Sundart

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

2016
INTERIM REPORT

Contents

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Ng Tak Kwan *(Chief Executive Officer)*
Mr. Leung Kai Ming
Mr. Xie Jianyu *(Chief Financial Officer)*
Mr. Ng Chi Hang
Mr. Pong Kam Keung

Non-Executive Director

Mr. Liu Zaiwang *(Chairman)*

Independent Non-Executive Directors

Mr. Tam Anthony Chun Hung
Mr. Huang Pu
Mr. Li Zheng

AUDIT COMMITTEE

Mr. Tam Anthony Chun Hung *(Chairman)*
Mr. Huang Pu
Mr. Li Zheng

REMUNERATION COMMITTEE

Mr. Huang Pu *(Chairman)*
Mr. Ng Tak Kwan
Mr. Tam Anthony Chun Hung

NOMINATION COMMITTEE

Mr. Liu Zaiwang *(Chairman)*
Mr. Huang Pu
Mr. Li Zheng

INTERNAL CONTROL COMMITTEE

Mr. Pong Kam Keung *(Chairman)*
Mr. Xie Jianyu

COMPANY SECRETARY

Ms. Chui Muk Heung

AUTHORISED REPRESENTATIVES

Mr. Xie Jianyu
Mr. Pong Kam Keung

AUDITOR

Deloitte Touche Tohmatsu
35/F, One Pacific Place
88 Queensway
Hong Kong

COMPLIANCE ADVISER

Guotai Junan Capital Limited
27/F, Low Block
Grand Millennium Plaza
181 Queen's Road Central
Hong Kong

LEGAL ADVISORS AS TO HONG KONG LAW

Pinsent Masons
50/F, Central Plaza
18 Harbour Road
Hong Kong

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited
Level 11, HSBC Main Building
1 Queen's Road Central
Hong Kong

Hang Seng Bank Limited
20/F, 83 Des Voeux Road Central
Hong Kong

China Guangfa Bank Co., Ltd., Macau Branch
Alameda Dr. Carlos D' Assumpção
n°s181 a 187 Centro Comercial do Grupo Brilhantismo
18° Andar, em Macau

REGISTERED OFFICE

Commerce House
Wickhams Cay 1
P.O. Box 3140, Road Town
Tortola
British Virgin Islands, VG1110

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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370 Kwun Tong Road
Kowloon
Hong Kong

BVI PRINCIPAL SHARE REGISTRAR

Codan Trust Company (B.V.I.) Ltd.
Commerce House
Wickhams Cay 1
P.O. Box 3140, Road Town
Tortola
British Virgin Islands, VG1110

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Shops 1712–1716, 17/F
Hopewell Centre
183 Queen's Road East
Wan Chai
Hong Kong

STOCK CODE

1568

COMPANY'S WEBSITE

www.sundart.com

INVESTOR RELATIONS CONTACT

iPR Ogilvy Limited
Units 2008–12, 20/F
The Center
99 Queen's Road Central
Hong Kong

Management Discussion and Analysis

MARKET REVIEW

During the six months ended 30 June 2016 (the "**Period**"), the economy of Hong Kong faced challenges. Notably, the gross domestic product ("**GDP**") by expenditure component of Hong Kong only increased by 0.8% year-on-year in real terms in the first quarter of 2016 (first quarter of 2015: 2.4%), according to the Census and Statistics Department ("**C&SD**") of the Hong Kong Government.

Nevertheless, the total gross value of construction works performed by main contractors in Hong Kong in the first quarter of 2016 increased by 8.9% in nominal terms over the same period of 2015, according to the provisional results provided by C&SD. Thanks to the launch of several large-scale construction projects in both public and private sectors, the construction industry's development remained steady in Hong Kong. According to C&SD, the gross value of construction works performed at private sector sites totalled HK$17.6 billion in the first quarter of 2016, increased by 13.1% year-on-year in nominal terms. In addition, the gross value of construction works performed by main contractors at construction sites for residential buildings, commercial and service projects grew by 15.4%, 36.9% and 27.6% year-on-year, respectively, in nominal terms in the first quarter of 2016. However, such growth was partially offset by the keen price competition and the rising costs of labour and raw materials in the construction and fitting-out industry.

Information from the Statistics and Census Service of the Macau Government indicated that Macau's economy has experienced downturn for seven consecutive quarters as at 31 March 2016, mainly due to the continuous decline in its gaming industry. The GDP of Macau decreased by 13.3% year-on-year in real terms in the first quarter of 2016, while the export value generated by the gaming services in Macau dropped by 17.1% year-on-year in the first quarter of 2016 in real terms. However, according to the Macau Government, new developments in the Cotai Strip will open from late 2016 to boost the casino and hotel capacity, which will add impetus to the local economy, particularly the hotel and leisure industry in Macau.

BUSINESS REVIEW*Note*

SUNDART HOLDINGS LIMITED 承達集團有限公司 (the "**Company**") and its subsidiaries (collectively, the "**Group**") is one of the leading integrated fitting-out contractors in Hong Kong and Macau, specialising in providing professional fitting-out works for residential property and hotel projects. In addition, the Group also generated revenue from alteration and addition and construction works in Hong Kong and from manufacturing, sourcing and distribution of interior decorative materials business for sales globally. During the Period, the majority of our revenue were derived from our fitting-out works in private sector.

Despite the fiercer market competition and stronger pressure of competitive pricing from other competitors, the Group continued to deliver solid financial performance and encouraging profit growth. Thanks to our established reputation and proven track record of undertaking sizeable fitting-out projects, the Group continued to obtain several sizeable new projects during the Period. The directors of the Company (the "**Directors**") believe that the Group's new projects in the pipeline could ensure the Group's steady business development and profitability in the future.

Fitting-out works

The Group's fitting-out business primarily includes the fitting-out works carried out for hotels, serviced apartments, residential properties and other properties in Hong Kong and Macau. During the Period, the fitting-out business remained as the key contributor to the Group's revenue and profit.

Note: Disclosures in relation to the six months ended 30 June 2015 (the "**Previous Period**") only relate to the Group's continuing operations during the Previous Period, unless otherwise stated.

The revenue derived from the Group's fitting-out business decreased by HK$249.8 million or 14.4% year-on-year to HK$1,483.4 million (Previous Period: HK$1,733.2 million). In 2015, the Group completed certain large-scale fitting-out projects in Hong Kong and Macau, including 21 projects with individual contract sum of not less than HK$50.0 million. These projects had brought HK$1,215.6 million of revenue to the Group during the Previous Period. In addition, the Group could only recognise limited revenue from a project during its early stage. As at 30 June 2016, 17 out of 30 fitting-out projects on hand with individual contract sum of not less than HK$50.0 million were at the early stages; whilst as at 30 June 2015, only 11 out of 30 fitting-out projects on hand with individual contract sum of not less than HK$50.0 million were at the early stages. As a result, the Group's revenue derived from fitting-out business during the Previous Period was relatively higher than the revenue derived from fitting-out business during the Period.

Notwithstanding the decrease in revenue during the Period, the Group's gross profit derived from its fitting-out business increased by HK$45.2 million or 17.5% year-on-year to HK$303.5 million (Previous Period: HK$258.3 million) and the Group's gross profit margin for its fitting-out business increased to 20.5% (Previous Period: 14.9%). Such increases were primarily attributable to the effective cost control of the Group as a result of the increased use of the interior decorative materials manufactured by the Group in its fitting-out works for several sizeable hotel and casino fitting-out projects in Macau during the Period.

As at 30 June 2016, the Group had a total of 30 fitting-out projects in progress with individual contract sum of not less than HK$50.0 million, including 21 and 9 projects in Hong Kong and Macau, respectively. The total contract sum and value of remaining works for such projects in progress amounted to approximately HK$6,789.6 million and HK$3,818.8 million, respectively.

