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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 26 August 2021, Sundart Beijing, an indirect wholly-owned subsidiary of the Company, and Zhengzhou Huacheng Laboratory entered into the Fitting-out Agreement, pursuant to which Zhengzhou Huacheng Laboratory has engaged Sundart Beijing as a contractor to carry out fitting-out works on a testing laboratory and office premises at Zhengzhou Thirteenth Street for a consideration of RMB12,780,000, subject to adjustments (if any).

LISTING RULES IMPLICATIONS

As at the date of this announcement, Zhengzhou Huacheng Laboratory is wholly owned by Huacheng Medical Technology, which in turn is held as to approximately 69.92% by Jiangheyuan; approximately 11.19%, 6.29%, 4.00% and 2.60% by four independent third party individuals; and approximately 6.00% by Zhangzhou Equity Investment. 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, Zhengzhou Huacheng Laboratory is an associate of Mr. Liu, and hence a connected person of the Company. Accordingly, the Fitting-out Transaction constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the Fitting-out Transaction and the May 2021 Fitting-out Transaction were transactions entered into between Sundart Beijing and associates of Mr. Liu regarding fitting-out works carried out or to be carried out on testing laboratories and office premises within a 12-month period, the Transactions are aggregated under Rule 14A.81 of the Listing Rules.

As each of the applicable percentage ratios (as defined in Chapter 14 of the Listing Rules) in respect of the Transactions (on an aggregated basis) exceeds 0.1% but is less than 5%, the Fitting-out Transaction 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.

On 26 August 2021, Sundart Beijing, an indirect wholly-owned subsidiary of the Company, and Zhengzhou Huacheng Laboratory entered into the Fitting-out Agreement, pursuant to which Zhengzhou Huacheng Laboratory has engaged Sundart Beijing as a contractor to carry out fitting-out works on a testing laboratory and office premises at Zhengzhou Thirteenth Street for a consideration of RMB12,780,000, subject to adjustments (if any).

FITTING-OUT AGREEMENT

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

Date

26 August 2021

Parties

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

Subject matter

Pursuant to the Fitting-out Agreement, Sundart Beijing has been engaged by Zhengzhou Huacheng Laboratory to carry out fitting-out works on a testing laboratory and office premises at Zhengzhou Thirteenth Street, the total floor area of which is approximately 3,030 m². The project scope and the mode of supply of materials is subject to adjustment by Zhengzhou Huacheng Laboratory based on the actual project progress.

Duration

The duration of the fitting-out works is 68 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 commencement of the fitting-out works is the date when Zhengzhou Huacheng Laboratory serves its notice of such in writing on Sundart Beijing. The date of completion of the fitting-out works is the date when the work completion inspection carried out by Zhengzhou Huacheng Laboratory has been completed and passed.

Consideration

The consideration payable to Sundart Beijing is RMB12,780,000, subject to adjustments to be made based on the actual amount of work done and the materials unit price set out in the materials unit price list annexed to the Fitting-out Agreement.

The consideration was arrived at after arm's length negotiation between Zhengzhou Huacheng Laboratory and Sundart Beijing with reference to the relevant standards issued and/or published by 河南省住房和城鄉建設廳 (the Department of Housing and Urban Rural Construction of Henan Province*) and the industry pricing standards, including 《河南省通用安裝工程預算定額》 (the Project Estimates for Henan Province General Fitting-out Projects*) and 《河南省建築安裝工程費用定額》(2016年版) (the 2016 Budget Quota of Henan Province Construction and Fitting-out Projects*).

Payment terms

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

- (1) progress fees shall be paid to Sundart Beijing on a monthly basis. Upon review and confirmation by Zhengzhou Huacheng Laboratory, such progress fees shall be paid up to 70% of the value of the fitting-out works done in each month;
- (2) upon completion of all fitting-out works and confirmation by Zhengzhou Huacheng Laboratory, the progress fees shall be paid up to 85% of the value of the fitting-out works done;
- (3) upon settlement and agreement of the final total value of the fitting-out works done by both parties (which settlement and agreement process shall commence upon the date when the work completion inspection carried out by Zhengzhou Huacheng Laboratory has been completed and passed and the subject premises are delivered to Zhengzhou Huacheng Laboratory), the progress fees shall be paid up to 97% of the final total value of the fitting-out works done within one month from the date of settlement and agreement; and
- (4) the retention amount in relation to defects liability of 3% of the total value of fitting-out works done as confirmed by Zhengzhou Huacheng Laboratory shall be made within 15 days upon the expiry of the defects liability period.

