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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 TENANCY AGREEMENTS**

### **TENANCY AGREEMENTS**

After trading hours on 10 March 2023, the Landlord, an indirect wholly-owned subsidiary of the Company, and the Tenants entered into the Tenancy Agreements, pursuant to which the Landlord agreed to lease the Properties to the respective Tenants for a fixed term commencing from 10 March 2023 to 28 February 2025, both days inclusive.

### **LISTING RULES IMPLICATION**

As at the date of this announcement, the Company is owned as to 59.38% by Reach Glory, an indirect wholly-owned subsidiary of Jangho Co. Reach Glory is a controlling Shareholder and thus a connected person of the Company.

Tenant 1 is a direct wholly-owned subsidiary of Jangho Co and a fellow subsidiary of Reach Glory, hence an associate of Reach Glory and thus a connected person of the Company.

Tenant 2 is owned as to 50% by Tenant 1 and 50% by Jangho Co. It is a fellow subsidiary of Reach Glory, hence an associate of Reach Glory and thus a connected person of the Company.

Tenant 3 is a direct wholly-owned subsidiary of Jangho Chuangxin, which is ultimately owned as to 89.5% by Mr. Liu, the non-executive Director and a controlling Shareholder and 10.5% by his spouse, Ms. Fu. It is therefore an associate of Mr. Liu and thus a connected person of the Company.

As the applicable percentage ratios of the Annual Caps of each Tenancy Agreement, whether alone, or when aggregated with the relevant transactions under the Former Tenancy Agreements, is more than 0.1% but less than 5%, the transactions under the Tenancy Agreements 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.

## **TENANCY AGREEMENTS**

After trading hours on 10 March 2023, the Landlord, an indirect wholly-owned subsidiary of the Company, and the Tenants entered into the Tenancy Agreements, pursuant to which the Landlord agreed to lease the Properties to the respective Tenants for a fixed term commencing from 10 March 2023 to 28 February 2025, both days inclusive.

The principal terms of the Tenancy Agreements are set out as follows:

### **TENANCY AGREEMENT 1**

#### **Date**

10 March 2023

#### **Parties**

- (1) the Landlord, as landlord; and
- (2) Tenant 1, as tenant.

Further information of the parties to Tenancy Agreement 1 is set out in the paragraphs headed "Information on the Landlord" and "Information on the Tenants" below.

#### **Subject Matter**

The Landlord has agreed to lease Property 1 to Tenant 1.

#### **Property**

2nd Floor – 6th Floor, Block no. 5, Aidi Lixiang Centre, Yard no. 10, Duyang South Street, Shunyi District, Beijing, the PRC\* (中國北京市順義區杜楊南街10號院艾迪理想中心5號樓2-6層) ("**Property 1**") with a total construction area of 5,569 square metres.

#### **Usage**

Office

## **Term**

A fixed term commencing from 10 March 2023 to 28 February 2025, both days inclusive.

## **Rent**

Monthly rent (inclusive of heating fees, but exclusive of tax, management fees and air conditioning fees) of RMB466,212 (equivalent to approximately HK\$522,835), payable quarterly in advance.

The monthly rent under Tenancy Agreement 1 was arrived at after arm's length negotiations between the parties thereto with reference to the prevailing market rents at similar locations.

## TENANCY AGREEMENT 2

### **Date**

10 March 2023

### **Parties**

- (1) the Landlord, as landlord; and
- (2) Tenant 2, as tenant.

Further information of the parties to Tenancy Agreement 2 is set out in the paragraphs headed "Information on the Landlord" and "Information on the Tenants" below.

### **Subject Matter**

The Landlord has agreed to lease Property 2 to Tenant 2.

### **Property**

7th Floor (North), Block no. 5, Aidi Lixiang Centre, Yard no. 10, Duyang South Street, Shunyi District, Beijing, the PRC\* (中國北京市順義區杜楊南街10號院艾迪理想中心5號樓7層北半部分) ("**Property 2**") with a total construction area of 580 square metres.

