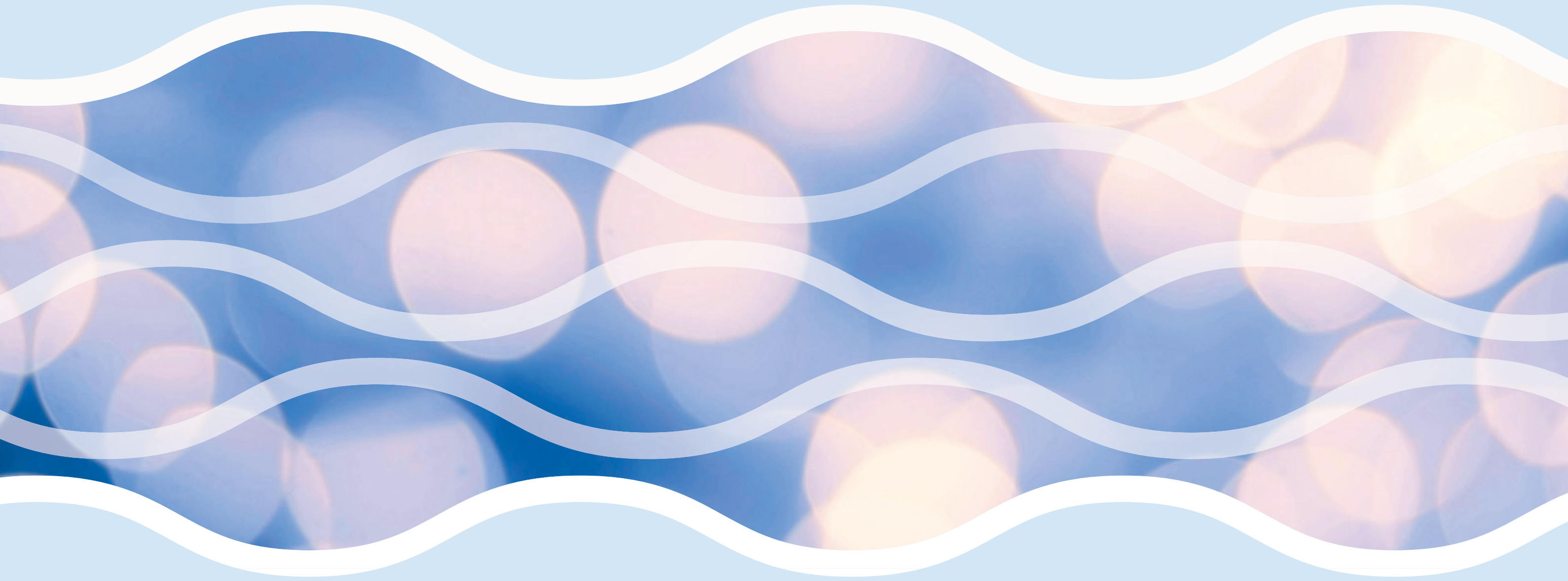

SUNDART HOLDINGS LIMITED
承達集團有限公司

(incorporated under the laws of British Virgin Islands with limited liability)

Stock code : 1568

2016 ANNUAL REPORT

About us

Sundart 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. We have been operating our fitting-out business in Hong Kong since 1996 and we further expanded our fitting-out business to Macau in 2005.

We have undertaken a number of sizeable fitting-out projects in Hong Kong and Macau. As a fitting-out contractor, we are responsible for the overall project implementation by providing, processing or arranging for the necessary materials, labour, engineering expertise and technical know-how required for the fitting-out works and carrying out corresponding project management so as to ensure that the fitting-out works conform to the contractual requirements, meet customers' expectation and are completed on time and within budget.

In addition, we acquired Kin Shing, a general building contractor in October 2010 to expand our capability as a general building contractor for construction, interior decoration, repair, maintenance and alteration and addition works for residential property, hotel, factory, and commercial projects. Further, we manufacture interior decorative timber products such as fire-rated timber doors and wooden furniture, through Dongguan Sundart, the majority of which are used for our projects.

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

25/F, Millennium City 3
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

PR ASIA Consultants Limited
5/F, Euro Trade Centre
13–14 Connaught Road Central
Hong Kong

Definitions

In this annual report, unless the context otherwise requires, the following terms shall have the meanings set out below.

"AGM"	the annual general meeting of the Company to be held at 10:00 a.m. on Wednesday, 28 June 2017 at Room 03-05, 11/F, Millennium City 3, 370 Kwun Tong Road, Kowloon, Hong Kong or any adjournment thereof
"Articles of Association"	the articles of association of the Company, as amended from time to time
"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Audit Committee"	the audit committee of the Board
"Beijing Jiangheyuan"	北京江河源控股有限公司 (Beijing Jiangheyuan Holdings Co., Ltd.), a limited liability company established in the PRC and a Controlling Shareholder
"Board"	the board of Directors
"business day"	any day (other than a Saturday, Sunday or public holiday in Hong Kong) on which licensed banks in Hong Kong are generally open for business
"BVI"	the British Virgin Islands
"close associates"	has the meaning ascribed thereto under the Listing Rules
"Code Provisions"	code provisions as set out in the Code of Corporate Governance Practices and Corporate Governance Report as contained in Appendix 14 to the Listing Rules
"Company"	SUNDART HOLDINGS LIMITED 承達集團有限公司 (stock code: 1568), a BVI business company with limited liability incorporated in the BVI, the Shares of which have been listed on the Main Board of the Stock Exchange since 29 December 2015
"Company Secretary"	the company secretary of the Company
"connected person(s)"	has the meaning ascribed thereto under the Listing Rules
"Controlling Shareholder(s)"	has the meaning ascribed thereto under the Listing Rules, and in the context of the Company, means Mr. Liu, Ms. Fu, Beijing Jiangheyuan, Jangho Co., Jangho Hongkong and Reach Glory
"Director(s)"	the director(s) of the Company
"Dongguan Sundart"	東莞承達家居有限公司 (Dongguan Sundart Home Furnishing Co., Ltd.), a limited liability company established in the PRC and an indirect wholly-owned subsidiary of the Company
"ESG Report"	the environmental, social and governance report
"FSC"	Forest Stewardship Council

"Global Offering"	the issue of Shares by way of Hong Kong public offering and the international placing on 29 December 2015
"GRG"	the glass fiber reinforced gypsum
"Group" or "our" or "Sundart" or "us" or "we"	the Company and its subsidiaries
"HK$" or "cents"	Hong Kong dollars or cents, the lawful currency of Hong Kong
"HKQAA"	Hong Kong Quality Assurance Agency
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Government"	the government of Hong Kong
"Internal Control Committee"	the internal control committee of the Board
"ISO"	the International Organisation for Standardisation, a non-government organisation based in Geneva, Switzerland, for assessing the quality systems of business organisations
"ISO 14001"	a member of ISO 14000 which is a family of environmental management standards set by ISO for assisting a company to continually improve its ability to efficiently identify, minimise, prevent and manage environmental impacts
"ISO 9001"	a member of ISO 9000 which is a family of standards set by ISO for quality management system where an organisation needs to demonstrate its ability to provide products that fulfil customers and applicable regulatory requirements and aim to enhance customer satisfaction
"Jangho Co."	江河創建集團股份有限公司 (Jangho Group Co., Ltd.), a joint stock limited liability company established in the PRC (the A shares of which have been listed on the Shanghai Stock Exchange (stock code: 601886) since 18 August 2011) and a Controlling Shareholder
"Jangho Hongkong"	Jangho Curtain Wall Hongkong Limited (江河幕墻香港有限公司), a limited liability company incorporated in Hong Kong, a wholly-owned subsidiary of Jangho Co. and a Controlling Shareholder
"Jangho Macau"	Jangho Curtain Wall Macao Co., Ltd (江河幕墻澳門有限公司), a limited liability company incorporated in Macau and was owned as to 99% and 1% by Jangho Co. and Jangho Hongkong, respectively
"Kin Shing"	Kin Shing (Leung's) General Contractors Limited (堅城（梁氏）建築有限公司), a limited liability company incorporated in Hong Kong and an indirect wholly-owned subsidiary of the Company