Alteration and addition and construction works

The Group carries out alteration and addition and construction business in Hong Kong through Kin Shing (Leung's) General Contractors Limited ("**Kin Shing**"), a registered general building contractor. King Shing's key services include construction, interior decoration, repair, maintenance and alteration and addition works for residential properties, hotels, factories, and commercial projects in Hong Kong.

During the Period, Kin Shing completed a total of 5 alteration and addition and construction projects with a total contract sum of approximately HK$505.5 million, out of which a total revenue of HK$97.7 million was recognised during the Period.

The revenue derived from its alteration and addition and construction business decreased by HK$17.6 million or 7.3% year-on-year to HK$223.4 million (Previous Period: HK$241.0 million). In 2015, the Group completed most of the work for the redevelopment of a residential property located at Yuen Long, Hong Kong, and the Group had recognised revenue of HK$50.0 million from this project during the Previous Period. As a result, the Group's revenue derived from alteration and addition and construction business during the Previous Period was relatively higher than the revenue derived from alteration and addition and construction business during the Period.

During the Period, the Group's gross profit derived from its alteration and addition and construction business decreased by HK$3.9 million or 28.5% year-on-year to HK$9.8 million (Previous Period: HK$13.7 million) and the Group's gross profit margin for such business was 4.4% (Previous Period: 5.7%). In 2015, the Group completed a five-star hotel project located at North Point, Hong Kong, with a higher profit margin. As a result, the Group's gross profit margin for its alteration and addition and construction business during the Previous Period was relatively higher than the gross profit margin for its alteration and addition and construction business during the Period.

As at 30 June 2016, Kin Shing had 7 alteration and addition and construction projects in progress with a total contract sum and value of remaining works amounted to approximately HK$672.0 million and HK$386.6 million, respectively.

Manufacturing, sourcing and distribution of interior decorative materials

One of the Group's core competencies lies in its manufacturing base and research and development center in the People's Republic of China (the "**PRC**"). Through its subsidiary, 東莞承達家居有限公司 (Dongguan Sundart Home Furnishing Co., Ltd.) ("**Dongguan Sundart**"), the Group operates one manufacturing plant and a warehouse located in Dongguan, Guangdong Province, the PRC with an aggregate gross floor area of over 40,000 square meters. Dongguan Sundart manufactures interior timber products such as fire-rated timber doors and wooden furniture, and provides re-engineering and pre-fabrication services for sizeable fitting-out projects undertaken by the Group.

During the Period, the revenue derived from the Group's manufacturing, sourcing and distribution of interior decorative materials business increased by HK$29.3 million or 976.7% year-on-year to HK$32.3 million (Previous Period: HK$3.0 million). The growth was primarily attributable to the increased sales of timber doors in Macau and Hong Kong. During the Period, the Group's gross profit derived from manufacturing, sourcing and distribution of interior decorative materials business increased by HK$8.6 million year-on-year to HK$6.3 million (Previous Period: gross loss of HK$2.3 million) whereas gross profit margin for such business increased to 19.5% (Previous Period: gross loss margin of 76.7%). Such increases were primarily due to increase in the orders from Macau. In addition, gross loss from the Previous Period was primarily due to no substantial sales as well as the additional repair and modification works we performed at our own cost.

FINANCIAL REVIEW*Note*

Revenue, gross profit and gross profit margin

During the Period, the Group's revenue decreased by HK$238.1 million or 12.0% year-on-year to HK$1,739.1 million (Previous Period: HK$1,977.2 million). Notwithstanding the decrease in revenue during the Period, the Group's gross profit increased by HK$49.9 million or 18.5% year-on-year to HK$319.6 million (Previous Period: HK$269.7 million). Gross profit margin increased to 18.4% (Previous Period: 13.6%). The increase in the Group's gross profit and gross profit margin were primarily due to the effective cost control of the Group as a result of the increased use of the interior decorative materials manufactured by the Group in its fitting-out works for several sizeable hotel and casino fitting-out projects in Macau during the Period.

Other income, other gains and losses

The Group recorded other income, other gains and losses of HK$6.3 million for the Period (Previous Period: net other losses of HK$7.4 million), primarily due to the Group's written-off of HK$10.2 million of trade receivables in the Previous Period.

Profit for the period

The Group's profit for the period amounted to HK$246.5 million, increased by HK$62.7 million or 34.1% year-on-year (Previous Period: HK$183.8 million). Such increase was mainly attributable to the increase of the gross profit and other income, other gains and losses as discussed above.

Basic earnings per share

The Company's basic earnings per share for the Period was HK12.32 cents (Previous Period (from continuing and discontinued operations): HK12.90 cents), decreased by HK0.58 cents or 4.5% year-on-year. The basic earnings per share for the Period are calculated based on the weighted average number of ordinary shares of the Company (the "**Shares**") of 2,000,000,000 in issue during the Period, whilst basic earnings per share for the Previous Period are calculated based on the weighted average number of Shares of 1,500,000,000. As such, the basic earnings per share for the Period are relatively lower than those for the Previous Period. For details, please see the condensed consolidated financial statements — Note 8 — Earnings per share.

Note: Disclosures in relation to the Previous Period only relate to the Group's continuing operations during the Previous Period, unless otherwise stated.

Interim dividend

The board of Directors (the "**Board**") declared an interim dividend of HK5 cents per Share (the "**Interim Dividend**") for the Period, equivalent to approximately 43.8% of the profit available for distribution for the Period, which is in line with the dividend policy as stated in the Company's prospectus dated 11 December 2015 (the "**Prospectus**").

Material acquisition and disposal

No material acquisition and disposal of subsidiaries were conducted by the Group during the Period.

Available-for-sale investments

During the Period, the Group purchased available-for-sale investments in equity securities listed on the Main Board (the "**Main Board**") of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The investments the Group held can be traded in the open market and are not subject to any selling restriction.

As at 30 June 2016, the Group's available-for-sale investments amounted to HK$171.3 million (31 December 2015: HK$132.4 million) and the purchase price of such available-for-sale investments was HK$160.6 million (31 December 2015: HK$104.3 million), representing an increase of HK$10.7 million (31 December 2015: HK$28.1 million) from purchases price. However, up to 31 August 2016, being the latest practicable date prior to the issue of this report (the "**Latest Practicable Date**"), there was a decline in the value of the investments as the share price retreated. The Group was subject to the market risks associated with its investments. The management will closely monitors the performance of the Group's investments from time to time and would consider risk management actions should the need arise.

Future plans for material investments or capital assets

As at the Latest Practicable Date, the Group did not have any other plans for material investments or capital assets.

CORPORATE FINANCE AND RISK MANAGEMENT

Liquidity and financial resources and capital structure

The management and control of the Group's financial, capital management and external financing functions are centralised at its headquarters in Hong Kong. The Group adheres to the principle of prudent financial management to minimise financial and operational risks. During the Period, the Group mainly relies upon internally generated funds, bank borrowings and net proceeds from the issue of Shares by way of Hong Kong public offering and the international placing on 29 December 2015 (the "**Global Offering**") to finance its operations.

The Group remained a solid financial and cash position. As at 30 June 2016, the Group had working capital of HK$1,179.1 million, increased by HK$24.2 million or 2.1% over HK$1,154.9 million as recorded as at 31 December 2015. The Group's bank balances and cash in total amounted to HK$610.8 million, decreased by HK$284.6 million or 31.8% from HK$895.4 million as recorded as at 31 December 2015. The decrease was primarily due to the net repayment of HK$190.8 million of bank borrowings during the Period.