### **Usage**

Office

### **Term**

A fixed term commencing from 10 March 2023 to 28 February 2025, both days inclusive.

## **Rent**

Monthly rent (inclusive of heating fees, but exclusive of tax, management fees and air conditioning fees) of RMB48,555 (equivalent to approximately HK\$54,452), payable quarterly in advance.

The monthly rent under Tenancy Agreement 2 was arrived at after arm's length negotiations between the parties thereto with reference to the prevailing market rents at similar locations.

## TENANCY AGREEMENT 3

### **Date**

10 March 2023

### **Parties**

- (1) the Landlord, as landlord; and
- (2) Tenant 3, as tenant.

Further information of the parties to Tenancy Agreement 3 is set out in the paragraphs headed "Information on the Landlord" and "Information on the Tenants" below.

### **Subject Matter**

The Landlord has agreed to lease Property 3 to Tenant 3.

### **Property**

9th Floor and 10th Floor, Block no. 5, Aidi Lixiang Centre, Yard no. 10, Duyang South Street, Shunyi District, Beijing, the PRC\* (中國北京市順義區杜楊南街10號院艾迪理想中心5號樓9層、10層) ("**Property 3**") with a total construction area of 1,983.06 square metres.

### **Usage**

Office

### **Term**

A fixed term commencing from 10 March 2023 to 28 February 2025, both days inclusive.

### **Rent**

Monthly rent (inclusive of heating fees, but exclusive of tax, management fees and air conditioning fees) of RMB138,344 (equivalent to approximately HK\$155,146), payable quarterly in advance.

The monthly rent under Tenancy Agreement 3 was arrived at after arm's length negotiations between the parties thereto with reference to the prevailing market rents at similar locations.

## FURTHER INFORMATION ABOUT THE PROPERTIES

Reference is made to the Announcement.

Based on (i) the Identification Letter of Building Numbers in Beijing\* (北京市門樓牌編號證明信) issued by the Shunyi Branch of Beijing Public Security Bureau\* (北京市公安局順義分局) dated 15 November 2019 and received by the Company subsequent to the date of the Announcement; and (ii) the current Real Estate Property Certificates\* (不動產權證書) of the Properties, Block no. 6 of Aidi Lixiang Centre\* (艾迪理想中心6號樓), as disclosed in the Announcement, and Block no. 5, Aidi Lixiang Centre\* (艾迪理想中心5號樓), as disclosed in this announcement, refer to the same building, currently known as Block no. 5, Aidi Lixiang Centre\* (艾迪理想中心5號樓).

## ANNUAL CAPS

Based on the monthly rent under the respective Tenancy Agreements, the maximum annual cap for the transactions contemplated under the respective Tenancy Agreements for the period from 10 March 2023 to 28 February 2025 are as follows (the “Annual Caps”):

	<b>From 10 March 2023 to 31 December 2023 (RMB)</b>	<b>From 1 January 2024 to 31 December 2024 (RMB)</b>	<b>From 1 January 2025 to 28 February 2025 (RMB)</b>
Tenancy Agreement 1	4,526,768	5,594,544	932,424
Tenancy Agreement 2	471,453	582,660	97,110
Tenancy Agreement 3	1,343,276	1,660,128	276,688
<b>Total</b>	<b>6,341,497</b>	<b>7,837,332</b>	<b>1,306,222</b>

## HISTORICAL FIGURES

For the seven months ended 9 March 2023, the rental amount (tax exclusive) of Room 601 of Property 1 leased by the Landlord to Jangho Group was approximately RMB60,245 (equivalent to HK\$67,562) (the “Former Tenancy Agreement 1”).

For the seven months ended 31 December 2022, the rental amount (tax exclusive) of Property 2 leased by the Landlord to Tenant 2 was approximately RMB287,053 (equivalent to HK\$321,917) (the “Former Tenancy Agreement 2”).