"Listing Date"	29 December 2015, being the date of listing of the Shares on the Main Board of the Stock Exchange
"Listing Rules"	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended from time to time
"Macau"	the Macau Special Administrative Region of the PRC
"Main Board"	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operating in parallel with the Growth Enterprise Market of the Stock Exchange
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
"MOP"	Macau Pataca, the lawful currency of Macau
"Mr. Liu"	Mr. Liu Zaiwang (劉載望), the non-executive Director, a Controlling Shareholder and the spouse of Ms. Fu
"Ms. Fu"	Ms. Fu Haixia (富海霞), a Controlling Shareholder and the spouse of Mr. Liu
"Nomination Committee"	the nomination committee of the Board
"Placing and Subscription"	the placing of existing Shares and top-up subscription of new Shares under general mandate on 25 July 2016 and 28 July 2016, respectively
"PRC" or "Mainland China"	the People's Republic of China which for the purpose of this Annual Report does not include Hong Kong, Macau and Taiwan
"Previous Year"	the year ended 31 December 2015
"Prospectus"	the Company's prospectus dated 11 December 2015
"Reach Glory"	REACH GLORY INTERNATIONAL LIMITED, a company incorporated in the BVI with limited liability, a wholly-owned subsidiary of Jangho Hongkong and a Controlling Shareholder
"Remuneration Committee"	the remuneration committee of the Board
"RMB"	Renminbi, the lawful currency of the PRC
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended from time to time
"Share(s)"	ordinary share(s) of the Company
"Shareholder(s)"	holder(s) of Share(s)

"Share Option Scheme"	the share option scheme, which was adopted by the Company and took effect from 1 December 2015, as amended from time to time
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary"	has the meaning ascribed to it under the Listing Rules
"substantial shareholder(s)"	has the meaning ascribed to it under the Listing Rules
"Sundart Beijing"	北京承達創建裝飾工程有限公司 (Sundart Engineering & Contracting (Beijing) Limited), a limited liability company established in the PRC and a former subsidiary of the Company
"Sundart Dalian"	大連承達創建裝飾工程有限公司 (Sundart Engineering & Contracting (Dalian) Limited), a limited liability company established in the PRC and a former subsidiary of the Company
"Sundart Macau"	Sundart Engineering Services (Macau) Limited (承達工程服務(澳門)有限公司), a limited liability company incorporated in Macau and an indirect wholly-owned subsidiary of the Company
"Sundart Timber"	Sundart Timber Products Company Limited (承達木材制品有限公司), a limited liability company incorporated in Hong Kong and an indirect wholly-owned subsidiary of the Company
"Year"	the year ended 31 December 2016
"%"	per cent.

Chairman's Statement



Chairman's Statement

Mr. Liu Zaiwang

Chairman

Dear Shareholders,

On behalf of the Board, I am pleased to present the results of the Year of the Group.

As one of the leading integrated fitting-out contractors in Hong Kong and Macau, the Group primarily provides professional fitting-out works for residential property and hotel projects. In addition, the Group conducts businesses on alteration and addition and construction through Kin Shing and manufacturing of interior decorative materials through Dongguan Sundart.

During the Year, the revenue from continuing operations of the Group was HK$3,313.3 million (2015: HK$4,133.1 million). Profit for the year from continuing and discontinued operations was HK$410.1 million (2015: HK$381.3 million). Basic earnings per share from continuing and discontinued operations was HK19.83 cents (2015: HK25.37 cents). The Board is pleased to propose a final dividend of HK3 cents per Share for the Year. Taken together with the interim dividend of HK5 cents per Share, equivalent to approximately 42.1% of the profit available for distribution for the Year, which is in line with the dividend policy as stated in the Prospectus.

By providing high-quality service, the Group works with lots of loyal business partners and thus can maintain inherent business and enlarge its business step by step. The Group completed 12 fitting-out projects with individual contract sum of not less than HK$50.0 million, and 13 alteration and addition and construction projects during the Year with a total contract sum of approximately HK$560.6 million. Most of the projects are sizeable hotel guestrooms, casinos, residential properties and commercial buildings during the Year.

As per the figures provided by the government of Macau, there is a recovery in Macau gaming industry and a steady growth in tourism in the Year, and thus we are still optimistic about the potential growth of fitting-out business in the Macau market. Meanwhile, benefited from the construction industry which in turn contributed by the growth of Hong Kong economy, the active property market and the potential demand from government departments, we keep expanding our Hong Kong market by undertaking more residential property and retail shopping mall projects, and we shall deploy our resources on exploring potential hotel projects in Hong Kong. Besides, the Hong Kong Government's reconstruction projects may expand the business of alteration and addition and construction in the coming years and we will keep on capturing opportunities of alteration and addition and maintenance works in the private sector. And regarding the interior decorative materials, we have successfully won a GRG production order and are setting up a GRG production line in our factory in Dongguan. By this chance, the Group will explore the opportunities in the GRG market. We are also looking for diversifying our products' range by enriching the manufacturing, sourcing and distribution of interior decorative materials, which will not only help our one-stop service, but also explore new profit growth point in the future.

We aim to continuously strengthen our research and development capabilities and technical leadership, further promote our brand name recognition, focus on and maintain high standards of project planning, management and implementation and undertake prudent financial management in order to secure our sustainable growth and capital adequacy.

Lastly, on behalf of the Board, I would like to take this opportunity to express my sincere gratitude and thanks to our Shareholders, business partners and other professional parties for their constant support for the past. The Group will carry on dedicating its efforts towards the Group's long-term development and hence deliver sustainable returns to its Shareholders.

Liu Zaiwang
Chairman

Management Discussion and Analysis

Management Discussion and Analysis

MARKET REVIEW

In the first three quarters of 2016, Hong Kong's economic growth moderated to 1.4% year-on-year in real terms, from 2.4% for 2015. Meanwhile, investment expenditure extended the decline-dropping by 3% year-on-year in the first three quarters of 2016. In the latest round of review in November 2016, the Hong Kong Government forecasted Hong Kong's economic growth for 2016 at 1.5%.

According to the provisional results from the Census and Statistics Department of the Hong Kong Government, the total gross value of construction works performed by main contractors in Hong Kong in the third quarter of 2016 decreased by 1.9% in real terms over the same period of 2015. In spite of such decrease, according to the 2017 Policy Address published on 18 January 2017, the Hong Kong Government will provide more than 380,000 residential units by changing land use and increasing development intensity in the short to medium term. Moreover, it is expected that the MTR Kwun Tong Line Extension and newly-built South Island Line will drive development of surrounding property. The development of Hong Kong construction and real property markets may bring further opportunities for the Hong Kong fitting-out industry.

According to the Statistics of Macau's Gaming Inspection and Coordination Bureau, games of fortune's gross revenue in Macau decreased by MOP8 billion or 3.4% to MOP223 billion in the Year. It is also expected that such gross revenue will return to a growth track by the fourth quarter of 2016 and recorded a 10.2% year-on-year rise to approximately MOP60 billion. Also, the tourism industry maintained a steady growth. For the whole year of 2016, guests of hotels and guesthouses increased by 13.6% year-on-year to 12,001,000, while the average occupancy rate of hotels and guesthouses in Macau increased by 1.8 percentage points to 83.3%. These in turn may benefit the fitting-out business in Macau.

BUSINESS REVIEW*NOTE*

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 Year, the majority of the Group's revenue was derived from its fitting-out projects in the private sector.

Despite the fact that Hong Kong's economy grew slowly and remained uncertain in 2016, the Group continued to deliver a solid financial performance during the Year. With its established reputation, proven track record and long working relationships with customers, the Group continued to obtain several sizeable new projects during the Year. The Directors believe that the Group's new projects could maintain its stable and healthy development in the coming years.

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 Year, the fitting-out business remained as the key contributor to the Group's revenue and profit.

During the Year, the Group had completed a total of 12 fitting-out projects with individual contract sum of not less than HK$50.0 million, including 6 and 6 fitting-out projects in Hong Kong and Macau, respectively. As at 31 December 2016, the Group had a total of 24 projects in progress with individual contract sum of not less than HK$50.0 million, including 20 and 4 fitting-out projects in Hong Kong and Macau, respectively. The total contract sum and the value of remaining works for such projects in progress amounted to approximately HK$4,442.2 million and HK$3,099.0 million, respectively.

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

During the Year, the Group's revenue derived from its fitting-out business amounted to HK$2,776.8 million (Previous Year: HK$3,516.6 million), decreased by HK$739.8 million or 21.0% when compared to the Previous Year. The Group has completed most of works of 8 fitting-out projects during the Previous Year. As a result, the revenue of the Group derived from these projects decreased by HK$1,441.8 million when compared to the Previous Year. Such impact was not fully mitigated by the increase in the revenue brought by the fitting-out projects of which most of works have been completed during the Year and therefore resulted in the decrease of the Group's revenue derived from its fitting-out business.

The Group's gross profit derived from its fitting-out business during the Year amounted to HK$530.0 million (Previous Year: HK$553.7 million), decreased by HK$23.7 million or 4.3%. Notwithstanding the decrease in revenue and gross profit, the Group's gross profit margin for its fitting-out works increased from 15.7% in the Previous Year to 19.1% in the Year. The increase in profit margin was mainly attributable to (i) 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 Year; and (ii) the Group's profit gain derived from certain large amount variation orders with higher profit margin work trades from a five-star hotel and casino project.

