business Cooperation Framework Agreement constitute non-exempt continuing connected transactions of the Company which are subject to the reporting, annual review and announcement requirements but are exempt from the circular and shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **INTRODUCTION**

On 21 November 2022, the Company (for itself and on behalf of its subsidiaries) and Jangho Co (for itself and on behalf of its subsidiaries, but excluding the members of the Group) entered into the Business Cooperation Framework Agreement for the period commencing on 21 November 2022 and ending on 31 December 2024.

## **CONTINUING CONNECTED TRANSACTIONS UNDER THE BUSINESS COOPERATION FRAMEWORK AGREEMENT**

### **Principal terms of the Business Cooperation Framework Agreement**

A summary of the principal terms of the Business Cooperation Framework Agreement is set out below:

#### **Date**

21 November 2022

#### **Parties**

- (1) The Company (for itself and on behalf of its subsidiaries); and
- (2) Jangho Co (for itself and on behalf of its subsidiaries, but excluding the members of the Group).

#### **Term**

The period commencing on 21 November 2022 and ending on 31 December 2024.

#### **Scope of services to be provided**

Jangho Group agreed to subcontract to the Group, and the Group agreed to provide, fitting-out works under the projects undertaken by Jangho Group.

The Group agreed to subcontract to Jangho Group, and Jangho Group agreed to provide, specialised works and/or technical advisory services, which any member of Jangho Group is qualified to provide, under the projects undertaken by the Group.

#### **Pricing policies**

For any provision of the works and/or services contemplated under the Business Cooperation Framework Agreement (the “**Relevant Transactions**”), separate written agreements governing the details thereof shall be entered into between the Contractual Parties in accordance with the terms of the Business Cooperation Framework Agreement in all material respects. The Relevant Transactions shall be conducted in the ordinary and usual course of business and on normal commercial terms (or terms no less favourable to the Group than terms available to or from Independent Third Parties).

The Contractual Parties shall adhere to the following policies in determining the pricing for each of the Relevant Transactions:

- (a) the pricing will be determined following arm's length negotiation between the Contractual Parties with reference to the prevailing market price for the provision of works and/or services of comparable nature and scale, the costs for providing the works and/or services and the size of the project concerned;
- (b) for any fitting-out works the Group undertaken from Jangho Group, the gross profit margin of the Group shall be no less than 10%; and
- (c) for any specialised works and/or technical advisory services to be subcontracted by the Group, the designated personnel of the Group will be responsible for (i) monitoring the prevailing market price in respect of such works and/or services; (ii) analysing the costs and expenses; and (iii) reporting to the management of the Group. In general, quotation from at least two Independent Third Party service providers for the provision of the same works and/or services will be obtained to ensure that the pricing is fair and reasonable and no less favourable to the Group than those available from Independent Third Parties.

### **Payment terms**

Payment for the Relevant Transactions shall be settled by way of cheque, wire transfer or in such other manner as agreed between the Contractual Parties and the payment shall be made upon the provision of the relevant invoice.

### **Annual caps**

The respective annual caps of the amounts for the works and/or services to be provided by the Group or Jangho Group under the Business Cooperation Framework Agreement for the period from 21 November 2022 to 31 December 2024 are as follows:

	<b>From 21 November 2022 to 31 December 2022 (HK\$ million)</b>	<b>From 1 January 2023 to 31 December 2023 (HK\$ million)</b>	<b>From 1 January 2024 to 31 December 2024 (HK\$ million)</b>
1. The Group's Annual Caps	10	20	20
2. Jangho Group's Annual Caps	10	30	30

In considering the respective annual caps for the transactions under the Business Cooperation Framework Agreement, the Directors have considered a number of factors including: (i) the historical and prevailing market price for the relevant works and/or services; (ii) the historical transaction amounts for the provision of works and/or services of comparable nature and scale under the Old Business Cooperation Framework Agreement or otherwise; (iii) the anticipated demand for the respective works and/or services to be provided by the relevant parties; and (iv) the anticipated expansion of business of the Group in the PRC and Singapore.

The historical transaction amounts recognised as payment by Jangho Group to the Group under Old Business Cooperation Framework Agreement for the year ended 31 December 2019, 31 December 2020 and 31 December 2021 were HK\$3 million, HK\$12 million and HK\$13 million, respectively.

The historical transaction amounts recognised as payment by the Group to Jangho Group under the Old Business Cooperation Framework Agreement for the year ended 31 December 2019, 31 December 2020 and 31 December 2021 were HK\$8 million, HK\$3 million and HK\$1 million, respectively.

## **INFORMATION ON THE GROUP AND JANGHO GROUP**

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, specialising in providing professional fitting-out works for residential property, commercial building and hotel projects. The Group is also engaged in the provision of alteration and addition and construction works in Hong Kong and manufactures, sources and distributes interior decorative materials internationally.

Jangho Co is a company established in the PRC with limited liability, whose shares are listed on the Shanghai Stock Exchange (stock code: 601886). The businesses of Jangho Group mainly include the manufacturing and installation of curtain walls, general building construction and provision of interior design services and healthcare services.

## **REASONS FOR AND BENEFITS OF THE BUSINESS COOPERATION FRAMEWORK AGREEMENT**

Jangho Group is a well-established group focusing on the businesses of manufacturing and installation of curtain walls, general building construction and provision of interior design services and healthcare services whereas the Group has substantial experience in the fitting-out industry. The business cooperation between the Group and Jangho Group can strengthen the synergy effect between both parties, which is mutually beneficial given that they can not only enhance the business relationships with existing customers, but also attract new customers by utilising their respective expertise. The Board believes that by entering into the Business Cooperation Framework Agreement, the opportunities for securing tenders shall be increased which will in turn make positive contribution to the Group's operating revenue.