For the year ended 30 June 2021, the rental amount (tax exclusive) of Property 3 leased by the Landlord to a subsidiary of Jangho Chuangxin was approximately RMB1,660,128 (equivalent to HK\$1,861,756) (the “Former Tenancy Agreement 3”).

For the year ended 30 June 2022, the rental amount (tax exclusive) of Property 3 leased by the Landlord to Tenant 3 was approximately RMB1,660,128 (equivalent to HK\$1,861,756) (the “Former Tenancy Agreement 4”).

For the nine months ended 9 March 2023, the rental amount (tax exclusive) of Property 3 leased by the Landlord to Tenant 3 was approximately RMB1,146,917 (equivalent to HK\$1,286,214) (the “**Former Tenancy Agreement 5**”).

Save as disclosed above, the Group did not have any transactions with any of the Tenants in respect of leasing of properties before 10 March 2023.

## **INFORMATION ON THE 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, and it further expanded its fitting-out business to Singapore in 2021, specialising in providing professional fitting-out works for hotel, commercial building and residential property projects. The Group is also engaged in the provision of manufacturing, sourcing and distribution services of interior decorative materials internationally.

## **INFORMATION ON THE LANDLORD**

The Landlord is a company established in the PRC with limited liability. It is an indirect wholly-owned subsidiary of the Company and is principally engaged in property holding and leasing of properties.

## **INFORMATION ON THE TENANTS**

Tenant 1 is a company established in the PRC with limited liability. It is a direct wholly-owned subsidiary of Jangho Co, a controlling Shareholder, and is principally engaged in the manufacturing and installation of curtain walls.

Tenant 2 is a company established in the PRC with limited liability. It is owned as to 50% by Tenant 1 and 50% by Jangho Co, and is principally engaged in the manufacturing of photovoltaic equipment.

Tenant 3 is a company established in the PRC with limited liability. It is a direct wholly-owned subsidiary of Jangho Chuangxin, which is ultimately owned as to 89.5% by Mr. Liu, the non-executive Director and a controlling Shareholder and 10.5% by his spouse, Ms. Fu. It is principally engaged in the development and management of real estate.

## **REASONS FOR AND BENEFITS OF THE TENANCY AGREEMENTS**

The Properties are located at the Beijing Shunyi Airport Economic Core Zone\* (北京臨空經濟核心區), enjoying a strategic location conveniently accessible by air and road. The Tenancy Agreements enable the Group to receive stable rental income from the Tenants. As the Tenants are connected persons of the Company, the Landlord is familiar with them and their business. In agreeing on the Tenancy Agreements based on the same normal commercial terms as would be offered to Independent Third Parties, the Landlord would assume less of the tenant risk.

The Board (including the independent non-executive Directors) considers that the terms of the respective Tenancy Agreements (i) have been negotiated on an arm's length basis; (ii) are 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; and (iii) are fair and reasonable and in the interests of the Company and the Shareholders as a whole. The transactions under the Tenancy Agreements are in the ordinary and usual course of business of the Group.

## **LISTING RULES IMPLICATION**

As at the date of this announcement, the Company is owned as to 59.38% by Reach Glory, an indirect wholly-owned subsidiary of Jangho Co. Reach Glory is a controlling Shareholder and thus a connected person of the Company.

Tenant 1 is a direct wholly-owned subsidiary of Jangho Co and a fellow subsidiary of Reach Glory, hence an associate of Reach Glory and thus a connected person of the Company.

Tenant 2 is owned as to 50% by Tenant 1 and 50% by Jangho Co. It is a fellow subsidiary of Reach Glory, hence an associate of Reach Glory and thus a connected person of the Company.

Tenant 3 is a direct wholly-owned subsidiary of Jangho Chuangxin, which is ultimately owned as to 89.5% by Mr. Liu, the non-executive Director and a controlling Shareholder and 10.5% by his spouse, Ms. Fu. It is therefore an associate of Mr. Liu and thus a connected person of the Company.

