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偉祿集團控股有限公司
REALORD GROUP HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code: 1196)

TERMINATION OF CONTINUING CONNECTED TRANSACTIONS IN RELATION TO THE PROVISION OF TECHNICAL SERVICES

Reference is made to the announcement of the Company dated 15 May 2020 in relation to, among other things, the continuing connected transactions regarding the provision of Technical Services by Tsugawa Metal to Realord EP Japan (currently an indirect 55.1%-effectively owned subsidiary of the Company) under the Service Agreement.

On 17 August 2021, Realord EP Japan served a notice to Tsugawa Metal in accordance with the terms of the Service Agreement to early terminate the Service Agreement with effect from 1 September 2021.

As the transactions contemplated under the Service Agreement constituted continuing connected transactions of the Company under Chapter 14A of the Listing Rules, the termination of the Service Agreement is subject to the announcement requirement under Rule 14A.35 of the Listing Rules.

Reference is made to the announcement of the Company dated 15 May 2020 in relation to, among other things, the Service Agreement, pursuant to which Tsugawa Metal agreed to provide the Technical Services including the processing and dismantling of scrap materials by 41 workers and related technical and logistics support to Realord EP Japan (currently an indirect 55.1%-effectively owned subsidiary of the Company). According to the terms of the Service Agreement, the Service Agreement covers a period from 15 May 2020 to 31 December 2021 (both dates inclusive) and may be terminated by either party giving the other a 15-day prior written notice. Capitalised terms used herein have the same meanings as defined in the aforesaid announcement unless otherwise specified.

The Board wishes to announce that on 17 August 2021, Realord EP Japan served a notice to Tsugawa Metal in accordance with the terms of the Service Agreement to early terminate the Service Agreement with effect from 1 September 2021. Upon such termination, all rights and obligations of the parties to the Service Agreement shall cease and no party shall have any claim against each other in connection with the Service Agreement.

The operations of dismantling, processing and trading of scrap materials in Osaka, Japan of Realord EP Japan were set up and commenced in 2019. In view of the considerable time involved in recruitment and obtaining visa approvals for the required workers, Realord EP Japan entered into the Service Agreement in May 2020 with Tsugawa Metal to expedite the business development. With the operation and suppliers' network in Japan having been established since then, Realord EP Japan is now of a larger scale and in a better position to expand its own team and independently source sub-contractors to cope with its processing needs, which is expected to be more cost efficient and allow more flexibility for Realord EP Japan than the arrangement under the Service Agreement. The Directors (including the independent non-executive Directors) consider that the early termination of the Service Agreement in accordance with the terms thereof is in the ordinary and usual course of business of the Group, fair and reasonable, on normal commercial terms and in the interests of the Group and the Shareholders as a whole.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, (i) Tsugawa Metal is principally engaged in trading and processing of scrap materials in Japan; and (ii) Tsugawa Metal is owned as to 60% by Mr. Liu Tao and as to 40% by Ms. Li Chang who is a third party independent of the Company and its connected persons. As Mr. Liu Tao controls 10% interest in and is a director of Realord EP Japan, Tsugawa Metal is a connected person of the Company at the subsidiary level under the Listing Rules and the transactions contemplated under the Service Agreement constituted continuing connected transactions of the Company under Chapter 14A of the Listing Rules. Accordingly, the termination of the Service Agreement is subject to the announcement requirement under Rule 14A.35 of the Listing Rules.

None of the Directors have a material interest in the Service Agreement and the transactions contemplated thereunder which require any of them to abstain from voting on the Board resolution in relation to the termination of the Service Agreement and the transactions contemplated thereunder.

By order of the Board
Realord Group Holdings Limited
Lin Xiaohui
Chairman

Hong Kong, 17 August 2021

As at the date of this announcement, the executive Directors are Dr. Lin Xiaohui, Madam Su Jiaohua and Mr. Lin Xiaodong and the independent non-executive Directors are Mr. Yu Leung Fai, Mr. Fang Jixin and Dr. Li Jue.