As at 30 June 2016, the Group had bank borrowings of HK$63.8 million (31 December 2015: HK$254.6 million), all of which were repayable within one year. The Group's current assets and current liabilities were HK$2,286.1 million (31 December 2015: HK$2,726.4 million) and HK$1,107.0 million (31 December 2015: HK$1,571.5 million), respectively. The Group's current ratio increased to 2.1 times (31 December 2015: 1.7 times). The Group has maintained sufficient liquid assets to finance its operations.

As at 30 June 2016, the Group's gearing ratio of total debts divided by total equity was 4.3% (31 December 2015: 18.1%). The decrease in gearing ratio was primarily due to net repayment of bank borrowings of HK$190.8 million during the Period.

As at 30 June 2016, the share capital and equity attributable to owners of the Company amounted to HK$669.3 million and HK$1,477.0 million, respectively (31 December 2015: HK$669.3 million and HK$1,409.5 million, respectively).

Charge on the Group's assets

As at 30 June 2016, the Group did not charge or pledge any assets (31 December 2015: nil).

Contingent liabilities and capital commitments

As at 30 June 2016, the Group had no significant contingent liabilities and capital commitment (31 December 2015: nil).

Exposure to fluctuations in exchange rates and interest rates and corresponding hedging arrangements

The Group operates in various regions with different foreign currencies including Macau Pataca, Euro, Renminbi and United States dollars. The Group's bank borrowings were made at floating rates. As at the Latest Practicable Date, the Group does not implement any foreign currencies and interest rates hedging policies. However, the Group's management will closely monitor exchange rate and interest rate movement and will take appropriate actions to reduce the risks in relation to exchange rates and interest rates.

Credit exposure

During the Period, the Group had adopted prudent credit policies to deal with credit exposure. The Group's major customers include reputable property developers, hotel owners and main contractors. The Group has established long working relationships with certain of them. Therefore, the Group is not exposed to significant credit risk. The Group's management reviews the recoverability of trade receivables and closely monitors the financial position of the customers from time to time to keep the credit risk exposure of the Group at a relatively low level.

EVENTS AFTER THE REPORTING PERIOD

The Company completed the placing of existing Shares and top-up subscription of new Shares under general mandate on 25 July 2016 and 28 July 2016, respectively. Pursuant to the placing and subscription agreement dated 20 July 2016, an aggregate number of 158,210,000 existing Shares were placed by REACH GLORY INTERNATIONAL LIMITED ("**Reach Glory**") at HK$3.80 per Share on 25 July 2016 (the "**Placing**"). After completion of the Placing, 158,210,000 Shares were subscribed by Reach Glory on 28 July 2016 at HK$3.80 per Share (the "**Subscription**"). For details, please see the announcements of the Company dated 21 July 2016 and 28 July 2016.

The net proceeds from the Subscription amounted to approximately HK$577.6 million. The Group intends to use the net proceeds of approximately HK$577.6 million from the Subscription for the following purposes:

(i) **expansion of the Group's fitting-out and alteration and addition and construction business**: approximately HK$375.4 million or 65% of the net proceeds from the Subscription will be used to pay for part of the start-up costs for newly awarded projects;

(ii) **general working capital of the Group:** approximately HK$57.8 million or 10% of the net proceeds from the Subscription will be used as general working capital of the Group, to improve the Group's liquidity position and ensure that the Group is able to react promptly to market conditions and business opportunities; and

(iii) **financing of any potential investment opportunities:** approximately HK$144.4 million or 25% of the net proceeds from the Subscription will be used to finance any potential investment opportunities of the Group that may arise from time to time.

As at the Latest Practicable Date, HK$57.8 million of the net proceeds from the Subscription have been utilised to finance the Group's general working capital and HK$519.8 million of the remaining net proceeds are deposited in bank accounts.

Save as disclosed herein, there were no significant events subsequent to 30 June 2016 which would materially affect the Group's operating and financial performance as of the date of the consolidated financial statements.

EMPLOYEES AND REMUNERATION POLICIES[Note]

As at 30 June 2016, the Group employed 889 full-time employees (31 December 2015: 911). The Group remunerates its employees based on their performance, experience and the prevailing industry practice. Discretionary bonuses and share options will also be granted to eligible staff based on individual performance in recognition of their contribution and hard work. The Group also provides training programmes for its employees to equip themselves with requisite skills and knowledge.

The Group's gross staff costs (including the directors' emoluments) was HK$105.8 million for the Period (Previous Period: HK$106.4 million). The decrease in gross staff costs was mainly attributable to the decrease of number of full-time employees.

USE OF PROCEEDS FROM THE GLOBAL OFFERING

The Shares have been listed and traded on the Main Board of the Stock Exchange since 29 December 2015 (the "**Listing Date**"). The net proceeds from the Global Offering amounted to HK$627.8 million (after deducting underwriting fees and commissions and all related expenses). Such net proceeds are intended to be applied in accordance with the proposed application as disclosed in the Prospectus. As at 30 June 2016 the net proceeds received were applied as follows:

	Net proceeds (HK$ million)		
	Available	**Utilised**	**Unutilised**
To expand our fitting-out projects in Hong Kong	307.6	114.4	193.2
To expand our alteration and addition and construction business in Hong Kong	182.0	0.4	181.6
To expand our fitting-out projects in Macau	62.8	37.0	25.8
To hire additional staff for our business expansion	12.6	2.2	10.4
To finance the procurement of upgraded equipment and machinery for Dongguan Sundart and strengthen our research and development capabilities in re-engineering and pre-fabrication	6.3	0.1	6.2
General working capital	56.5	56.5	–
Total	627.8	210.6	417.2

As at 30 June 2016, the unutilised net proceeds were deposited in bank accounts.

Note: Disclosures in relation to the Previous Period only relate to the Group's continuing operations during the Previous Period, unless otherwise stated.

PROSPECTS AND STRATEGIES

The Group remained confident about the opportunities for growth in the long run given the rapid urban development in Hong Kong and infrastructure developments in Macau. In addition, during the Period, the Group was awarded 12 fitting-out projects in Hong Kong and Macau and 2 alteration and addition and construction projects with total contract sum of approximately HK$2,130 million and HK$240 million, respectively. With its quality and reliable works, proven track record and solid working relationships with major property developers and hotel owners in Hong Kong and Macau, the Group is prudently optimistic about the industry outlook and remains confident in winning bids for sizeable projects in the future.

Looking in to the second half of 2016, the Group will enhance its advantages as well as solidify its leading position in the fitting-out markets in Hong Kong and Macau. In order to maintain its competitive advantage and drive business growth for the long term, the Group will continue to improve its manufacturing and research and development capabilities and technical leadership. Besides, it will focus on enhancing customer loyalty and satisfaction by continuously enriching its products and services, and distinguishing itself from their competitors by further improving its operational efficiency and productivity. It will also continue to emphasis and maintain high standards of the project planning, management and implementation. Furthermore, the Group will continue to expand its fitting-out business and intends to further explore and capture opportunities in alteration and addition and construction fields.

Corporate Governance and Other Information

INTERIM DIVIDEND

On 25 August 2016, the Board declared the Interim Dividend to be payable to the shareholders of the Company whose names appear on the register of members of the Company at the close of business on Tuesday, 13 September 2016. The Interim Dividend will be paid on or about Friday, 23 September 2016.