To avoid any possible conflict of interest, Mr. Liu has abstained from voting on the Board resolutions approving the Tenancy Agreements and the Annual Caps. Save for Mr. Liu, no other Directors has a material interest in the Tenancy Agreements and was required to abstain from voting on the relevant Board resolutions.

As the applicable percentage ratios of the aggregate of the transactions under the Former Tenancy Agreements is less than 5% and the total consideration is less than HK\$3,000,000 on an annual basis, the transactions under the Former Tenancy Agreements are fully-exempt continuing connected transactions of the Company. As some of the Former Tenancy Agreements and the Tenancy Agreements are entered into by the Group within 12 months, the transactions under those Former Tenancy Agreements and the Tenancy Agreements shall be aggregated.

As the applicable percentage ratios of the Annual Caps of each Tenancy Agreement, whether alone, or when aggregated with the relevant transactions under the Former Tenancy Agreements, is more than 0.1% but less than 5%, the transactions under the Tenancy Agreements 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.

The Company will disclose information in relation to the Tenancy Agreements in its subsequent published annual reports and accounts in accordance with the Listing Rules.



## INTERNAL CONTROL PROCEDURES

To ensure that the transactions contemplated under the Tenancy Agreements will be conducted on normal commercial terms and on terms no less favourable to the Group than the terms available to or from Independent Third Parties, and the relevant fees will be determined on arm's length basis, the Company has established and adopted the following internal control measures to monitor the Tenancy Agreements, including:

- (a) prior to confirming the rents under the respective Tenancy Agreements, the Company shall obtain the prevailing market rents at similar locations for reference. In addition, the operating department shall check the recent transactions engaged by the Group with Independent Third Parties to ensure that the pricing under the Tenancy Agreements shall not be less favourable to the Group than that with Independent Third Parties;
- (b) the relevant personnel of the Company responsible for compliance related matters will conduct regular checks on a monthly basis on whether the transactions contemplated under the Tenancy Agreements are conducted in accordance with its terms and assess whether any of the Annual Caps thereunder may be exceeded;
- (c) the independent non-executive Directors will conduct an annual review on the implementation and enforcement of the continuing connected transactions; and
- (d) the auditor of the Company will evaluate and review the internal control measures of the Group, the Tenancy Agreements and the Annual Caps 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:

“Announcement”	the announcement of the Company dated 16 January 2020 in relation to acquisition of property
“Annual Caps”	has the meaning ascribed to it under the section headed “Annual Caps” of this announcement
“associate”	has the meaning ascribed to it under the Listing Rules
“Beijing Jiangheyuan”	北京江河源控股有限公司 (Beijing Jiangheyuan Holdings Co., Ltd.*), a company established in the PRC with limited liability and a controlling Shareholder, which is owned as to 85% by Mr. Liu and 15% by Ms. Fu, as at the date of this announcement
“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(s)”	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
“Former Tenancy Agreement 1”	has the meaning ascribed to it under the section headed “Historical Figures” of this announcement
“Former Tenancy Agreement 2”	has the meaning ascribed to it under the section headed “Historical Figures” of this announcement
“Former Tenancy Agreement 3”	has the meaning ascribed to it under the section headed “Historical Figures” of this announcement
“Former Tenancy Agreement 4”	has the meaning ascribed to it under the section headed “Historical Figures” of this announcement
“Former Tenancy Agreement 5”	has the meaning ascribed to it under the section headed “Historical Figures” of this announcement
“Former Tenancy Agreements”	collectively, Former Tenancy Agreement 1, Former Tenancy Agreement 2, Former Tenancy Agreement 3, Former Tenancy Agreement 4 and Former Tenancy Agreement 5
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Parties”	party(ies) who is/are independent of, and not connected with, the Company or any of its connected persons
“Jangho Chuangxin”	江河創新地產股份有限公司 (Jangho Chuangxin Property Limited*), a joint stock limited liability company established in the PRC which is owned as to 30% by Mr. Liu, the non-executive Director and a controlling Shareholder, and 70% by Beijing Jiangheyuan. Beijing Jiangheyuan is owned as to 85% by Mr. Liu and 15% by Ms. Fu. It follows that Jangho Chuangxin is ultimately owned as to 89.5% by Mr. Liu and 10.5% by Ms. Fu, as at the date of this announcement
“Jangho Co”	江河創建集團股份有限公司 (Jangho Group Company Limited*), 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
“Jangho Group”	Jangho Co and its subsidiaries, and for the purpose of this announcement, excluding the members of the Group