Defects liability period

The defects liability period commences upon written acceptance of all fitting-out works as confirmed by Zhengzhou Huacheng Laboratory and is for a duration of two years.

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

The Directors (including the independent non-executive Directors) consider that (i) the Fitting-out Agreement was entered into in the ordinary and usual course of business of the Group; (ii) the Fitting-out Transaction will increase the business volume of the Group; and (iii) the terms of the Fitting-out Transaction are on normal commercial terms or better, which have been negotiated on an arm's length basis, are fair and reasonable, 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, specialising in providing professional fitting-out works for residential properties, commercial buildings and hotels. In addition, the Group also generates revenue from (i) the provision of 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 FITTING-OUT 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, commercial buildings and hotels in the PRC.

Zhengzhou Huacheng Laboratory is a limited liability company established in the PRC. It is principally engaged in medical research and trial development and the provision of laboratory testing services.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Zhengzhou Huacheng Laboratory is wholly owned by Huacheng Medical Technology, which in turn is held as to approximately 69.92% by Jiangheyuan; approximately 11.19%, 6.29%, 4.00% and 2.60% by four independent third party individuals; and approximately 6.00% by Zhangzhou Equity Investment. 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, Zhengzhou Huacheng Laboratory is an associate of Mr. Liu, and hence a connected person of the Company. Accordingly, the Fitting-out Transaction constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the Fitting-out Transaction and the May 2021 Fitting-out Transaction were transactions entered into between Sundart Beijing and associates of Mr. Liu regarding fitting-out works carried out or to be carried out on testing laboratories and office premises within a 12-month period, the Transactions are aggregated under Rule 14A.81 of the Listing Rules.

As each of the applicable percentage ratios (as defined in Chapter 14 of the Listing Rules) in respect of the Transactions (on an aggregated basis) exceeds 0.1% but is less than 5%, the Fitting-out Transaction 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 Fitting-out Transaction, abstained from voting on the resolution(s) approving the Fitting-out 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 resolution(s). All other Directors, including the independent non-executive Directors, have reviewed and voted in favour of the resolution(s) relating to the Fitting-out Agreement.

DEFINITIONS

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

“associate”	has the meaning ascribed to it under Chapter 14A of 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 shares of which are listed on the Stock Exchange (stock code: 1568)
“connected person”	has the meaning ascribed to it under Chapter 14A of the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under Chapter 1 of the Listing Rules
“Director(s)”	the director(s) of the Company
“Fitting-out Agreement”	the agreement entered into between Zhengzhou Huacheng Laboratory and Sundart Beijing dated 26 August 2021 in respect of the engagement of Sundart Beijing as a contractor to carry out fitting-out works on a testing laboratory and office premises at Zhengzhou Thirteenth Street
“Fitting-out Transaction”	the transaction contemplated under the Fitting-out Agreement
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“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 69.92% by Jiangheyuan; approximately 11.19%, 6.29%, 4.00% and 2.60% by four independent third party individuals; and approximately 6.00% by Zhangzhou Equity Investment
“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
“Macau”	the Macau Special Administrative Region of the People’s Republic of China
“May 2021 Fitting-out Transaction”	the transaction under the fitting-out agreement dated 18 May 2021 and entered between Sundart Beijing and 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*), details of which were set out in the announcement of the Company dated 18 May 2021
“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, Macau and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholders”	the holders of the 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 and an indirect wholly-owned subsidiary of the Company
“Transactions”	the Fitting-out Transaction and the May 2021 Fitting-out Transaction

“Zhangzhou Equity Investment”	漳州招商局經濟技術開發區合澤股權投資合夥企業（有限合夥）（Heze Equity Investment Partnership Enterprise (Limited Partnership) of Zhangzhou Merchants Economic and Technology Development Zone*）
“Zhengzhou Huacheng Laboratory”	鄭州江河華晟醫學檢驗實驗室有限公司（Zhengzhou Jianghe Huacheng Medical Inspection Laboratory Company Limited*），a limited liability company established in the PRC, which is wholly owned by Huacheng Medical Technology
“Zhengzhou Thirteenth Street”	河南省鄭州市管城回族區經開第十三大街3號1#6層南（South Wing of 1#6, No. 3 of Jingkai Thirteenth Street, Hui Zu District, Zhengzhou, Henan Province, PRC*）
“%”	per cent.
“m ² ”	square metre

* *All English translation of the Chinese names of the companies established in the PRC 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, 26 August 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.