CLOSURE OF REGISTER OF MEMBERS

In order to establish entitlements to the Interim Dividend, the register of members of the Company will be closed from Friday, 9 September 2016 to Tuesday, 13 September 2016, both days inclusive, during which period no transfer of Shares will be registered. In order to qualify for the Interim Dividend, all transfer of Shares accompanied by the relevant share certificates and properly completed transfer forms must be lodged with the branch share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, for registration not later than 4:30 p.m. on Thursday, 8 September 2016.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2016, the interests or short positions of each of the Directors and the chief executive in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "**SFO**")) which will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have taken under such provisions of the SFO), or which will be required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein, or which will be required pursuant to the Model Code (the "**Model Code**") for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") to be notified to the Company and the Stock Exchange are set out as follows:

Long Positions in the Company

Name of Director	Nature of interests/capacity	Number of shares held	Approximate percentage of shareholding
Mr. Liu Zaiwang (劉載望) ("**Mr. Liu**") *(Note)*	Interest in controlled corporation	1,500,000,000	75%

Note:

江河創建集團股份有限公司 (Jangho Group Co., Ltd.) ("**Jangho Co.**") was approximately 27.35% beneficially owned by 北京江河源控股有限公司 (Beijing Jiangheyuan Holdings Co., Ltd.) ("**Beijing Jiangheyuan**") (a company which was 85% and 15% beneficially owned by Mr. Liu and his spouse, Ms. Fu Haixia (富海霞) ("**Ms. Fu**"), respectively) and approximately 25.03% beneficially owned by Mr. Liu and therefore, Mr. Liu was deemed to be interested in the Shares indirectly held by Jangho Co. through Jangho Curtain Wall Hongkong Limited ("**Jangho Hongkong**") and Reach Glory under the SFO.

Save as disclosed above, as at 30 June 2016, none of the Directors or chief executive of the Company had registered an interest or short position in the Shares or underlying Shares or debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he was taken or deemed to have under provision of the SFO) or were required, pursuant to Section 352 of the SFO, to be recorded in the register referred to therein or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2016, so far as is known to the Directors or chief executive of the Company, the following persons (other than Directors or chief executive of the Company), who had interests or short positions in the Shares, the underlying Shares and debentures of the Company and its associated corporation within the meaning of Part XV of the SFO which were required to be disclosed pursuant to the provision of Divisions 2 and 3 of Part XV of the SFO, or which were required, pursuant to Section 336 of the SFO, to be recorded in the register referred to therein, were as follows:

Long positions in the Company

Name of substantial shareholders	Nature of interests/capacity	Number of shares held	Approximate percentage of shareholding
Reach Glory	Beneficial owner	1,500,000,000	75%
Jangho Hongkong *(Note 1)*	Interest in controlled corporation	1,500,000,000	75%
Jangho Co. *(Note 2)*	Interest in controlled corporation	1,500,000,000	75%
Beijing Jiangheyuan *(Note 3)*	Interest in controlled corporation	1,500,000,000	75%
Ms. Fu *(Note 4)*	Interest of spouse	1,500,000,000	75%

Notes:

1. Reach Glory was beneficially wholly owned by Jangho Hongkong and therefore Jangho Hongkong was deemed to be interested in the Shares held by Reach Glory under the SFO.

2. Jangho Hongkong was beneficially wholly owned by Jangho Co. and therefore Jangho Co. was deemed to be interested in the Shares held by Jangho Hongkong through Reach Glory under the SFO.

3. Ms. Fu, the spouse of Mr. Liu, was the sole director of Beijing Jiangheyuan. The board of directors of Jangho Co. was controlled by Beijing Jiangheyuan and therefore Beijing Jiangheyuan was deemed to be interested in the Shares held by Jangho Co. through Jangho Hongkong and Reach Glory under the SFO.

4. Ms. Fu is the spouse of Mr. Liu and was therefore deemed to be interested in the Shares held by Mr. Liu under the SFO.

Save as disclosed above, as at 30 June 2016, the Company had not been notified by any persons (other than Directors or chief executive of the Company) who had interests or short positions in the Shares or underlying Shares or debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required, pursuant to Section 336 of the SFO, to be recorded in the register referred to therein.

SHARE OPTION SCHEME

The Company adopted a share option scheme pursuant to a resolution passed on 1 December 2015. As at 30 June 2016, no share option under the share option scheme had been granted.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the Period was the Company, or any of its subsidiaries, a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate and none of the Directors, or their spouses or children under the age of 18, had any rights to subscribe for the securities of the Company, or had exercised any such right during the Period.

CHANGES IN DIRECTOR'S INFORMATION

During the Period and up to the Latest Practicable Date, there was no change to the Director's information.

NON-COMPETITION UNDERTAKING

In order to avoid any possible future competition between the Group and each of our controlling shareholders of Mr. Liu, Ms. Fu, Beijing Jiangheyuan, Jangho Co., Jangho Hongkong and Reach Glory (the "**Controlling Shareholder(s)**"), each of our Controlling Shareholders as covenantors executed the Deed of Non-Competition dated 8 December 2015 in favour of the Company (for itself and as trustee for its subsidiaries), pursuant to which, each of the covenantors confirms, *inter alia,* that other than its/his/her interests in the Company, none of them is engaged in any business which, directly or indirectly, competes or may compete with our business, or has any interests in such business. Each of the covenantors also gave certain non-competition undertakings under the Deed of Non-Competition as set out in the paragraph headed "Relationship with Controlling Shareholders – Deed of Non-Competition" in the Prospectus.

SANCTIONS

During the Period, a meeting of internal control committee of the Board was held on 24 March 2016 to review, *inter alia*, the Group's guidelines and procedures with respect to the sanction law matters (the "**Guidelines and Procedures**"). The internal control committee was of the view that the Guidelines and Procedures have been complied with, were effective and well-functioned.

As at 30 June 2016, we have not used any of the proceeds from the Global Offering, or any other funds raised through the Stock Exchange, to finance or facilitate, directly or indirectly, any activities or business in breach of the sanctions enacted, enforced or imposed by the United States government, the European Union and Australian with respect to Russia.

LITIGATION

On 28 October 2015, Sundart Timber Products Company Limited ("**Sundart Timber**"), an indirect wholly-owned subsidiary of the Company, received a writ of summons (the "**Writ**") issued by Demaven Company Limited as plaintiff (the "**Plaintiff**") against Sundart Timber, in respect of claims for damages for breach of a building contract made between the Plaintiff and Sundart Timber in or about August 2011 with a total contract sum of HK$62.5 million (the "**Claims**"). Details are set out in the paragraph headed "Business – Regulatory Compliance and Legal Proceedings – Legal Proceedings and Claims" in the Prospectus. On 13 May 2016, Sundart Timber and the Plaintiff entered into a settlement agreement to fully settle the Claims. The Directors are of the view that the Claims and their settlements do not have material financial impact on the Group.

SUFFICIENCY OF PUBLIC FLOAT

Since the Listing Date and up to 10 June 2016, the public float of the Company ranged from 24.9905% to 24.9975%, which was slightly below the minimum 25% of the total issued Shares as required to be held by the public pursuant to Rule 8.08(1)(a) of the Listing Rules.

Based on information that is publicly available to the Company and as far as the Directors are aware, the Company has maintained a sufficient public float as required under the Listing Rules since 11 June 2016 and up to the Latest Practicable Date.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the Period, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company.

CORPORATE GOVERNANCE

In the opinion of the Directors, the Company has complied with the code provisions set out in the Code of Corporate Governance Practices (the "**CG Code**") contained in Appendix 14 of the Listing Rules during the Period, except for the following deviations:

(i) code provision A.6.7 of the CG Code specifies that the independent non-executive Directors and other non-executive Directors should attend general meetings of the Company and develop a balanced understanding of the views of shareholders. Two independent non-executive Directors were absent from the last annual general meeting held on 31 May 2016 due to other important business commitments; and

(ii) code provision C.1.2 of the CG Code specifies that the management should provide all members of the Board with monthly updates giving a balanced and understandable assessment of the issuer's performance, position and prospects in sufficient detail to enable the Board as a whole and each Director to discharge their duties under Rule 3.08 and Chapter 13 of the Listing Rules. Due to practical reason, the management of the Company provided monthly updates only to all the executive Directors who were involved in the daily operation of the Group and were fully aware of the performance, position and prospects of the Company during the Period. However, the management also provided all Directors (including non-executive Director and independent non-executive Directors) regular updates giving a balanced and understandable assessment of the Company's performance, position and prospects in sufficient details prior to the regular board meetings of the Company during the Period.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as its own code of conduct regarding Directors' securities transactions. Specific enquiry has been made with all the Directors and all of them confirmed that they have complied with the required standard of dealings as set out in the Model Code throughout the Period. The Company has adopted the same Model Code for securities transactions by employees who are likely to be in possession of unpublished inside information of the Company. No incident of non-compliance of the Model Code by the relevant employees was noted by the Company for the Period.

