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CHEUK NANG (HOLDINGS) LIMITED

卓能（集團）有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 131)

REPORT ON CONTINUING CONNECTED TRANSACTIONS

Reference is made to the 2015 Annual Report (“Annual Report”) of Cheuk Nang (Holdings) Limited (the “Company”). Certain information concerning continuing connected transactions of the Company for the year ended 30 June 2015 has been inadvertently omitted from the Directors’ Report in the Annual Report. Unless otherwise stated, capitalized terms used herein shall bear the same meanings as defined in the Annual Report.

CONTINUING CONNECTED TRANSACTIONS

As disclosed in the Directors’ Report, on 26 September 2014, the Company and Cecil Chao & Associates Limited (“CCAL”) entered into the New Service Agreement in connection with CCAL’s provision of architectural, engineering, design, project management and related services to members of the Group, which constituted continuing connection transactions of the Company under the Listing Rules. Details of the New Service Agreement were set out in the announcement of the Company dated 26 September 2014 and the circular of the Company dated 27 October 2014.

The New Service Agreement and the transactions contemplated thereunder including the annual caps thereof was approved by the independent Shareholders at an Extraordinary General Meeting held on 19 November 2014 (the “EGM”).

During the year ended 30 June 2015, the aggregate amount of service fees in respect of services paid by the Group under the New Service Agreement was HK\$38,140,000, which is within the annual cap for the said year of HK\$38,871,209 as disclosed in the circular of the Company dated 27 October 2014 and approved in the EGM.

The Independent Non-executive Directors of the Company have reviewed the above continuing connected transactions and confirmed that such transactions have been entered into by the Group (a) in the ordinary course of business of the Group; (b) on normal commercial terms; and (c) in accordance with the relevant agreement governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

The auditors of the Company has performed review work in respect of the continuing connected transactions under the New Service Agreement for the year ended 30 June 2015 in accordance with Hong Kong Standard on Assurance Engagement 3000 “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” and with reference to Practice Note 740 “Auditor’s Letter on Continuing Connected Transactions under the Hong Kong Listing Rules” issued by the Hong Kong Institute of Certified Public Accountants and has reported that nothing has come to the Auditors’ attention that causes them to believe that the said continuing connected transactions (a) have not been approved by the Board; (b) were not entered into, in all material respects, in accordance with the pricing policies of the Group; (c) were not entered into in accordance with the relevant agreements governing the transactions; or (d) have exceed the annual cap as disclosed in the relevant announcement of the Company. The Directors confirm that the Company has complied with the relevant disclosure requirements in relation to the said continuing connected transactions as disclosed above.

By Order of the Board
CHEUK NANG (HOLDINGS) LIMITED
Ho Sau Fun, Connie
Company Secretary

Hong Kong, 27 May 2016

As at the date of this announcement, the Executive Directors are Dr. Chao Sze Tsung Cecil (Chairman), Ms. Chao Gigi (Vice Chairman), Mr. Yung Philip and Ms. Ho Sau Fun Connie; the Non-executive Directors are Mr. Chao Howard and Mr. Lee Ding Yue Joseph and the Independent Non-executive Directors are Dr. Sun Ping Hsu Samson, Mr. Ting Woo Shou Kenneth and Mr. Lam Ka Wai Graham.