The Directors (including the independent non-executive Directors) consider that the transactions under the Business Cooperation Framework Agreement will be conducted in the ordinary and usual course of business of the Group, and that the terms thereof have been negotiated on an arm's length basis and are on normal commercial terms or if there are not sufficient comparable transactions to determine whether they are on normal commercial terms, on terms no less favourable to the Group than terms available to or from (as appropriate) Independent Third Parties which are fair and reasonable and in the interests of the Group and its Shareholders as a whole.

## **LISTING RULES IMPLICATION**

As at the date of this announcement, the Company was owned as to 59.38% by Reach Glory, an indirect wholly-owned subsidiary of Jangho Co. Jangho Co, being a holding company of Reach Glory, itself being a substantial shareholder of the Company, is an associate of Reach Glory and thus a connected person of the Company for the purpose of Chapter 14A of the Listing Rules. The transactions contemplated under the Business Cooperation Framework Agreement therefore constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As each of the applicable percentage ratios of The Group's Annual Caps and Jangho Group's Annual Caps (whether calculated on an individual basis or aggregated) is more than 0.1% but less than 5%, the transactions under the Business Cooperation Framework Agreement constitute non-exempt continuing connected transactions of the Company which are subject to the reporting, annual review and announcement requirements but are exempt from the circular and shareholders' approval requirements under Chapter 14A of the Listing Rules.

Mr. Liu Zaiwang, a non-executive Director and a controlling shareholder of the Company, abstained from voting on the Board resolution for approving the Business Cooperation Framework Agreement and the transactions contemplated thereunder due to his positions as the legal representative, a director and the chairman of Jangho Co. Save as mentioned above, none of the Directors has any material interest in the Business Cooperation Framework Agreement and hence no other Director abstained from voting on such Board resolution.

The Company will disclose information in relation to the Business Cooperation Framework Agreement in its subsequent published annual report and accounts in accordance with the Listing Rules.

## **INTERNAL CONTROL PROCEDURES**

The Company has formulated a series of measures and policies to ensure that the continuing connected transactions will be implemented in accordance with the Business Cooperation Framework Agreement and the pricing policies set out in it. Each of the Relevant Transactions under the Business Cooperation Framework Agreement and the relevant written agreement will be reviewed and approved by the management of the Group to ensure that the terms of such transactions will not deviate from the terms of the Business Cooperation Framework Agreement. The relevant finance personnel of the Group will also supervise the implementation of those agreements and the process of the transactions on a regular basis.

In addition, the management of the Group will review the relevant pricing policies on a regular basis and the finance department of the Group will regularly monitor the actual amounts recognised for each type of continuing connected transactions for the purpose of ensuring the relevant annual caps are not exceeded. The independent non-executive Directors will conduct an annual review of the implementation and enforcement of the continuing connected transactions (including the relevant pricing mechanism) and the auditor of the Company will evaluate and review the internal control measures of the Group and the continuing connected transactions under the Business Cooperation Framework Agreement annually in accordance with the requirements of the Listing Rules.

## DEFINITIONS

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

“Board”	the board of Directors
“Business Cooperation Framework Agreement”	the framework agreement on mutual provision of works and/or services entered into between the Company (for itself and on behalf of its subsidiaries) and Jangho Co (for itself and on behalf of its subsidiaries, but excluding the members of the Group) dated 21 November 2022
“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(s)”	has the meaning ascribed to it under the Listing Rules
“Contractual Parties”	the parties to each of the separate written agreements governing the details of each of the Relevant Transactions
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“holding company”	has the meaning ascribed to it under the Listing Rules
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	party(ies) who is/are independent of, and not connected with, the Company or any of its connected persons
“Jangho Co”	江河創建集團股份有限公司 (Jangho Group Co., Ltd.*), a joint stock limited liability company established in the PRC (the A shares of which are listed on the Shanghai Stock Exchange (stock code: 601886)) and a controlling shareholder of the Company
“Jangho Group”	Jangho Co. and its subsidiaries, and for the purpose of this announcement, excluding the members of the Group
“Jangho Group’s Annual Caps”	the maximum annual amount to be recognised as payment by the Group to Jangho Group for the works and/or services to be provided by Jangho Group under the Business Cooperation Framework Agreement

“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Macau”	the Macau Special Administrative Region of the PRC
“Old Business Cooperation Framework Agreement”	the framework agreement on mutual provision of works and/or services entered into between the Company (for itself and on behalf of its subsidiaries) and Jangho Co (for itself and on behalf of its subsidiaries, but excluding the members of the Group) dated 29 May 2019
“PRC”	the People’s Republic of China, excluding, for the purpose of this announcement, Hong Kong, Macau and Taiwan
“Reach Glory”	REACH GLORY INTERNATIONAL LIMITED, a company incorporated in the British Virgin Islands with limited liability, an indirect wholly-owned subsidiary of Jangho Co and a controlling shareholder of the Company
“Relevant Transactions”	has the meaning ascribed to it under the sub-paragraph headed “Pricing policies” in this announcement
“Shareholder(s)”	the holders of the ordinary shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“The Group’s Annual Caps”	the maximum annual amount to be recognised as payment by Jangho Group to the Group for the works to be provided by the Group under the Business Cooperation Framework Agreement
%	per cent

\* *All English translation of the Chinese names of the companies established in the PRC is 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, 21 November 2022

*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.*