AUDIT COMMITTEE REVIEW

The audit committee of the Board (the "**Audit Committee**") was established on 1 December 2015 with written terms of reference which are in compliance with the CG Code and are available on the websites of the Stock Exchange and the Company. The primary duties of the Audit Committee are mainly to make recommendations to the Board on the appointment and removal of the external auditor, review the financial statements, provide advice in respect of financial reporting, oversee the risk management and internal control procedures of the Group. The Audit Committee comprises three independent non-executive Directors, namely, Mr. Tam Anthony Chun Hung (the chairman of the Audit Committee), Mr. Huang Pu and Mr. Li Zheng.

The Audit Committee has reviewed the accounting principles and practices adopted by the Group. The unaudited interim financial report for the Period has been reviewed by the Audit Committee and the Group's auditor, Messrs. Deloitte Touche Tohmatsu.

Report on Review of Condensed Consolidated Financial Statements

Deloitte.
德勤

TO THE BOARD OF DIRECTORS OF SUNDART HOLDINGS LIMITED
承達集團有限公司
(incorporated in British Virgin Islands with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated financial statements of SUNDART HOLDINGS LIMITED 承達集團有限公司 (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 17 to 36, which comprise the condensed consolidated statement of financial position as of 30 June 2016 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making enquires, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

OTHER MATTERS

Without qualifying our review conclusion, we draw attention to the fact that the comparative condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period ended 30 June 2015 and the relevant explanatory notes included in these condensed consolidated financial statements have not been reviewed in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity".

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

25 August 2016

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2016

	Notes	Six months ended 30 June 2016 HK$'000 (Unaudited)	2015 HK$'000 (Unaudited)
Continuing operations			
Revenue	3	**1,739,141**	1,977,201
Cost of sales		**(1,419,556)**	(1,707,465)
Gross profit		**319,585**	269,736
Other income, other gains and losses		**6,310**	(7,417)
Loss on disposal of subsidiaries		**–**	(11)
Loss on disposal of an associate		**–**	(766)
Selling expenses		**(4,098)**	(4,247)
Administrative expenses		**(46,532)**	(46,637)
Other expenses		**(432)**	(420)
Share of profits of associates		**5,245**	4,538
Finance costs		**(843)**	(1,583)
Profit before taxation		**279,235**	213,193
Income tax expense	5	**(32,761)**	(29,338)
Profit for the period from continuing operations	6	**246,474**	183,855
Discontinued operations			
Profit for the period from discontinued operations	7	**–**	9,372
Profit for the period		**246,474**	193,227
Other comprehensive (expense) income			
Items that may be reclassified subsequently to profit or loss:			
Fair value change on available-for-sale investments		**(17,351)**	108,216
Release of translation reserve upon disposal of subsidiaries		**–**	(12,248)
Exchange differences arising on translation of foreign operations		**(1,643)**	130
Other comprehensive (expense) income for the period		**(18,994)**	96,098
Total comprehensive income for the period		**227,480**	289,325
Profit (loss) for the period attributable to:			
Owners of the Company		**246,474**	193,506
Non-controlling interests		**–**	(279)
		246,474	193,227

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2016

	Notes	Six months ended 30 June	
		2016	2015
		HK$'000	*HK$'000*
		(Unaudited)	*(Unaudited)*
Total comprehensive income (expense) for the period attributable to:			
Owners of the Company		**227,480**	289,601
Non-controlling interests		**–**	(276)
		227,480	289,325
Earnings per share	*8*		
From continuing and discontinued operations			
Basic (HK cents)		**12.32**	12.90
From continuing operations			
Basic (HK cents)		**12.32**	12.26

Condensed Consolidated Statement of Financial Position

At 30 June 2016

	Notes	At 30 June 2016 HK$'000 (Unaudited)	At 31 December 2015 HK$'000 (Audited)
Non-current assets			
Property, plant and equipment		**17,025**	17,265
Goodwill		**1,510**	1,510
Available-for-sale investments	*10*	**171,309**	132,382
Interest in an associate	*11*	**108,043**	103,442
		297,887	254,599
Current assets			
Inventories		**29,651**	58,097
Amount due from a fellow subsidiary		**–**	3,404
Trade and other receivables	*12*	**525,603**	555,328
Bills receivable		**–**	902
Amounts due from customers for contract work	*13*	**745,960**	857,626
Retentions receivable	*12*	**369,602**	346,927
Tax recoverable		**4,423**	8,660
Bank balances and cash		**610,845**	895,433
		2,286,084	2,726,377
Current liabilities			
Trade and other payables	*14*	**810,475**	1,184,974
Bills payable	*14*	**4,580**	3,940
Amounts due to fellow subsidiaries		**10,034**	11,250
Amounts due to customers for contract work	*13*	**129,527**	58,117
Tax payable		**88,528**	58,611
Bank borrowings	*15*	**63,827**	254,564
		1,106,971	1,571,456
Net current assets		**1,179,113**	1,154,921
Total assets less current liabilities		**1,477,000**	1,409,520
Capital and reserves			
Share capital	*16*	**669,250**	669,250
Reserves		**807,750**	740,270
Total equity		**1,477,000**	1,409,520

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2016

	Attributable to owners of the Company												
	Share capital *HK$'000*	Share premium *HK$'000*	Legal reserve *HK$'000* *(Note a)*	Statutory reserve *HK$'000* *(Note b)*	Investment revaluation reserve *HK$'000*	Property revaluation reserve *HK$'000*	Shareholders' contribution reserve *HK$'000*	Translation reserve *HK$'000*	Other reserves *HK$'000* *(Note c)*	Accumulated profits *HK$'000*	Total *HK$'000*	Non-controlling interests *HK$'000*	Total *HK$'000*
At 1 January 2015 (audited)	40	34,700	60	3,032	–	1,241	6,615	16,192	29,751	720,039	811,670	45,717	857,387
Exchange differences arising on translation of foreign operations	–	–	–	–	–	–	–	127	–	–	127	3	130
Fair value change on available-for-sale investment	–	–	–	–	108,216	–	–	–	–	–	108,216	–	108,216
Release of translation reserve upon disposal of subsidiaries	–	–	–	–	–	–	–	(12,248)	–	–	(12,248)	–	(12,248)
Profit (loss) for the period	–	–	–	–	–	–	–	–	–	193,506	193,506	(279)	193,227
Total comprehensive income (expense) for the period	–	–	–	–	108,216	–	–	(12,121)	–	193,506	289,601	(276)	289,325
Release of reserves upon disposal of subsidiaries	–	–	–	(3,032)	–	(1,241)	–	–	–	4,273	–	–	–
Disposal of subsidiaries	–	–	–	–	–	–	–	–	–	–	–	(45,441)	(45,441)
Dividend declared *(note 9)*	–	–	–	–	–	–	–	–	–	(450,000)	(450,000)	–	(450,000)
At 30 June 2015 (unaudited)	40	34,700	60	–	108,216	–	6,615	4,071	29,751	467,818	651,271	–	651,271
At 1 January 2016 (audited)	669,250	19,700	60	–	28,056	–	6,615	197	29,751	655,891	1,409,520	–	1,409,520
Exchange differences arising on translation of foreign operations	–	–	–	–	–	–	–	(1,643)	–	–	(1,643)	–	(1,643)
Fair value change on available-for-sale investments	–	–	–	–	(17,351)	–	–	–	–	–	(17,351)	–	(17,351)
Profit for the period	–	–	–	–	–	–	–	–	–	246,474	246,474	–	246,474
Total comprehensive (expense) income for the period	–	–	–	–	(17,351)	–	–	(1,643)	–	246,474	227,480	–	227,480
Dividend paid *(note 9)*	–	–	–	–	–	–	–	–	–	(160,000)	(160,000)	–	(160,000)
At 30 June 2016 (unaudited)	669,250	19,700	60	–	10,705	–	6,615	(1,446)	29,751	742,365	1,477,000	–	1,477,000