Alteration and addition and construction works

The Group carries out alteration and addition and construction business in Hong Kong through Kin Shing, a registered general building contractor. Kin Shing's key services include construction, interior decoration, repair, maintenance and alteration and addition works for residential properties, hotels, factories, and commercial buildings in Hong Kong.

During the Year, Kin Shing completed a total of 13 alteration and addition and construction projects with a total contract sum of approximately HK$560.6 million, out of which a total revenue of HK$142.0 million was recognised during the Year. As at 31 December 2016, Kin Shing had 14 projects on hand (including contracts in progress and contracts which are yet to commence) with a total contract sum and the value of remaining works amounted to approximately HK$1,160.6 million and HK$729.4 million, respectively.

During the Year, the Group's revenue derived from its alteration and addition and construction business amounted to HK$424.1 million (Previous Year: HK$583.4 million), decreased by HK$159.3 million or 27.3% when compared to the Previous Year. The Group has completed most of works of 2 alteration and addition and construction projects during the Previous Year. The revenue of the Group derived from these projects decreased by HK$173.3 million when compared to the Previous Year. As a result, the Group's revenue derived from alteration and addition and construction business during the Previous Year was relatively higher than the revenue derived from such business during the Year.

The Group's gross profit derived from its alteration and addition and construction business was HK$16.4 million (Previous Year: HK$23.1 million), decreased by HK$6.7 million or 29.0% year-on-year. During the Year, the Group's gross profit margin for its alteration and addition and construction business remained stable at 3.9% (Previous Year: 4.0%).

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 Mainland China. Through its subsidiary, 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 Year, the Group's revenue derived from its manufacturing, sourcing and distribution of interior decorative materials business amounted to HK$112.4 million (Previous Year: HK$33.1 million), increased by HK$79.3 million or 239.6% when compared to the Previous Year. Such increase was primarily attributable to the increased sales in Hong Kong, the Philippines and the Mainland China.

During the Year, the Group's gross profit derived from its manufacturing, sourcing and distribution of interior decorative materials business amounted to HK$26.9 million (Previous Year: HK$6.1 million), increased by HK$20.8 million or 341.0% when compared to the Previous Year. The increase in such gross profit was primarily due to increase in the orders from Hong Kong and the Philippines. The Group's gross profit margin for its manufacturing, sourcing and distribution of interior decorative materials business recovered from the relatively low level at 18.4% for the Previous Year to 23.9% for the Year. The lower gross profit margin for the Previous Year was primarily due to no substantial sales as well as the additional repair and modification works which the Group performed at its own cost.

Principal risks

As at 31 December 2016, the Group was principally engaged in integrated fitting-out works in Hong Kong and Macau, alteration and addition and construction works in Hong Kong and manufacturing, sourcing and distribution of interior decorative materials business for sales globally. In view of the ever-changing business environment, the Group is facing various risks, challenges and uncertainties, including (but without limitation to): (i) the Group's contracts are not recurring in nature and its future business depends on its continuing success on project tender; (ii) the economy of Macau may adversely affect the Group's performance and financial condition; (iii) the Group's estimate time and costs to determine the tender price and its failure to make accurate estimate may lead to cost overruns or even losses in its projects; (iv) the Group's performance is dependent on market conditions and trends in the fitting-out industry and alteration and addition industry in Hong Kong and Macau which may change adversely; (v) the Group depends on its subcontractors to complete a substantial part of the works of its projects and to implement safety measures or procedures during the courses of its execution of works. Their availabilities and performance may adversely affect the Group's ability and punctuality to complete the projects, the Group's reputation and operations, and potentially expose it to litigation and damages; and (vi) the Group's business is affected by the business strategies and performance of its major customers in Hong Kong and Macau. As at the date of this annual report, the Group was engaging in a prolonged negotiation with one of its customers with respect to the settlement of progress payment concerning two fitting-out projects in Macau.

FINANCIAL REVIEW*NOTE*

Revenue, gross profit and gross profit margin

During the Year, the Group's revenue amounted to HK$3,313.3 million (Previous Year: HK$4,133.1 million), decreased by HK$819.8 million or 19.8% when compared to the Previous Year. The Group's gross profit during the Year amounted to HK$573.3 million (Previous Year: HK$582.9 million), decreased by HK$9.6 million or 1.6% when compared to the Previous Year. Notwithstanding the decrease in revenue and gross profit, the Group's gross profit margin was 17.3% (Previous Year: 14.1%), increased by 22.7% when compared to the Previous Year. The increase in profit margin was mainly attributable to (i) 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 Year; and (ii) the Group's profit gain derived from certain large amount variation orders with higher profit margin work trades from a five-star hotel and casino project.

Other income, other gains and losses

The Group's net other losses of HK$6.4 million for the Previous Year increased to HK$15.0 million for the Year, primarily due to HK$23.8 million of impairment loss on the available-for-sale investments as the share price retreated in the Year whereas the Group's written off of HK$10.2 million of trade receivables in the Previous Year.

Profit for the year

During the Year, the Group's profit for the year amounted to HK$410.1 million (Previous Year: HK$371.9 million), increased by HK$38.2 million or 10.3% when compared to the Previous Year. Such increase was primarily attributable to no listing expenses incurred and increase in share of profits of associates during the Year.

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

Basic earnings per share

The Company's basic earnings per share for the Year was HK19.83 cents (Previous Year (from continuing and discontinued operations): HK25.37 cents), decreased by HK5.54 cents or 21.8% year-on-year. The basic earnings per share for the Year are calculated based on the weighted average number of Shares of 2,067,866,000 in issue during the Year, whilst basic earnings per share for the Previous Year are calculated based on the weighted average number of Shares of 1,504,110,000. As such, the basic earnings per share for the Year are relatively lower than those for the Previous Year. Details of the earnings per share are set out in note 15 to the consolidated financial statements.

Final dividend

The Board proposed a final dividend of HK3 cents per Share for the Year subject to the approval of the Shareholders at the AGM. Taken together with the interim dividend of HK5 cents per Share paid on 23 September 2016, the total dividend for the Year is HK8 cents per Share, equivalent to approximately 42.1% of the profit available for distribution for the Year, which is in line with the dividend policy as stated in the Prospectus.

Material acquisition and disposal

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

Available-for-sale investments

During the Year, the Group purchased available-for-sale investments in equity securities listed on the Main Board of the Stock Exchange at a total consideration of HK$56.3 million. The investments the Group held can be traded in the open market and are not subject to any selling restriction.

As at 31 December 2016, the Group's available-for-sale investments amounted to HK$136.9 million (31 December 2015: HK$132.4 million) and decreased by HK$51.8 million in fair value, out of which an impairment loss of HK$23.8 million was recognised in profit or loss during the Year. In spite of that, up to 18 April 2017, HK$43.7 million out of HK$136.9 million available-for-sale investments were sold and generated a gain of HK$4.9 million and the value of the remaining investments has increased by 38.1% when compared to 31 December 2016. The Group is subject to the market risks associated with its investments. The management will closely monitor the performance of the Group's investments from time to time and would consider taking risk management actions should the need arise.

During the Year, the United States' Dow Jones index and NASDAQ index have reached the historical high and the global stock market including the Hong Kong stock market has returned to a growth track. With a view to better capturing the investment opportunities, the Company has revised its investment and derivative transaction policies and procedures since 23 February 2017. According to the revised policies and procedures, the Group may make other available-for-sale investments in the future using its excess cash, if its cash balance on hand is not less than HK$50 million, its unutilised bank facilities amounted to over HK$100 million and its gearing ratio is lower than 50%. The management of the Group will identify suitable mid- to long-term target, including equity investment and/or bond, with appreciation potentials and manageable risks subject to the supervision of the chief financial officer of the Company and the Directors' approval. Taking into account the Group's financial condition, cash flow and cash flow forecast, the Group's management will determine the investment amount each time to ensure the compliance with the relevant guidelines.

The management will continue to cautiously assess each potential investment taking into account the global investment environment including any political risk and balance with the Group's financial condition and potential developments.

Future plans for material investments or capital assets

The Group may consider to utilise the excess cash in a more effective way by investing in fixed rate short term investment tools and therefore the management will comply with the guidelines as stated above in "Available-for-sale investments".

In addition, with a view to further improving its profitability, the Group is considering to expand its fitting-out business to the markets outside Hong Kong and Macau.

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 Year, the Group mainly relies upon internally generated funds, bank borrowings and net proceeds from the Global Offering and the Placing and Subscription to finance its operations.

