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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 IMPROVEMENT AGREEMENT

On 31 October 2017, an indirect wholly-owned subsidiary of the Company, Sundart Beijing entered into the Fitting-Out Improvement Agreement with Zhong Hang You Property, pursuant to which Zhong Hang You Property has engaged Sundart Beijing, and Sundart Beijing has accepted the engagement, as a contractor to provide specified interior fitting-out works in relation to the Xingang Property Phase 1 and Phase 2 for a maximum total consideration of RMB40,430,783.07.

As at the date of this announcement, Zhong Hang You Property is owned as to 95% by Jangho Chuanxin Property Limited* (江河創新地產股份有限公司). Mr. Liu, a non-executive Director and a controlling shareholder of the Company, together with his associates, are entitled to control the exercise of 100% of the voting power at general meetings of Jangho Chuanxin Property Limited* (江河創新地產股份有限公司). Zhong Hang You Property is therefore an associate of Mr. Liu and a connected person of the Company. Accordingly, the transaction contemplated under the Fitting-Out Improvement Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As each of the applicable percentage ratios of the total consideration is more than 0.1% but less than 5%, the transaction under the Fitting-Out Improvement Agreement constitutes a non-fully exempt connected transaction of the Company which is subject to the reporting and announcement requirements but is exempt from the circular and shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Directors (including the independent non-executive Directors) consider that the Fitting-Out Improvement 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 have been negotiated on an arm's length basis and are in the interests of the Group and its Shareholders as a whole.

INTRODUCTION

On 31 October 2017, an indirect wholly-owned subsidiary of the Company, Sundart Beijing entered into the Fitting-Out Improvement Agreement with Zhong Hang You Property, pursuant to which Zhong Hang You Property has engaged Sundart Beijing, and Sundart Beijing has accepted the engagement, as a contractor to provide specified interior fitting-out works in relation to the Xingang Property Phase 1 and Phase 2 for a maximum total consideration of RMB40,430,783.07.

THE FITTING-OUT IMPROVEMENT AGREEMENT

Principal terms of the Fitting-Out Improvement Agreement

Date

31 October 2017

Parties

- (1) Zhong Hang You Property (as appointer); and
- (2) Sundart Beijing (as contractor)

Subject matter

Pursuant to the Fitting-Out Improvement Agreement, it is agreed and acknowledged that Sundart Beijing is engaged by Zhong Hang You Property to carry out interior fitting-out works for the Xingang Property Phase 1 and Phase 2 within a period of 90 calendar days. The principal works include (i) demolition and improvement of public areas (including but not limited to lobby, corridor and anteroom) of the Xingang Property Phase 1 and Phase 2; and (ii) fitting-out works of rooms for realty management use of towers 7#, 8# and 9# in phase 1 of Xingang Property.

Consideration

The maximum total consideration payable to Sundart Beijing is RMB40,430,783.07, subject to adjustment of variations, incentive payments (if any) and claims (if any). The total consideration was (i) arrived at after arm's length negotiation between Zhong Hang You Property and Sundart Beijing; (ii) based on 2012 Budget Quota of Pricing Basis for Beijing Construction Projects* (2012年《北京市建設工程計價依據 — 預算定額》); and (iii) with reference to government-directed price and market price.

Payment terms

Zhong Hang You Property will make progress payments to Sundart Beijing in the following manner:

- (1) 80% of the total consideration will be paid on a monthly basis, and the amount payable for each month will depend on the actual work done;

- (2) 15% of the total consideration will be paid upon completion and acceptance of all fitting-out works and issuance of the final account, provided that it will not in any event (together with the 80% consideration paid in each month) exceed 95% of the total consideration;
- (3) 2% of the total consideration (after deducting any cost and expense Sundart Beijing has to bear during the defect liability period) will be paid after one year of completion and acceptance of all fitting-out works; and
- (4) the remaining 3% of the total consideration (after deducting any cost and expense Sundart Beijing has to bear during the defect liability period) will be paid after two years of completion and acceptance of all fitting-out works.

Defect liability period

Sundart Beijing offered a defect liability period of two years upon completion and acceptance of all fitting-out works.

REASONS FOR AND BENEFITS OF ENTERING INTO THE FITTING-OUT IMPROVEMENT AGREEMENT

The Directors (including the independent non-executive Directors) consider that the Fitting-Out Improvement 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 have been negotiated on an arm's length basis and are in the interests of the Group and its Shareholders as a whole.

GENERAL INFORMATION ABOUT THE GROUP AND THE PARTIES INVOLVED IN THE TRANSACTION

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 property and hotel projects. 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.

Sundart Beijing is an indirect wholly-owned subsidiary of the Company. Sundart Beijing mainly provides fitting-out works for high-end residential properties and hotels in the PRC.

Zhong Hang You Property is a company established in the PRC with limited liability. The businesses of Zhong Hang You Property mainly include property development, estate management and provision of real estate consultation services.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Zhong Hang You Property is owned as to 95% by Jangho Chuanxin Property Limited* (江河創新地產股份有限公司). Mr. Liu, a non-executive Director and a controlling shareholder of the Company, together with his associates, are entitled to control the exercise of 100% of the voting power at general meetings of Jangho Chuanxin Property Limited* (江河創新地產股份有限公司). Zhong Hang You Property is therefore an associate of Mr. Liu and a connected person of the Company. Accordingly, the transaction contemplated under the Fitting-Out Improvement Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As each of the applicable percentage ratios of the total consideration is more than 0.1% but less than 5%, the transaction under the Fitting-Out Improvement Agreement constitutes a non-fully exempt connected transaction of the Company which is subject to the reporting and announcement requirements but is exempt from the circular and shareholders' approval requirements under Chapter 14A of the Listing Rules.

Mr. Liu, a non-executive Director and a controlling shareholder of the Company, has abstained from voting on the Board resolutions approving the Fitting-Out Improvement Agreement due to conflict of interests. Save as mentioned above, none of the Directors has material interest in the Fitting-Out Improvement Agreement and hence no other Directors has abstained from voting on such Board resolutions.

DEFINITIONS

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

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	SUNDART HOLDINGS LIMITED 承達集團有限公司, a company incorporated in the British Virgin Islands with limited liability, the securities 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 Improvement Agreement”	the agreement entered into between Zhong Hang You Property and Sundart Beijing dated 31 October 2017 in respect of the provision of specified interior fitting-out works in relation to the Xingang Property Phase 1 and Phase 2
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“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), the 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
“Xingang Property”	Xingang Property (欣港城) located in Shunyi District, Beijing, the PRC
“Xingang Property Phase 1 and Phase 2”	towers 2#, 3#, 5#, 6#, 7#, 8# and 9# in phase 1, and towers 1#, 10#, 11#, 12#, 15#, 16#, 17# and 18# in phase 2 of Xingang Property
“Zhong Hang You Property”	北京中航油置業有限公司 (Beijing Zhong Hang You Property Limited*), a limited liability company established in the PRC, whose shares owned as to 95% by Jangho Chuanxin Property Limited* (江河創新地產股份有限公司) and 5% by China National Aviation Fuel Group Corporation* (中國航空油料集團公司)
“%”	per cent.

* All 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, 31 October 2017

As of the date of this announcement, the executive Directors are Mr. NG Tak Kwan, Mr. LEUNG Kai Ming, Mr. XIE Jianyu, Mr. NG Chi Hang and Mr. PONG Kam Keung; 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.