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## **HENGDELI HOLDINGS LIMITED**

**亨得利控股有限公司**

*(incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 3389)**

### **REVISION OF EXISTING ANNUAL CAP OF CONTINUING CONNECTED TRANSACTIONS**

#### **REVISION OF EXISTING ANNUAL CAP FOR CONTINUING CONNECTED TRANSACTIONS**

Reference is made to the Announcements in relation to the 2023 Renewal Agreement for the provision of shop design and decoration services by the Group to Primetime Group.

On 17 November 2023, the Company (for itself and on behalf of its subsidiaries) entered into the Supplemental Agreement with Primetime (for itself and on behalf of its subsidiaries) to revise the Existing Annual Cap. Save for the revision to the Existing Annual Cap, all other terms and conditions under the 2023 Renewal Agreement remain the same.

#### **LISTING RULES IMPLICATIONS**

As at the date of this announcement, Primetime was an indirectly and non-wholly owned company of Mr. Zhang Yuping, our executive Director and the chairman of the Board, and thus a connected person of the Company. Accordingly, the transactions between the Group and Primetime Group in relation to the provision of the Services contemplated under the 2023 Renewal Agreement and the Supplemental Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.54 of the Listing Rules, if the Company intends to revise annual caps for continuing connected transactions, the Company will be required to re-comply with the provisions of Chapter 14A of the Listing Rules applicable to the relevant continuing connected transactions.

As one or more of the applicable percentage ratios as defined under Rule 14.07 of the Listing Rules in respect of the Revised Annual Cap is more than 0.1% but less than 5%, the transactions contemplated under the 2023 Renewal Agreement and the Supplemental Agreement are only subject to reporting, annual review and announcement requirements but exempt from the circular (including independent financial advice) and independent shareholders' approval requirements under Rule 14A.76(2) of the Listing Rules.

## REVISION OF EXISTING ANNUAL CAP FOR CONTINUING CONNECTED TRANSACTIONS

Reference is made to the announcements of Hengdeli Holdings Limited (the “**Company**”) dated 31 March 2023 and the supplemental announcement of the Company dated 6 April 2023 (collectively, the “**Announcements**”) in relation to the 2023 Renewal Agreement for the provision of shop design and decoration services by the Group to Primetime Group. Unless the context requires otherwise, capitalised terms used herein shall have the same meanings as defined in the Announcements.

On 17 November 2023, the Company (for itself and on behalf of its subsidiaries) entered into a supplemental agreement to the 2023 Renewal Agreement (the “**Supplemental Agreement**”) with Primetime Group Co., Ltd\* (盛時鐘錶集團股份有限公司) (“**Primetime**”, and together with its subsidiaries, “**Primetime Group**”) (for itself and on behalf of its subsidiaries) to revise the Annual Cap for the transactions contemplated under the 2023 Renewal Agreement (the “**Existing Annual Cap**”). Save for the revision to the Existing Annual Cap, all other terms and conditions under the 2023 Renewal Agreement remain the same.

### THE SUPPLEMENTAL AGREEMENT

Set out below are the principal terms of the Supplemental Agreement:

- Date : 17 November 2023
- Parties : (i) the Company (for itself and on behalf of its subsidiaries); and  
(ii) Primetime (for itself and on behalf of its subsidiaries)
- Subject : Pursuant to the Supplemental Agreement, the Existing Annual Cap under the 2023 Renewal Agreement is amended as follows:

**For the year ending 31 December 2023**

*RMB'000*

Existing Annual Cap	20,000
Revised annual cap	26,500
	(the “ <b>Revised Annual Cap</b> ”)

Save for the revision of the Existing Annual Cap to the Revised Annual Cap, all other terms and conditions under the 2023 Renewal Agreements remain the same.

## **REASONS FOR AND BENEFITS OF REVISING THE EXISTING ANNUAL CAP AND BASIS FOR DETERMINING THE REVISED ANNUAL CAP**

Pursuant to the 2023 Renewal Agreement, the Existing Annual Cap for transactions contemplated thereunder for the year ending 31 December 2023 was RMB20.0 million.

The Board has been carefully monitoring the transaction amounts under the 2023 Renewal Agreement. From 1 January 2023 to the end of October 2023, the actual aggregate transaction amount incurred under the 2023 Renewal Agreement amounted to approximately RMB18.0 million, accounting for approximately 90% of the Existing Annual Cap. At the same time, a certain project in relation to the provision of Services has been progressed ahead of its original schedule. The forecast transaction amounts for the year ending 31 December 2023 are expected to be higher than previously projected. Therefore, the Company (for itself and on behalf of its subsidiaries) entered into the Supplemental Agreement with Primetime (for itself and on behalf of its subsidiaries) on 17 November 2023 to revise upwards the Existing Annual Cap.

The historical transaction amounts between the Group and Primetime Group in relation to the provision of the Services amounted to approximately RMB11.79 million for the period between 1 January 2022 and 31 December 2022.