The Group continued to maintain a solid financial and cash position. As at 31 December 2016, the Group had working capital of HK$1,825.2 million, increased by HK$670.3 million or 58.0% over HK$1,154.9 million as recorded as at 31 December 2015. Such increase in working capital was primarily attributable from the increase in bank balances and cash. As at 31 December 2016, the Group had bank balances and cash of HK$1,192.6 million (31 December 2015: HK$895.4 million). The increase in bank balances and cash was mainly due to the receipt of net proceeds from the Placing and Subscription of HK$577.6 million, after the deduction of all placing and related expenses.

No bank borrowings were recorded as at 31 December 2016, whilst HK$254.6 million were repayable within one year as at 31 December 2015.

The Group continued to maintain a healthy liquidity position. As at 31 December 2016, the Group's current assets and current liabilities were HK$2,835.8 million and HK$1,010.6 million, respectively (31 December 2015: HK$2,726.4 million and HK$1,571.5 million, respectively). The Group's current ratio increased to 2.8 times (31 December 2015: 1.7 times). The Group has maintained sufficient liquid assets to finance its operations.

As at 31 December 2016, gearing ratio calculated by dividing total debts with total equity was nil (31 December 2015: 18.1%), as a result of repayment of all bank borrowings during the Year.

As at 31 December 2016, the share capital and equity attributable to owners of the Company amounted to HK$1,246.8 million and HK$2,096.0 million, respectively (31 December 2015: HK$669.3 million and HK$1,409.5 million, respectively).

Charge on the Group's assets

The Group did not charge or pledge any assets as at 31 December 2016 and 31 December 2015.

Contingent liabilities and capital commitments

The Group did not have any significant contingent liabilities as at 31 December 2016 and 31 December 2015.

As at 31 December 2016, the Group had capital commitments of HK$1.0 million in relation to acquisition of property, plant and equipment (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 MOP, Euro, RMB and United States Dollars. The Group's bank borrowings have been made at floating rates. The Group has not implemented any foreign currencies and interest rates hedging policies. However, the Group's management will closely monitor the exchange rate and interest rate movement and will take appropriate activities to reduce the risks.

Credit exposure

During the Year, the Group has adopted prudent credit policies to deal with credit exposure. The Group's major customers include reputable property developers, hotel owners and main contractors. 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 with a view to keeping the credit risk exposure of the Group at a relatively low level.

EVENT AFTER THE REPORTING PERIOD

There are no significant events subsequent to 31 December 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 31 December 2016, the Group employed 819 full-time employees (31 December 2015: 911). The Group remunerates its employees based on their performance, experience and the prevailing industry practice. Discretionary bonus 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$220.5 million for the Year (Previous Year: HK$244.5 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 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 31 December 2016, the net proceeds received were applied as follows:

	Net proceeds *(HK$ million)*		
	Available	**Utilised**	**Unutilised**
To expand the Group's fitting-out projects in Hong Kong	307.6	307.6	–
To expand the Group's alteration and addition and construction business in Hong Kong	182.0	51.8	130.2
To expand the Group's fitting-out projects in Macau	62.8	28.1	34.7
To hire additional staff for the Group's business expansion	12.6	12.6	–
To finance the procurement of upgraded equipment and machinery for Dongguan Sundart and strengthen the Group's 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	456.7	171.1

As at 31 December 2016, the unutilised net proceeds from the Global Offering were deposited in bank accounts.

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

USE OF PROCEEDS FROM THE PLACING AND SUBSCRIPTION

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.

The net proceeds from the Placing and Subscription amounted to HK$577.6 million (after deducting all placing and related expenses). The Group intends to use the net proceeds in accordance with the proposed application as disclosed in the announcement of the Company dated 28 July 2016. As at 31 December 2016, the net proceeds received were applied as follows:

	Net proceeds *(HK$ million)*		
	Available	**Utilised**	**Unutilised**
To expand the Group's fitting-out and alteration and addition and construction businesses	375.4	88.4	287.0
To finance any potential investment opportunities	144.4	–	144.4
General working capital	57.8	57.8	–
Total	577.6	146.2	431.4

As at 31 December 2016, the unutilised net proceeds from the Placing and Subscription were also deposited in bank accounts.

PROSPECTS AND STRATEGIES

In view of the growth of the Hong Kong economy, active property market and potential demand from government departments, the Group is optimistic about the industry outlook brought by the rapid urban development and ongoing construction of new hotels, residential properties and retail shopping malls. And for the Macau market, considering the progress of the Group's on-going fitting-out projects, recovery of gaming industry and increase in the number of visitors to Macau associated with the completion of Hong Kong-Zhuhai-Macau Bridge in the coming years, the Group still looks for opportunities in Macau's fitting-out business.

In 2017, 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 advantages and drive its business growth for the long term, the Group will continue to improve its manufacturing and research and development capabilities and technical leadership. Up to the date of this annual report, the Group has successfully won a GRG production order and has been setting up a GRG production line in its factory in Dongguan. By this chance, the Group will explore the opportunities in the GRG market. Besides, the Hong Kong Government's reconstruction projects may expand the business of alteration and addition and construction in the coming years and the Group will also keep on capturing opportunities of alteration and addition and maintenance works in the private sector.

In addition, with a view to further improving its profitability, the Group is considering to expand its fitting-out business to the markets outside Hong Kong and Macau.

Besides, the Group will keep its advantage in high-quality project planning and execution, and building up the reputation of the Group by delivering distinctive projects and high-quality services.

Biographies of Directors and Senior Management

DIRECTORS

Executive Directors

Mr. Ng Tak Kwan (吳德坤), aged 62, is the executive Director and chief executive officer of the Company. He is also a director of each subsidiary of the Company, excluded GROW PATH INTERNATIONAL LIMITED, PEAK GAIN DEVELOPMENT LIMITED and Glory One Investments Limited. Mr. Ng is one of the founders of the Group. He has been mainly focusing on the Group's daily operations since its commencement of business in 1986. He is also a member of the remuneration committee. Mr. Ng left the Group in 1996 and re-joined in October 1998. Currently, Mr. Ng is primarily responsible for the overall management of the business development of the Group. Mr. Ng obtained a bachelor degree of science in civil engineering from the University of Calgary, Canada in June 1978. Mr. Ng was an executive director of Rykadan Capital Limited, a company listed on the Stock Exchange (stock code: 2288), from August 2009 to 20 August 2015, and has acted as a non-executive director since 21 August 2015.

Mr. Ng was the director of the following companies which were incorporated in Hong Kong and are subject to deregistration proceedings pursuant to section 750 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) on the ground that it ceased to carry on any business or operation. It is confirmed by Mr. Ng that all the following deregistrations were made voluntarily by way of submitting applications to the Companies Registry of Hong Kong because these companies ceased to carry on business or operation for more than three months immediately before the relevant application. The relevant details are as follows:

Name of company	Nature of business	Date of submission of application for deregistration	Status as at the date of this report
Grace United Development Limited (合欣發展有限公司)	Inactive	12 October 2016	Deregistered on 24 February 2017
Sundart Engineering (Far East) Limited (承達工程(遠東)有限公司)	Inactive	17 October 2016	Deregistered on 3 March 2017

Mr. Leung Kai Ming (梁繼明), aged 63, is the executive Director of the Company. He is also a director of several subsidiaries of the Company, including, GLORY SPRING INVESTMENTS LIMITED, Sundart Products Limited, Sundart International Supply Limited, Sundart International Supply (Macau) Limited, Sundart Living Limited, Sundart Timber, Dongguan Sundart, Sundart Engineering (Far East) Limited and Sundart Macau. Mr. Leung is one of the founders of the Group. He left the Group in July 2006 and re-joined in April 2009. Currently, he is mainly responsible for overseeing the manufacturing, technical and engineering activities and sourcing and distribution of interior decorative materials of the Group. Mr. Leung was the director of the following companies which were incorporated in Hong Kong and are subject to deregistration proceedings pursuant to section 750 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) on the ground that it ceased to carry on any business or operation. It is confirmed by Mr. Leung that all the following deregistrations were made voluntarily by way of submitting applications to the Companies Registry of Hong Kong because these companies ceased to carry on business or operation for more than three months immediately before the relevant application. The relevant details are as follows:

Name of company	Nature of business	Date of submission of application for deregistration	Status as at the date of this annual report
Sundart International Limited (承達環球有限公司)	Inactive	17 December 2015	Deregistered on 29 April 2016
Win Venture Trading Limited (鴻域貿易有限公司)	Inactive	13 January 2016	Deregistered on 27 May 2016
Grace United Development Limited (合欣發展有限公司)	Inactive	12 October 2016	Deregistered on 24 February 2017
Sundart Engineering (Far East) Limited (承達工程(遠東)有限公司)	Inactive	17 October 2016	Deregistered on 3 March 2017