Notes:

(a) In accordance with the provisions of the Macau Commercial Code, the subsidiaries of the Company in Macau are required to transfer a minimum of 25% of their profit for the year to a legal reserve before appropriation of dividends until the legal reserve equals half of the quota capital of these subsidiaries. This reserve is not distributable to the shareholders.

(b) As stipulated by the relevant laws and regulations in the People's Republic of China (the "PRC"), the subsidiaries established in the PRC shall set aside 10% of their net profits based on statutory accounts prepared in accordance with the relevant regulations and accounting principles generally accepted in the PRC to the statutory reserve before the distribution of the net profit each year until the balance reaches 50% of its paid-in capital. The statutory reserve can only be used upon approval by the board of directors of the relevant subsidiary to offset accumulated losses or increase capital.

(c) Other reserves as at 30 June 2016 included (i) a credit amount of HK$33,600,000 of recognition of other service costs, which represented the difference between the fair value and consideration (represented by the net assets attributable to) of the acquisition of 10.2% equity interests in the Company by a director, and (ii) a debit amount of HK$3,849,000, which represented the deficit of the consideration received and the 25% of net assets of Sundart Engineering & Contracting (Beijing) Limited ("Sundart Beijing") in relation to the deemed disposal of the Group's 25% equity interests in Sundart Beijing to the Company's ultimate holding company.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2016

	Six months ended 30 June	
	2016	2015
	HK$'000	*HK$'000*
	(Unaudited)	*(Unaudited)*
Net cash from (used in) operating activities	**124,419**	(22,866)
Investing activities		
Purchase of property, plant and equipment	**(1,601)**	(4,332)
Purchase of available-for-sale investments	**(56,278)**	(104,326)
Proceeds from disposals of subsidiaries	**–**	96,028
Placement of pledged bank deposits	**–**	(32,682)
Release of pledged bank deposits	**–**	14,716
Repayment from an associate	**–**	38,032
Other investing activities	**297**	7,445
Net cash (used in) from investing activities	**(57,582)**	14,881
Financing activities		
New bank borrowings raised	**63,430**	299,067
Repayments of bank borrowings	**(254,167)**	(204,752)
Dividend paid	**(160,000)**	(274,500)
Other financing activities	**–**	81,770
Net cash used in financing activities	**(350,737)**	(98,415)
Net decrease in cash and cash equivalents	**(283,900)**	(106,400)
Cash and cash equivalents at the beginning of the period	**855,472**	321,826
Effect of foreign exchange rate changes	**(688)**	(2)
Cash and cash equivalents at end of the period	**570,884**	215,424
Analysis of the balances of cash and cash equivalent		
Bank balances and cash	**610,845**	257,583
Less: Fixed deposits with original maturity date more than three months	**(39,961)**	(39,961)
Bank overdrafts	**–**	(2,198)
	570,884	215,424

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 *Interim Financial Reporting* issued by the Hong Kong Institutes of Certified Public Accountants (the "HKICPA") as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for available-for-sale investments, which are measured at fair values, as appropriate.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2016 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2015.

In the current interim period, the Group has applied, for the first time, the following amendments to Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA that are relevant for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants
Amendments to HKAS 27	Equity Method in Separate Financial Statements
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012-2014 Cycle
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception

The application of the amendments to HKFRSs in the current interim period has had no material effect on the amounts reported in the condensed consolidated financial statements and/or disclosures set out in the condensed consolidated financial statements.

3. REVENUE

Revenue represents the net amounts received and receivable for fitting-out works, alteration and addition and construction works rendered and manufacturing, sourcing and distribution of interior decorative materials by the Group to customers, net of discounts.

An analysis of the Group's revenue for the period is as follows:

	Six months ended 30 June	
	2016	2015
	HK$'000	*HK$'000*
	(Unaudited)	*(Unaudited)*
Continuing operations		
Contract revenue from fitting-out works	**1,483,413**	1,733,179
Contract revenue from alteration and addition and construction works	**223,435**	240,968
Manufacturing, sourcing and distribution of interior decorative materials	**32,293**	3,054
	1,739,141	1,977,201

4. SEGMENT INFORMATION

The Company's executive directors are the chief operating decision makers. Information reported to the chief operating decision makers for the purposes of resource allocation and assessment of segment performance focuses on three principal business activities.

Specifically, the Group's reportable and operating segments under HKFRS 8 are as follows:

(a) Fitting-out works in Hong Kong and others, except Macau and the PRC;

(b) Fitting-out works in Macau;

(c) Alteration and addition and construction works in Hong Kong; and

(d) Manufacturing, sourcing and distribution of interior decorative materials.

The Group also engaged in fitting-out works in the PRC which was classified as discontinued operations during the six months ended 30 June 2015, details were set out in note 7.

4. SEGMENT INFORMATION *(Continued)*

Information regarding the above segments is reported below:

Segment revenue and results

Continuing operations
For the six months ended 30 June 2016

	Fitting-out works in Hong Kong and others, except Macau and the PRC HK$'000 (Unaudited)	Fitting-out works in Macau HK$'000 (Unaudited)	Alteration and addition and construction works in Hong Kong HK$'000 (Unaudited)	Manufacturing, sourcing and distribution of interior decorative materials HK$'000 (Unaudited)	Segment total HK$'000 (Unaudited)	Elimination HK$'000 (Unaudited)	Consolidated HK$'000 (Unaudited)
Revenue							
External revenue	313,455	1,169,958	223,435	32,293	1,739,141	–	1,739,141
Inter-segment revenue	70	–	–	203,741	203,811	(203,811)	–
Segment revenue	313,525	1,169,958	223,435	236,034	1,942,952	(203,811)	1,739,141
Segment profit	38,981	199,325	4,953	50,612	293,871	–	293,871
Corporate expenses							(20,163)
Corporate income							1,125
Share of profit of an associate							5,245
Finance costs							(843)
Profit before taxation							279,235

4. SEGMENT INFORMATION *(Continued)*

Segment revenue and results *(Continued)*

Continuing operations *(Continued)*
For the six months ended 30 June 2015

	Fitting-out works in Hong Kong and others, except Macau and the PRC *HK$'000* *(Unaudited)*	Fitting-out works in Macau *HK$'000* *(Unaudited)*	Alteration and addition and construction works in Hong Kong *HK$'000* *(Unaudited)*	Manufacturing, sourcing and distribution of interior decorative materials *HK$'000* *(Unaudited)*	Segment total *HK$'000* *(Unaudited)*	Elimination *HK$'000* *(Unaudited)*	Consolidated *HK$'000* *(Unaudited)*
Revenue							
External revenue	443,867	1,289,312	240,968	3,054	1,977,201	–	1,977,201
Inter-segment revenue	1,383	–	3	107,945	109,331	(109,331)	–
Segment revenue	445,250	1,289,312	240,971	110,999	2,086,532	(109,331)	1,977,201
Segment profit (loss)	44,553	181,878	8,611	(11,275)	223,767	–	223,767
Corporate expenses							(13,132)
Corporate income							380
Loss on disposal of subsidiaries							(11)
Loss on disposal of an associate							(766)
Share of profits of associates							4,538
Finance costs							(1,583)
Profit before taxation							213,193

Inter-segment revenue is charged at prevailing market rates.