The Revised Annual Cap is determined by the Directors with reference to, among other things:

- (a) the actual aggregate transaction amount already incurred under the 2023 Renewal Agreement from 1 January 2023 up to the end of October 2023; and
- (b) a certain project in relation to the provision of Services has been progressed ahead of its original schedule, the transaction amount involved therein is estimated to be approximately RMB6.5 million, in accordance with the pricing policies currently in force.

Shareholders and potential investors should note that the Revised Annual Cap should not be construed as an assurance or forecast by the Company of the Group's revenue, profitability or business prospects.

The Directors (including the independent non-executive Directors but excluding Mr. Zhang Yuping, who is interested in Primetime and abstained from voting on the relevant Board resolutions concerning the Supplemental Agreement) are of the view that (i) the transactions contemplated under the 2023 Renewal Agreement are and will continue to be conducted in the ordinary and usual course of business of the Group and on normal commercial terms; (ii) the terms of the Supplemental Agreement are considered to be fair and reasonable and in the interests of the Group and the Shareholders as a whole; and (iii) the basis of determining the Revised Annual Cap is fair and reasonable.

## **INTERNAL CONTROL**

The Company will continue to adopt the following internal control measures as set out in the Announcement dated 31 March 2023 in order to ensure that (i) the terms of the 2023 Renewal Agreement and the transactions contemplated thereunder are on normal commercial terms and are fair and reasonable to the Company and its Shareholders as a whole; and (ii) the service fees charged to Primetime Group are no less favourable to the Group than those offered to independent third parties:

- (a) the quotation department of the relevant Group company shall review all the fee quotations in relation to the provision of the Services (to both the Primetime Group and independent third parties) and ensure that each fee quotation is determined in accordance with the aforesaid pricing policies;
- (b) before the relevant Group company entering into the individual agreement in relation to a transaction under the 2023 Renewal Agreement, the operation department of the relevant Group company shall cross-check and ensure that each fee quotation is fair and reasonable, and the service fees offered to Primetime Group are no less favourable to the Group than those offered to independent third parties;
- (c) the general manager of the relevant Group company has been designated to conduct final review on and approve the fee quotations; and
- (d) the Company's external auditor and the audit committee of the Company shall conduct review on the pricing and the Revised Annual Cap of the continuing connected transactions under the 2023 Renewal Agreement.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, Primetime was an indirectly and non-wholly owned company of Mr. Zhang Yuping, our executive Director and the chairman of the Board, and thus a connected person of the Company. Accordingly, the transactions between the Group and Primetime Group in relation to the provision of the Services contemplated under the 2023 Renewal Agreement and the Supplemental Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.54 of the Listing Rules, if the Company intends to revise annual caps for continuing connected transactions, the Company will be required to re-comply with the provisions of Chapter 14A of the Listing Rules applicable to the relevant continuing connected transactions.

As one or more of the applicable percentage ratios as defined under Rule 14.07 of the Listing Rules in respect of the Revised Annual Cap is more than 0.1% but less than 5%, the transactions contemplated under the 2023 Renewal Agreement and the Supplemental Agreement are only subject to reporting, annual review and announcement requirements but exempt from the circular (including independent financial advice) and independent shareholders' approval requirements under Rule 14A.76(2) of the Listing Rules.

Save for Mr. Zhang Yuping as disclosed in this announcement, no other Director has a material interest in relation to the aforesaid matters and was therefore not required to abstain from voting on the relevant resolutions of the Board.

## GENERAL

The Company is an investment holding company and its subsidiaries' business was primarily focused on the manufacturing of high-end consuming accessories, the building up of high-end consuming service platforms, international commodity trading and its related supply chain services.

Primetime is a private company established in the PRC and is being held as to 35.00% by Best Corporate Limited, which in turn is indirectly and wholly-owned by Mr. Zhang Yuping, our executive Director and the chairman of the Board. To the best knowledge of the Directors having made all reasonable enquiry, as at the date of this announcement, the remaining 65.00% interest in Primetime is being held by a total of 40 shareholders with each of them holding no more than 5.00% of interest in it. As a leading service provider in the wrist watch industry chain in China, Primetime Group is specialised in the retail and wholesale of wrist watches, as well as the provision of after-sales services such as wrist watch maintenance and peripheral products, providing value-added services to the upstream and downstream of the wrist watch industry chain.

By Order of the Board  
**Hengdeli Holdings Limited**  
**Lee Shu Chung, Stan**  
*Executive Director*

Hong Kong, 17 November 2023

*As at the date of this announcement, the executive Directors are Mr. Zhang Yuping (Chairman), Mr. Huang Yonghua and Mr. Lee Shu Chung, Stan; the non-executive Director is Mr. Shi Zhongyang; and the independent non-executive Directors are Mr. Cai Jianmin, Mr. Liu Xueling and Ms. Qian Weiqing.*

\* *For identification purpose only*