Mr. Xie Jianyu (謝健瑜), aged 37, is the executive Director and chief financial officer of the Company. He is also a director of each subsidiary of the Company. He joined the Group in June 2012 and is mainly responsible for overseeing the financing, accounting and internal control, human resource and administrative management of the Group. He is also a member of the Internal Control Committee. Prior to joining the Group, Mr. Xie was the financial manager of cost control department of ATLANTIS Holding Norway AS from March 2006 to December 2008, the chief accountant of Workz Middle East FZE from January 2009 to March 2010 and the financial director of Middle East & North Africa Group of J&H Emirates LLC from April 2010 to June 2012. Mr. Xie obtained a bachelor degree in economics from Xiamen University (廈門大學), the PRC in July 2001 and a master degree of business administration from the University of Hong Kong, Hong Kong in November 2015. Mr. Xie became a certified management accountant of the Institute of Management Accountants, the USA and a member of the Association of Chartered Certified Accountants in February 2008 and September 2014, respectively. Mr. Xie was the director of the following companies which were incorporated in Hong Kong and are subject to deregistration proceedings pursuant to section 750 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) on the ground that it ceased to carry on any business or operation. It is confirmed by Mr. Xie that all the following deregistrations were made voluntarily by way of submitting applications to the Companies Registry of Hong Kong because these companies ceased to carry on business or operation for more than three months immediately before the relevant application. The relevant details are as follows:

Name of company	Nature of business	Date of submission of application for deregistration	Status as at the date of this report
Elite Tech Holdings Limited (達賢集團有限公司)	Inactive	22 February 2016	Deregistered on 30 June 2016
Grace United Development Limited (合欣發展有限公司)	Inactive	12 October 2016	Deregistered on 24 February 2017
Sundart Engineering (Far East) Limited (承達工程（遠東）有限公司)	Inactive	17 October 2016	Deregistered on 3 March 2017

Mr. Ng Chi Hang (吳智恒), aged 41, is the executive Director of the Company. He is also a director of several subsidiaries of the Company, including: Sundart Timber, Sundart Macau, GROW PATH INTERNATIONAL LIMITED, PEAK GAIN DEVELOPMENT LIMITED, GOOD ENCORE LIMITED, Glory One Investments Limited and Good Encore Development Limited. Mr. Ng joined the Group as a quantity surveyor in Sundart Timber in September 2005 and is mainly responsible for overseeing the overall operation of the Group in Macau. Prior to joining the Group, Mr. Ng was a quantity surveyor of Bridgewater & Coulton Limited from April 2000 to September 2002. Mr. Ng obtained a bachelor degree of science in surveying from the University of Hong Kong, Hong Kong in December 1998 and a master degree of science in construction and real estate from the Hong Kong Polytechnic University, Hong Kong in November 2004. He became a member of the Hong Kong Institute of Surveyors and professional member of the Royal Institution of Chartered Surveyors in February 2003. He has been a registered professional surveyor in the quantity surveying division of the Surveyors Registration Board of Hong Kong since April 2005.

Mr. Pong Kam Keung (龐錦強), aged 55, is the executive Director of the Company. He is also a director of Kin Shing, Sundart Project Management & Consultancy Limited and Good Encore Development Limited. Mr. Pong joined the Group as a project director in Kin Shing in July 2013 and is mainly responsible for overseeing the execution of the fitting-out projects and the legal and compliance matters of the Group. He is also a member and the chairman of the Internal Control Committee. Prior to joining the Group, Mr. Pong was the chief prosecution officer of Environmental Protection Department of the Hong Kong Government from July 2004 to July 2013. He was a member of the Appeal Tribunal Panel of the Housing, Planning and Lands Bureau of the Hong Kong Government from February 2007 to November 2012 and a member of the Advisory Committee on Barrier Free Access of the Buildings Department from August 2001 to July 2003. Mr. Pong served as a director of education and membership of the Hong Kong Institute of Facility Management from October 2008 to October 2009. On 13 July 2016, Mr. Pong was appointed as the non-executive director of Star Properties Group (Cayman islands) Limited, a company listed on the Stock Exchange (stock code: 1560). Mr. Pong obtained a bachelor degree of science in building surveying from Thames Polytechnic, United Kingdom in June 1989, a master degree of science in property investment from the City University of London, United Kingdom in December 1993, a bachelor degree of laws from the University of Wolverhampton, United Kingdom in September 1995, a master degree of science in urban planning from the University of Hong Kong, Hong Kong in December 2005 and a master degree of corporate governance from the Hong Kong Polytechnic University, Hong Kong in October 2008. Mr. Pong has been a fellow of the Hong Kong Institute of Facility Management, the Hong Kong Institute of Surveyors, the Chartered Institute of Arbitrators, the Royal Institution of Chartered Surveyors, the Hong Kong Institute of Chartered Secretaries and a member of the Royal Town Planning Institute since July 2000, November 2000, January 2001, January 2006, October 2012 and January 2007, respectively. Mr. Pong registered as a chartered building engineer by the Chartered Association of Building Engineers in February 2014.

Non-Executive Director

Mr. Liu Zaiwang (劉載望), aged 45, is the non-executive Director and the chairman of the Board. Mr. Liu is primarily responsible for the overall strategy, investment planning and human resource strategy of the Group. He is also a member and the chairman of the nomination committee. Mr. Liu has been involving in the curtain wall industry since February 1999 when he founded Jangho Co., the Controlling Shareholder, the A shares of which are listed on the Shanghai Stock Exchange (stock code: 601886). He is the legal representative, director and chairman of Jangho Co. and is responsible for the overall management of Jangho Co.. Mr. Liu also assumes several social positions including the member of standing committee of the National People's Congress of Shunyi District, Beijing, the PRC (北京市順義區人民代表大會常務委員) and the vice-chairman of the board of the Northeastern University (東北大學), the PRC.

Independent Non-Executive Directors

Mr. Tam Anthony Chun Hung (譚振雄), aged 66, is an independent non-executive Director. He is also a member of each of the audit and remuneration committees and the chairman of the audit committee. Mr. Tam has over 19 years of experience in international taxation. Mr. Tam was a tax partner of Deloitte Touche Tohmatsu from 1997 to 2013. Since August 2014, Mr. Tam has been the managing tax partner of Mazars CPA Limited. Mr. Tam is an independent non-executive director of Colour Life Services Group Co., Limited, a company listed on the Stock Exchange (stock code: 1778). Mr. Tam obtained a bachelor degree of engineering and management from McMaster University, Canada in May 1976 and a master degree of business administration in finance from the University of Toronto, Canada in November 1983. He became a member of the Institute of Chartered Professional Accountant of Ontario, Canada (formerly known as Institute of Chartered Accountants of Ontario, Canada) in March 1981 and a fellow member of the Hong Kong Institute of Certified Public Accountants in February 1993.

Mr. Huang Pu (黃璞), aged 44, is an independent non-executive Director. He is also a member of each of the audit, remuneration and nomination committees and the chairman of the remuneration committee. Mr. Huang worked in Huifu Investment Information Limited (匯富投資資訊有限公司) from May 2001 to June 2003. Currently, Mr. Huang is an investment consultant in Beijing Dazhong Investment Co,. Ltd (北京大中投資有限公司). He obtained a bachelor degree in statistics, a master degree in economics and a doctoral degree in finance from the Renmin University of China (中國人民大學), the PRC in July 1993, July 1996 and July 1999, respectively.

Mr. Li Zheng (李正), aged 59, is an independent non-executive Director. He is also a member of each of the audit and nomination committees. Mr. Li has over 26 years of experience in legal practice. Mr. Li was a partner of Guangdong Run & Race Law Firm (廣東仁人律師事務所) from June 1996 to July 2010 and has been a partner of Guangdong Shentiancheng Law Firm (廣東深天成律師事務所) since August 2010. He is an independent director of Shenzhen Nanshan Power Co., Ltd (深圳南山熱電股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 000037), an independent director of Dalian Sunasia Tourism Holding Co. Ltd (大連聖亞旅遊控股股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600593) and an independent director of Shenzhen Eternal Asia Supply Chain Management Ltd (深圳市怡亞通供應鏈股份有限公司), a company listed on the Shenzhen Stock Exchange (Stock Code: 002183). Mr. Li obtained a bachelor degree of laws from Jilin University (吉林大學), the PRC in August 1983 and was qualified as a lawyer in the PRC in June 1989. He was accredited as "Outstanding Young Lawyer (優秀中青年律師)" by Zhejiang Provincial Department of Justice (浙江省司法廳) and Zhejiang Law Society (浙江省律師協會) in October 1989. Mr. Li obtained the training certification of independent director in March 2011, October 2013 and July 2014, respectively.