Segment profit (loss) represents the profit earned by (loss from) each segment, excluding income and expenses of the corporate function, which include certain other income, certain selling expenses, certain administrative expenses, certain other expenses, share of profits of associates, loss on disposals of subsidiaries and an associate and finance costs. This is the measure reported to the Company's executive directors for the purpose of resource allocation and assessment of segment performance.

5. INCOME TAX EXPENSE

	Six months ended 30 June	
	2016	2015
	HK$'000	*HK$'000*
	(Unaudited)	*(Unaudited)*
Continuing operations		
Current tax:		
Hong Kong Profits Tax	**4,420**	7,240
Macau Complementary Tax	**27,934**	22,083
PRC Enterprise Income Tax	**830**	15
	33,184	29,338
Overprovision in prior periods:		
Hong Kong Profits Tax	**(15)**	–
PRC Enterprise Income Tax	**(408)**	–
	(423)	–
	32,761	29,338

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for both periods.

Macau Complementary Tax is calculated at 12% of the estimated assessable profits for both periods.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both periods.

6. PROFIT FOR THE PERIOD

	Six months ended 30 June	
	2016	2015
	HK$'000	*HK$'000*
	(Unaudited)	*(Unaudited)*
Continuing operations		
Profit for the period has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	**1,514**	2,778
Amortisation of other intangible assets	**–**	1,800
Total depreciation and amortisation	**1,514**	4,578
Cost of inventories recognised as expense	**25,211**	5,514
Allowance (reversal of allowance) for inventories (included in cost of sales)	**762**	(174)
Contract costs recognised as expense		
Fitting-out works	**1,179,910**	1,474,897
Alteration and addition and construction works	**213,673**	227,228
	1,393,583	1,702,125
Staff costs		
Gross staff costs (including directors' emoluments)	**105,772**	106,364
Less: Staff costs capitalised to contract costs	**(62,885)**	(62,386)
	42,887	43,978
Net foreign exchange gain	**(387)**	(1,101)
Write off of trade and other receivables	**–**	10,192

7. DISCONTINUED OPERATIONS

On 16 April 2015, the Group entered into a sale and purchase agreement with Jangho Curtain Wall Hongkong Limited ("Jangho Hongkong"), the then immediate holding company, to dispose of the Group's 50% equity interests in Sundart Beijing, which carried out fitting-out works in the PRC, to Jangho Hongkong. The disposal was completed on 24 April 2015.

Accordingly, the operating results of Sundart Beijing and its subsidiary for the period from 1 January 2015 to 24 April 2015 are presented as discontinued operations in the interim financial statements.

8. EARNINGS PER SHARE

From continuing and discontinued operations

The calculation of basic earnings per share for the six months ended 30 June 2016 is based on the profit for the period attributable to owners of the Company of HK$246,474,000 and the weighted average number of ordinary shares of the Company of 2,000,000,000 in issue during the period.

The calculation of basic earnings per share for the six months ended 30 June 2015 is based on the profit for the period attributable to owners of the Company of HK$193,506,000 and on 1,500,000,000 shares, which included the capitalisation issue as detailed in note 16(c) and deemed to have been issued since 1 January 2015.

No diluted earnings per share are presented for both periods as there were no potential ordinary shares in issue.

From continuing operations

The calculation of the basic earnings per share for continuing operations attributable to owners of the Company is based on the following data:

	Six months ended 30 June	
	2016	2015
	HK$'000	*HK$'000*
	(Unaudited)	*(Unaudited)*
Profit for the period attributable to owners of the Company	**246,474**	193,506
Less: Profit for the period from discontinued operations attributable to owners of the Company	**–**	(9,651)
Profit for the period attributable to owners of the Company from continuing operations	**246,474**	183,855

The denominators used are the same as those detailed above.

From discontinued operations

Basic earnings per share from the discontinued operations for the period is nil (six months ended 30 June 2015: HK0.64 cent per share), based on the profit for the period from the discontinued operations attributable to owners of the Company of nil (six months ended 30 June 2015: HK$9,651,000) and the denominators detailed above for the basic earnings per share.

9. DIVIDENDS

An interim dividend of approximately HK$88,235 per share amounting to HK$450,000,000 in total, was declared to the shareholder during the six months ended 30 June 2015.

A final dividend for the year ended 31 December 2015 of HK8 cents per share, amounting to HK$160,000,000 in aggregate was declared and paid during the six months ended 30 June 2016.

An interim dividend for the six months ended 30 June 2016 of HK5 cents per share, amounting to approximately HK$107,911,000 in aggregate has been declared in the directors' meeting on 25 August 2016.

10. AVAILABLE-FOR-SALE INVESTMENTS

At the end of both reporting periods, the Group has available-for-sale investments in equity securities listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), which are measured at fair values. During the current period, the Group acquired HK$56,278,000 (year ended 31 December 2015: HK$104,326,000) of such investments.

11. INTEREST IN AN ASSOCIATE

	At 30 June 2016 HK$'000 (Unaudited)	At 31 December 2015 HK$'000 (Audited)
Unlisted shares, at cost	–	–
Deemed contribution to an associate	100,000	100,000
Share of post-acquisition profit and other comprehensive income, net of dividends received	8,043	3,442
	108,043	103,442

Deemed contribution in an associate represents loan advanced to an associate which is unsecured, interest-free and has no fixed repayment terms. In the opinion of the directors of the Company, the loan is in substance formed part of investment in an associate.

As at 30 June 2016 and 31 December 2015, the Group had interest in the following associate:

Name of entity	Form of business structure	Country of incorporation	Principal place of operation	Class of share held	Proportion of issued capital and voting rights held by the Group	Principal activity
EAGLE VISION DEVELOPMENT LIMITED ("Eagle Vision")	Incorporated	British Virgin Islands (the "BVI")	Hong Kong	Ordinary	28.57%	Investment holding

Eagle Vision owned 70% equity interests in Steve Leung Designers Limited ("Steve Leung"). Steve Leung and its subsidiaries are engaged in the provision of interior design services in Hong Kong and the PRC.

The Group owned 25% equity interests in Sundart Beijing since 25 April 2015. On 25 June 2015, the Group disposed of the remaining 25% equity interests in Sundart Beijing to Jangho Hongkong at a consideration in cash of HK$45,717,000. Loss on disposal amounting to HK$766,000 was recognised during the period.

12. OTHER FINANCIAL ASSETS

Trade and other receivables and retentions receivable at the end of each reporting period comprise receivables from third parties as follows:

Trade and other receivables

	At 30 June 2016 HK$'000 (Unaudited)	At 31 December 2015 HK$'000 (Audited)
Trade receivables	**268,562**	269,696
Prepayments and deposits	**245,266**	275,434
Other receivables	**11,775**	10,198
	525,603	555,328

The Group allows an average credit period of 30 to 45 days to their trade customers. The following is an aged analysis of trade receivables presented based on invoice date at the end of each reporting period.