“Landlord”	北京承達置業有限公司 (Beijing Sundart Real Estate Co., Ltd.*), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“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
“Mr. Liu”	Mr. Liu Zaiwang (劉載望), the non-executive Director and a controlling Shareholder
“Ms. Fu”	Ms. Fu Haixia (富海霞), the spouse of Mr. Liu
“PRC”	the People’s Republic of China, excluding, for the purpose of this announcement, Hong Kong, Macau and Taiwan
“Properties”	collectively, Property 1, Property 2 and Property 3
“Property 1”	has the meaning ascribed to it under the section headed “Tenancy Agreement 1 – Property” of this announcement
“Property 2”	has the meaning ascribed to it under the section headed “Tenancy Agreement 2 – Property” of this announcement
“Property 3”	has the meaning ascribed to it under the section headed “Tenancy Agreement 3 – Property” of this announcement
“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
“Shareholder(s)”	the holders of the ordinary shares of the Company
“Singapore”	the Republic of Singapore
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tenancy Agreement 1”	the tenancy agreement dated 10 March 2023 and entered into between the Landlord, as landlord, and Tenant 1, as tenant, in respect of the leasing of Property 1 for a fixed term commencing from 10 March 2023 to 28 February 2025, both days inclusive
“Tenancy Agreement 2”	the tenancy agreement dated 10 March 2023 and entered into between the Landlord, as landlord, and Tenant 2, as tenant, in respect of the leasing of Property 2 for a fixed term commencing from 10 March 2023 to 28 February 2025, both days inclusive

“Tenancy Agreement 3”	the tenancy agreement dated 10 March 2023 and entered into between the Landlord, as landlord, and Tenant 3, as tenant, in respect of the leasing of Property 3 for a fixed term commencing from 10 March 2023 to 28 February 2025, both days inclusive
“Tenancy Agreements”	collectively, Tenancy Agreement 1, Tenancy Agreement 2 and Tenancy Agreement 3, and “Tenancy Agreement” refers to any one of them
“Tenant 1”	北京江河幕牆系統工程有限公司 (Beijing Jangho Curtain Wall System Engineering Co., Ltd.*), a company established in the PRC with limited liability and a direct wholly-owned subsidiary of Jangho Co, as at the date of this announcement
“Tenant 2”	北京江河智慧光伏建築有限公司 (Beijing Jangho Smart Photovoltaic Construction Co., Ltd.*), a company established in the PRC with limited liability and is owned as to 50% by Tenant 1 and 50% by Jangho Co, as at the date of this announcement
“Tenant 3”	北京花宇置業有限公司 (Beijing Huayu Real Estate Co., Ltd.*), a company established in the PRC with limited liability and is a direct wholly-owned subsidiary of Jangho Chuangxin
“Tenants”	collectively, Tenant 1, Tenant 2 and Tenant 3
“%”	per cent.

*For the purpose of illustration only, the amount denominated in RMB has been translated into HK\$ at the exchange rate of RMB0.8917 to HK\$1.*

\* *All English translation of the Chinese names of the companies established in the PRC and the properties located 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, 10 March 2023

*As of the date of this announcement, the executive Directors are Mr. Ng Tak Kwan, Mr. Ng Chi Hang, Mr. Ding Jingyong, Mr. Guan Yihe and Mr. Xie Jianyu; 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.*