Senior Management

Mr. Chung Tsz Lung Jimmy (鍾子龍), aged 56, is the assistant general manager of Sundart Timber. He joined the Group in August 2000 and is mainly responsible for overseeing the operation of the projects in high-end commercial properties and planning and supervising the tender procedure and subcontracting. Prior to joining the Group, Mr. Chung worked as quantity surveyor, contracts manager, assistant maintenance supervisor and project manager in various companies in Hong Kong and Canada. Mr. Chung obtained a higher diploma and associateship in building technology and management from the Hong Kong Polytechnic, Hong Kong (now known as the Hong Kong Polytechnic University, Hong Kong) in November 1982 and November 1983, respectively. Mr. Chung became a member of the Chartered Institute of Building of the United Kingdom in March 1988.

Mr. Chan Chung Ming (陳仲明), aged 48, is the design manager of Sundart Timber. He joined the Group as design coordinator in September 2000. He is mainly responsible for overseeing the interior fitting-out works and monitoring the progress of design application for the projects. Mr. Chan has 21 years' experience in interior design and shop drawing presentation of interior decorations for various types of buildings. Prior to joining the Group, Mr. Chan was a design coordinator in Sundart (CIL) Engineering Limited (承達建材工程有限公司) from July 1996 to July 1999. Mr. Chan was awarded a certificate in building studies (architectural) from the Morrison Hill Technical Institute, Hong Kong in August 1992 and attended the ISO14001:2004 introduction training in the HKQAA in 2009. He graduated from the City University of Hong Kong, Hong Kong in December 1996 with a higher diploma in architectural studies.

Mr. Chan Hak Man (陳克民), aged 61, is the senior project manager of Sundart Timber. He joined the Group in November 2007 and is mainly responsible for organising the projects and monitoring the progress of the projects. Prior to joining the Group, Mr. Chan worked for several companies, mainly in the areas of civil engineering and interior design. Mr. Chan was awarded a certificate in furniture design from the Technical Institute of the Education Department of Hong Kong in July 1981.

Mr. Chiu Yeuk Ho (趙若濠), aged 56, is the senior project manager of Sundart Timber. He joined the Group as quality assurance officer in June 2004 and was promoted to project manager in April 2005. He is mainly responsible for organising the projects and monitoring the progress of the projects. Mr. Chiu has accumulated over 31 years' experience in construction industry. He started his career as an assistant engineering in Shui On Construction Company Limited (瑞安建築有限公司) from February 1984 to July 1987. After that, he was a project coordinator and estimator of Arrow Aluminum Products Limited in Canada from 1987 to October 1992 and a project manager of Pentad Construction Company Limited (大有建築有限公司) from November 1992 to March 1996. He was a project manager of G+H Montage (Hong Kong Projects) Limited from July 1996 to October 1997. Mr. Chiu was a senior project coordinator of Hyundai Engineering & Construction Co., Ltd from November 1997 to June 2004. Mr. Chiu obtained a bachelor degree in geography-survey science from the University of Alberta, Canada in June 1984.

Mr. Chan Tze Chiu (陳子昭), aged 54, is the senior project manager of Sundart Timber. He joined the Group as project manager in January 2008 and was promoted to a senior project manager in July 2013. He is mainly responsible for organising the projects and monitoring the progress of the projects. Prior to joining the Group, Mr. Chan was the project manager of Enful Engineering Limited (銀豐工程有限公司) from August 1988 to August 1998. Mr. Chan obtained a bachelor degree in civil engineering from Huaqiao University (華僑大學), the PRC in July 1987.

Mr. Lau Mong Yu Alex (劉夢如), aged 54, is the purchasing manager of Sundart Timber. He joined the Group as a senior purchasing officer in August 2003. He is mainly responsible for coordinating all purchasing activities of the Group. With over 21 years of experience in the procurement field, Mr. Lau is experienced in procuring professional timber products and building and decoration related materials. Prior to joining the Group, Mr. Lau was the purchasing manager of Hong Kong Teakwood Works Limited (香港柚木製品有限公司) from March 1994 to October 2001.

Ms. Chui Muk Heung (徐木香), aged 48, is the chief accountant of the Company. She was appointed as the Company Secretary on 10 June 2016. Ms. Chui joined the Group as a senior accountant in November 2003. She is mainly responsible for the financial and accounting matters of the Group. Before joining the Group, Ms. Chui had worked as accounting professional in various companies including construction materials firms and accounting firms. She was employed as an accountant by K.Wah Construction Materials (Hong Kong) Limited (嘉華建材(香港)有限公司) in July 1997 and promoted to assistant accounts manager in June 2001 and left in August 2002. Ms. Chui was accredited as an accounting technician in November 1990. She became a member of the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants in February 2000 and March 2000, respectively.

Mr. To Ka Wah Kevin (杜嘉華), aged 43, is the contracts manager of Sundart Timber. He joined the Group in March 2013 and is mainly responsible for participating in tender and quotation and handling contracts related matters. Prior to joining the Group, Mr. To had previously worked for several engineering companies and interior design companies. Mr. To obtained a bachelor degree of building in construction economics from the University of Technology Sydney, Australia in May 1998.

Mr. Man Pui Kwan (文沛堃), aged 60, is the managing director of Kin Shing and Sundart Project Management & Consultancy Limited. He joined the Group as commercial director in September 2010. He is mainly responsible for the day-to-day management of Kin Shing. Mr. Man has over 36 years of experience in the field of quantity surveying and contracts management. Before founding his own business in early 1990, Mr. Man was employed as an assistant quantity surveyor in Rawlinson, Russell & Partners, a quantity surveying and construction cost consulting firm, in July 1980 and was promoted to a quantity surveyor in March 1984 and held the position until July 1987. He was then employed as a quantity surveyor in the Quantity Surveying branch of the Architectural Services Department of the Hong Kong Government from July 1987 to March 1990. Mr. Man set up his own company, Forewin Consultants Limited, in early 1990 and since then has been acting as an executive director, mainly responsible for its general operation. Mr. Man obtained a bachelor degree of science in quantity surveying from the Thames Polytechnic, United Kingdom in June 1980. Mr. Man has been a professional associate of the Royal Institute of Chartered Surveyors, a fellow of the Hong Kong Institute of Surveyors and a member of the Chartered Institute of Arbitrators since January 1984, June 1997 and September 1999, respectively.

Corporate Governance Report

The Group has made continued efforts to incorporate the key elements of sound corporate governance into its management structure and internal procedures. The Group is committed to high standards of ethics and integrity in all aspects of business and ensuring that its affairs are conducted in accordance with applicable laws and regulations and for the benefits and in the interests of the Shareholders.

CORPORATE GOVERNANCE CODE

The Company is committed to achieving and maintaining high standards of corporate governance and has established policies and procedures in compliance with the principles and the Code Provisions set out from time to time.

In the opinion of the Directors, the Company has complied with the Code Provisions during the Year, except for the following deviations:

(i) Paragraph A.6.7 of the Code Provisions 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 the 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) Paragraph C.1.2 of the Code Provisions specifies that the management should provide all members of the Board with monthly updates giving a balanced and understandable assessment of the Company'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 Year. Those monthly updates have also been provided to the non-executive Director and independent non-executive Directors since August 2016. Besides, the management also provided all Directors with regularly updates giving a balanced and understandable assessment of the Company's performance, position and prospects in sufficient detail prior to the regular board meetings of the Company.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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 Year. 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 with the Model Code by the relevant employees was noted by the Company for the Year.

THE BOARD

Composition of the Board

As at the date of this annual report, the Board consisted of nine Directors comprising five executive Directors, one non-executive Director and three independent non-executive Directors. The composition of the Board is as follows:

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

For biographical details of all current Directors and senior management of the Group, please see "Biographies of Directors and Senior Management". To the best knowledge of the Directors, save as disclosed in the biographies of the Directors, there is no financial, business, family or other material or relevant relationships among the members of the Board during the Year.

Functions of the Board and Delegation of Powers

The principal function of the Board is to consider and approve the overall business plans and strategies of the Group, develop and implement the corporate governance function and supervise the implementation of these policies and strategies and the management of the Company. The Group has an independent management team, which is led by a team of senior management with substantial experience and expertise in the Group's business.

The Board delegates day-to-day operations of the Group to the executive Directors and management of the Group with department heads responsible for different aspects of the business/functions, while reserving certain key matters in making strategic decision for its approval. When the Board delegates aspects of its management and administration functions to management, it gives clear directions as to the powers of management, in particular, with respect to the circumstances where management needs to report back and obtain prior approval from the Board before making decisions or entering into any commitments on behalf of the Company.