	At 30 June 2016 HK$'000 (Unaudited)	At 31 December 2015 HK$'000 (Audited)
1–30 days	**226,393**	178,801
31–60 days	**31,155**	48,582
61–90 days	**647**	33,052
Over 90 days	**10,367**	9,261
	268,562	269,696

12. OTHER FINANCIAL ASSETS *(Continued)*

Retentions receivable

	At 30 June 2016 HK$'000 (Unaudited)	At 31 December 2015 HK$'000 (Audited)
Retentions receivable which:		
– will be recovered within twelve months	**271,791**	247,584
– will be recovered more than twelve months after the end of the reporting period	**97,811**	99,343
	369,602	346,927

13. AMOUNTS DUE FROM (TO) CUSTOMERS FOR CONTRACT WORK

	At 30 June 2016 HK$'000 (Unaudited)	At 31 December 2015 HK$'000 (Audited)
Contracts in progress at the end of each reporting period:		
Contract costs incurred plus recognised profits less recognised losses	**7,832,597**	8,781,349
Less: Progress billings	**(7,216,164)**	(7,981,840)
	616,433	799,509
Analysed for reporting purposes as:		
Amounts due from contract customers	**745,960**	857,626
Amounts due to contract customers	**(129,527)**	(58,117)
	616,433	799,509

14. OTHER FINANCIAL LIABILITIES

Trade and other payables

Trade and other payables at the end of the reporting period comprise amounts outstanding for trade purposes and daily operating costs. The average credit period taken for trade purchase is 14 to 30 days.

	At 30 June 2016 HK$'000 (Unaudited)	At 31 December 2015 HK$'000 (Audited)
Contract creditors and suppliers	**384,048**	562,908
Retentions payable	**200,750**	206,561
	584,798	769,469
Deposits received	**186,315**	330,859
Other payables	**39,362**	84,646
Total	**810,475**	1,184,974

The aged analysis of contract creditors and suppliers is stated based on invoice date as follows:

	At 30 June 2016 HK$'000 (Unaudited)	At 31 December 2015 HK$'000 (Audited)
1–30 days	**296,551**	506,711
31–60 days	**22,019**	33,484
61–90 days	**7,250**	10,928
Over 90 days	**58,228**	11,785
	384,048	562,908

As at 30 June 2016, the Group's retentions payable of HK$61,942,000 (31 December 2015: HK$55,837,000) is expected to be paid after one year.

Bills payable

At the end of both reporting periods, bills payable are repayable within 60 days.

15. BANK BORROWINGS

During the current interim period, the Group raised new bank loans amounting to HK$63,430,000 (year ended 31 December 2015: HK$494,511,000). As at 30 June 2016, all of the bank borrowings are variable-rate borrowings which are unsecured, repayable within one year, bear interest at 0.90% to 2.35% (31 December 2015: 0.90% to 2.35%) over Hong Kong Interbank Offered Rate per annum and interest is repriced every one to three months. As at 30 June 2016, the ranges of effective interest rates (which are also equal to contractual interest rates) on the Group's variable-rate borrowings are 1.05% to 2.52% (31 December 2015: 1.03% to 3.25%) per annum. The proceeds were used to finance the daily operating uses.

16. SHARE CAPITAL

	Number of shares	Share capital	
		USD	*HK$'000*
Authorised:			
At 1 January 2015			
– ordinary shares of USD1 each	50,000	50,000	390
At 31 December 2015 *(note a)*			
– with no par value	N/A	N/A	N/A
Issued and fully paid:			
At 1 January 2015	5,100	5,100	40
Issue of shares *(note b)*	500,000,000	N/A	654,210
Capitalisation issue *(note c)*	1,499,994,900	N/A	15,000
At 31 December 2015 (Audited) and 30 June 2016 (Unaudited)			
– with no par value	2,000,000,000		669,250

(a) On 11 August 2015, pursuant to written resolutions of REACH GLORY INTERNATIONAL LIMITED ("Reach Glory"), the sole shareholder of the Company, the Company disapplied Part IV of Schedule 2 of the BVI Companies Act and immediately after the disapplication, the Company was authorised to issue up to 50,000 shares of United States dollars ("USD") 1 par value each. On 1 September 2015, the Company increased its authorised shares to an unlimited number comprising shares of USD1 par value each. On the same day, the Company repurchased the then existing 5,100 shares of par value of USD1 each in issue for a consideration of USD5,100, and 5,100 new shares of no par value were issued to Reach Glory, for a consideration of USD5,100. On 7 September 2015, the Company further amended its authorised shares by a further amendment of its memorandum of association to an unlimited number comprising shares of no par value.

(b) On 29 December 2015, 500,000,000 ordinary shares with no par value of the Company were issued at a price of HK$1.38 by way of initial public offering. Those shares rank pari passu with the existing ordinary shares of the Company. On the same date, the Company's shares were listed on the Stock Exchange. The proceeds of HK$690,000,000, net of transaction costs amounting to HK$35,790,000, were credited to the Company's share capital.

(c) On 29 December 2015, the Company capitalised HK$15,000,000 standing to the credit of share premium of the Company and applied such amount in paying up in full 1,499,994,900 shares of the Company for allotment and issue to Reach Glory. The new shares rank pari passu in all respects with the issued ordinary shares of the Company.

17. PERFORMANCE BONDS AND ADVANCE PAYMENT BONDS

As at 30 June 2016, the Group has issued performance bonds and advance payment bonds in respect of supply and installation contracts through the banks amounting to HK$1,184,731,000 (31 December 2015: HK$1,125,839,000).

18. JOINT OPERATION

The Group has a joint operation, namely Sundart APG Consortium. The Group has shared its portion of scope of works in the business to operate construction project, building design and consulting, related activities for the supply and installation of construction materials and products. The Group is entitled to the project income received of HK$93,242,000 (six months ended 30 June 2015: HK$25,684,000) for the six months ended 30 June 2016 and bears a 50% share of the administrative expenses of the joint operation.

19. RELATED PARTY DISCLOSURES

Apart from amounts due from (to) fellow subsidiaries as set out in the condensed consolidated statement of financial position and the disposals of subsidiaries and an associate in notes 7 and 11 respectively, the Group had entered into the following significant transactions with its fellow subsidiary:

		Six months ended 30 June	
Relationship	**Transaction**	**2016**	2015
		HK$'000	*HK$'000*
		(Unaudited)	*(Unaudited)*
Continuing operations			
A fellow subsidiary	Supply and installation of window and louver systems	**8,507**	6,183

Compensation of key management personnel

The remuneration of key management personnel of the Group during the period is as follows:

	Six months ended 30 June	
	2016	2015
	HK$'000	*HK$'000*
	(Unaudited)	*(Unaudited)*
Salaries and short-term benefits	**31,157**	18,912
Post-employment benefits	**162**	167
	31,319	19,079

The remuneration of key management personnel is determined by the directors of the Company having regard to the performance of individuals and the Group.

20. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Fair value of the Group's financial assets that are measured at fair value on a recurring basis

The Group's certain financial instruments are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements are observable.

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable for the assets or liabilities.

Financial assets included in the condensed consolidated statement of financial position	Fair value as at		Fair value hierarchy	Valuation technique and key inputs
	30 June 2016 **HK$'000** **(Unaudited)**	31 December 2015 *HK$'000* (Audited)		
Available-for-sale investments	**171,309**	132,382	Level 1	Quoted market bid prices

There were no transfer between level 1, 2 and 3 during both periods presented.

21. EVENT AFTER THE REPORTING PERIOD

The Company completed the placing of existing shares and top-up subscription of new shares under general mandate on 25 July 2016 and 28 July 2016, respectively. Pursuant to the placing and subscription agreement dated 20 July 2016, an aggregate number of 158,210,000 existing shares of the Company were placed by Reach Glory at HK$3.80 per share, representing a discount of approximately 15.93% to the closing price of HK$4.52 per share as quoted on the Stock Exchange on 25 July 2016, being the date of the placing. After completion of the placing, 158,210,000 shares of the Company were subscribed by Reach Glory on 28 July 2016 at HK$3.80 per share. The proceeds of HK$601,198,000 from the subscription, net of transaction costs amounting to approximately HK$23,633,000, were credited to the Company's share capital.