Board and General Meetings

The Directors can attend meetings in person or through other means of electronic communication in accordance with the Articles of Association. All minutes of the Board meetings were recorded in sufficient details of the matters considered by the Board and the decisions reached.

Pursuant to paragraph A.1.1 of the Code Provisions, the Board should meet regularly and board meetings should be held at least four times a year. During the Year, the Board held 21 meetings, 4 of which were regular meetings.

The attendance record of each Director at the Board meetings, the Audit Committee meetings, the Remuneration Committee meetings, the Nomination Committee meetings, the Internal Control Committee meetings and the general meeting of the Company held during the Year was as follows:

	Attendance/Number of meetings held					
Name of Directors	Board meetings	Audit Committee meetings	Remuneration Committee meetings	Nomination Committee meetings	Internal Control Committee meetings	2016 Annual general meeting
Executive Directors						
Mr. Ng Tak Kwan *(Chief Executive Officer)*	21/21	N/A	2/2	N/A	N/A	1/1
Mr. Leung Kai Ming	20/21	N/A	N/A	N/A	N/A	1/1
Mr. Xie Jianyu *(Chief Financial Officer)*	21/21	N/A	N/A	N/A	2/2	1/1
Mr. Ng Chi Hang	19/21	N/A	N/A	N/A	N/A	0/1
Mr. Pong Kam Keung	19/21	N/A	N/A	N/A	2/2	1/1
Non-Executive Director						
Mr. Liu Zaiwang *(Chairman)*	4/21	N/A	N/A	2/2	N/A	1/1
Independent Non-Executive Directors						
Mr. Tam Anthony Chun Hung	4/21	2/2	2/2	N/A	N/A	1/1
Mr. Huang Pu	4/21	2/2	2/2	2/2	N/A	0/1
Mr. Li Zheng	4/21	2/2	N/A	2/2	N/A	0/1

Directors' Appointment and Re-election

Each of the executive Directors, namely, Mr. Ng Tak Kwan, Mr. Leung Kai Ming, Mr. Xie Jianyu, Mr. Ng Chi Hang and Mr. Pong Kam Keung, has entered into a service agreement with the Company for a term of three years commencing from the Listing Date, which may be terminated by either the Company or the other party by giving three months' written notice or otherwise in accordance with the terms of the service agreement.

The non-executive Director, namely, Mr. Liu Zaiwang, has signed an appointment letter with the Company for a term of three years commencing from the Listing Date, which may be terminated by either the Company or Mr. Liu by giving three months' written notice or otherwise in accordance with the terms of the appointment letter.

Each of the independent non-executive Directors, namely, Mr. Tam Anthony Chun Hung, Mr. Huang Pu and Mr. Li Zheng, has signed an appointment letter with the Company for a term of three years commencing from the Listing Date, which may be terminated by either the Company or the other party by giving three months' written notice or otherwise in accordance with the terms of the appointment letter.

In compliance with paragraph A.4.2 of the Code Provisions, all directors appointed to fill a casual vacancy should be subject to election by the Shareholders at the first general meeting after appointment. By virtue of article 74(3) of the Articles of Association, the Board shall have the power from time to time and at any time to appoint any person as a director either to fill a casual vacancy on the Board or as an additional director. Any director appointed by the Board to fill a casual vacancy shall hold office only until the next general meeting of the Company after his appointment and be subject to re-election at such meeting. Any director appointed by the Board as an addition to the existing Board shall hold office only until the next annual general meeting of the Company and shall then be eligible for re-election.

In compliance with paragraph A.4.2 of the Code Provisions, every director should be subject to retirement by rotation at least once every three years. Furthermore, pursuant to article 75(1) of the Articles of Association, at each annual general meeting one-third of the directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to but not less than one-third, shall retire from office by rotation provided that every director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. A retiring director shall be eligible for re-election.

Independent Non-Executive Directors

The Company has three independent non-executive Directors which complies with Rules 3.10(1) and 3.10A of the Listing Rules. Furthermore, among these three independent non-executive Directors, Mr. Tam Anthony Chun Hung has appropriate professional qualifications or accounting or related financial management expertise as required by Rule 3.10(2) of the Listing Rules. In accordance with Rule 3.13 of the Listing Rules, the Company has received from each of its independent non-executive Directors a written confirmation of his independence. The Company, based on such confirmations, considers each of Mr. Tam Anthony Chun Hung, Mr. Huang Pu and Mr. Li Zheng continues to be independent.

Chairman and Chief Executive Officer

According to paragraph A.2.1 of the Code Provisions, the roles of the chairman and the chief executive should be separate and should not be performed by the same individual. Mr. Liu Zaiwang is the chairman of the Board and Mr. Ng Tak Kwan is the chief executive officer. Therefore, paragraph A.2.1 of the Code Provisions has been complied with.

Directors' and Officers' Liabilities

The Company has arranged for appropriate insurance covering the liabilities in respect of legal action against the Directors and officers that may arise out of its corporate activities. The insurance coverage is reviewed on an annual basis.

Continuing Professional Development

According to paragraph A.6.5 of the Code Provisions, all directors shall participate in continuous professional development to develop and refresh their knowledge and skills to ensure their contribution to the Board remains informed and relevant. The Company would arrange and/or introduce some Director's training courses for the Directors to develop and explore their knowledge and skills.

Each newly appointed Director receives comprehensive, formal and tailored induction on or before the first occasion of his appointment, so as to ensure that he has appropriate understanding of the business and operations of the Group and that he is fully aware of his responsibilities and obligations under the Listing Rules and relevant regulatory requirements. The Directors are continually updated on the legal and regulatory developments, as well as business and market changes, to facilitate the discharge of their responsibilities.

In order to ensure the Directors' contribution to the Board remains informed and relevant and to develop and refresh knowledge and skills of the Directors, the Company has encouraged and funded suitable trainings for Directors to participate in continuous professional developments. During the Year, the record of the trainings of the Directors, on a named basis, is set out in the table below.

Directors	Reading journals, written training materials and/or updates	Attending courses, seminars, conferences and/ or forums	Receiving briefings from Chief Financial Officer, Company Secretary and/or other executives
Executive Directors			
Mr. Ng Tak Kwan	✔	✔	✔
Mr. Leung Kai Ming	✔	✔	✔
Mr. Xie Jianyu	✔	✔	✔
Mr. Ng Chi Hang	✔	✔	✔
Mr. Pong Kam Keung	✔	✔	✔
Non-Executive Director			
Mr. Liu Zaiwang	✔	✔	✔
Independent Non-Executive Directors			
Mr. Tam Anthony Chun Hung	✔	✔	✔
Mr. Huang Pu	✔	✔	✔
Mr. Li Zheng	✔	✔	✔

Note: All of the abovementioned trainings are relevant to the Group's business, the economy, corporate governance, rules and regulations, accounting, financial or professional skills and/or directors' duties and responsibilities.

BOARD COMMITTEES

Audit Committee

The Audit Committee was established on 1 December 2015 with written terms of reference which are in compliance with the Code Provisions and are available on the websites of the Stock Exchange and the Company. The primary duties of the Audit Committee are 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, review the risk management and internal control systems, and the effectiveness of the Group's internal audit function.

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 performed the following works during the Year and up to the date of this report:

- to review, inter alia, the annual results of the Group for the years ended 31 December 2015 and 2016, and the interim results of the Group for the six months ended 30 June 2016;
- to review of the Group's risk management, internal control systems, financial reporting systems, and financial and accounting policies and practices;
- to review of the audit plan for the year ended 31 December 2016;
- to recommend to the Board to re-appoint the external auditor at the 2016 and 2017 annual general meetings;
- to review the effectiveness of the internal audit function of the Company;
- to review the findings in the internal control report;
- to review the 2017 internal audit plan; and
- to review the continuing connected transactions of the Group.

Remuneration Committee

The Remuneration Committee was established on 1 December 2015 with written terms of reference which are in compliance with the Code Provisions and are available on the websites of the Stock Exchange and the Company. The primary duties of the Remuneration Committee are to make recommendations to the Board on the overall remuneration policy and structure relating to all Directors and senior management of the Group, review performance based remuneration and ensure none of the Directors determine their own remuneration.

The Remuneration Committee comprises two independent non-executive Directors, namely, Mr. Huang Pu (the chairman of the Remuneration Committee) and Mr. Tam Anthony Chun Hung, and one executive Director, namely, Mr. Ng Tak Kwan.

The Remuneration Committee has performed the following works during the Year and up to the date of this report:

- to review, inter alia, the performance and remuneration package of the Directors;
- to review the Company's policy and structure for remuneration of all members of senior management of the Group; and
- to approve the proposed remuneration of executive Directors (where Mr. Ng Tak Kwan abstained from voting in determining his own remuneration) and senior management with effective from August 2016.

Pursuant to paragraph B.1.5 of the Code Provisions, the remuneration of the members of the senior management by band for the Year is set out below:

Remuneration bands (HK$)	Number of individual(s)
Up to 1,000,000	1
1,000,001 to up to 2,000,000	5
Above 2,000,000	3

Remuneration Policy for Directors and Senior Management

The remuneration payable to the employees includes salaries and allowances. The Group's remuneration policies are formulated based on the performance of individual employees and are reviewed regularly. Subject to the Group's profitability, the Group may also provide a discretionary bonus to employees as an incentive for their contribution to the Group. The primary goal of the remuneration policy with regard to the remuneration packages of the executive Directors is to enable the Group to retain and motivate the executive Directors by linking their compensation with performance as measured against corporate objectives achieved. Each of the executive Directors is entitled to the remuneration packages including basic salaries and discretionary bonuses.

The Company's share option scheme was adopted pursuant to a resolution passed on 1 December 2015. The Company believes that by offering the eligible persons a shareholding stake in the Company, the interests of the eligible persons and the Company will align and thereby the eligible persons will have additional incentives to improve the Company's performance. For details, please see "Directors' Report – Share Option Scheme".

Nomination Committee

The Nomination Committee was established on 1 December 2015 with written terms of reference which are in compliance with the Code Provisions and are available on the websites of the Stock Exchange and the Company. The primary duties of the Nomination Committee include reviewing the structure, size, and composition of the Board, assessing the independence of independent non-executive Directors and making recommendations to the Board on matters relating to the appointment of Directors.

The Board is empowered under the Articles of Association to appoint any person as a Director either to fill a casual vacancy or, as an additional member of the Board. Qualified candidates will be proposed by the Nomination Committee to the Board for consideration and the selection criteria are mainly based on the assessment of their professional qualifications and experience. The Board selects and recommends candidates for directorship to the Shareholders having regards to the balance of skills and experience appropriate to the Group's business.

The Nomination Committee comprises one non-executive Director, namely, Mr. Liu Zaiwang (the chairman of the Nomination Committee), and two independent non-executive Directors, namely Mr. Huang Pu and Mr. Li Zheng.

The Nomination Committee has performed the following works during the Year and up to the date of this report:

- to review the structure, size and composition (including the skills, knowledge and experience) of the Board as well as the policy concerning the diversity of the members of Board;
- to assess the independence of the independent non-executive Directors;
- to review the policy for nomination of directors, performed by the Nomination Committee;
- to review the nomination procedures and the process and criteria adopted by the Nomination Committee to select and recommend candidates for directorship;
- to review the achievement of the measurable objectives set out in the board diversity policy; and
- to determine the rotation of the Directors at the 2016 and 2017 annual general meetings.

BOARD DIVERSITY POLICY

The Company has adopted a board diversity policy since the Listing Date. A summary of such board diversity policy, the measureable objectives set for implementing such board diversity policy, and the progress made towards achieving those objectives are disclosed below.

Summary of the Board Diversity Policy

With a view to achieving a sustainable and balanced development, the Company sees increasing diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development. In designing the Board's composition, Board diversity has been considered from a number of aspects, including but not limited to gender, age, cultural and educational background, professional experience, skills and knowledge. All Board appointments will be based on merit, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

Measurable Objectives

Selection of candidates will be based on a range of diversified perspectives, including but not limited to gender, age, cultural and educational background, professional experience, skills and knowledge. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board. The Board's composition will be disclosed in the corporate governance report annually in accordance with the Listing Rules.

Monitoring

The Nomination Committee has reviewed the achievement of the measureable objectives as set out in the board diversity policy.

Diversity of the Board

The existing members of the Board are well experienced in the fitting-out and alteration and addition and construction industry, investment and finance businesses. Some of them are professionals in project management, finance, accounting and legal with extensive experience.

In view of the present size and complexities of the Group's operations and the nature of the risks and challenges it faces, the Nomination Committee considers the Company has struck a right balance of skills, experience, knowledge and diversity among the present members of the Board.

ACCOUNTABILITY AND AUDIT

Directors' and Auditor's Responsibilities for the Consolidated Financial Statements

All Directors acknowledge their responsibility to prepare the Group's consolidated financial statements for each financial period to give a true and fair view of the state of affairs of the Group and of the results and cash flows for that period. In preparing the consolidated financial statements for the Year, the Board has selected suitable accounting policies and applied them consistently, made judgments and estimates that are prudent, fair and reasonable and prepared the consolidated financial statements on a going concern basis. The Directors are responsible for taking all reasonable and necessary steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities. A statement by auditor about their reporting responsibilities on the consolidated financial statements is set out in the independent auditor's report. The Directors continue to adopt the going concern approach in preparing the consolidated financial statements and are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

Auditor's Remuneration

During the Year, the remuneration paid or payable to the auditor of the Company, Deloitte Touche Tohmatsu, in respect of their audit and non-audit services was as follows:

	HK$'000
Audit service fee	1,180
Non-audit services fee	899
Total	2,079

The non-audit services mainly include interim review, tax compliance, internal control review service and consultancy service in relation to environmental, social and governance and risk management.

Corporate Governance Functions

The Board has performed the following corporate governance duties of the Company in accordance with the written terms of reference adopted by the Board during the Year and up to the date of this report:

- to develop and review the policies and practices on corporate governance of the Company and make recommendations;
- to review and monitor the training and continuous professional development of Directors and senior management;
- to review and monitor the Group's policies and practices on compliance with legal and regulatory requirements;
- to develop, review and monitor the code of conduct and compliance manual (if any) applicable to Directors and employees; and
- to review the Company's compliance with the Code Provisions and the disclosure in the corporate governance report of the Company.

RISK MANAGEMENT AND INTERNAL CONTROL

The Group has a risk management procedure and an internal control system that are characteristics of a clear governance structure, policy procedure and reporting mechanism, to help the Group manage its risks in all business segments.

The Group has established an organisational structure for risk management, composed of the Board, the Audit Committee, the risk management team, and the business departments, management and staff of the Group. The Board assesses and determines the nature and extent of risks that the Group is willing to accept in achieving its strategic objectives, and ensures that it establishes and maintains proper and effective risk management and develops a suitable corporate risk culture. The Board also monitors the coordination among the staff, corporate strategy, risk, internal control and compliance.

The Group has also developed and adopted a management system for corporate risks, which provides effective solutions to risk identification, assessment and handling. For at least once a year, the risk management team identifies the risk factors affecting the Group in realising its business objectives, works out ratings and rankings for such risks based on their possibility and impact, formulates solutions and strategies to major risks, and designates the people in charge of addressing such risks.

In addition, the Group has engaged Deloitte Touche Tohmatsu to assist the Board and the Audit Committee in ongoing monitoring of the risk management and internal control systems of the Group during the Year. Deficiencies in the design and implementation of internal controls are identified and recommendations are proposed for improvement. Significant internal control deficiencies are reported to the Audit Committee and the Board of Directors on a timely basis to ensure prompt remediation actions are taken.

Risk management report and internal control report are submitted to the Audit Committee and the Board at least once a year. The Board had performed annual review on the effectiveness of the Group's risk management and internal control systems for the Year, including but not limited to the Group's ability to cope with its business transformation and changing external environment; the scope and quality of management's review on risk management and internal control systems; result of internal audit work; the extent and frequency of communication with the Board in relation to result of risk and internal control review; significant failures or weaknesses identified and their related implications; and status of compliance with the Listing Rules. The Board considers the Group's risk management and internal control systems are effective and adequate.

The risk management and internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

PROCEDURES AND INTERNAL CONTROLS FOR THE HANDLING AND DISSEMINATION OF INSIDE INFORMATION

The Group complies with the requirements of the SFO and the Listing Rules. The Group discloses inside information to the public as soon as reasonably practicable unless the information falls within any of the Safe Harbours as provided in the SFO. Before the information is fully disclosed to the public, the Group ensures the information is kept strictly confidential. If the Group believes that the necessary degree of confidentiality cannot be maintained or that confidentiality may have been breached, the Group would immediately disclose the information to the public. The Group is committed to ensuring that information contained in announcements are not false or misleading as to a material fact, or false or misleading through the omission of a material fact in view of presenting information in a clear and balanced way, which requires equal disclosure of both positive and negative facts.

COMMUNICATIONS WITH SHAREHOLDERS

The Company values communication with the Shareholders. The Company uses two-way communication channels to account to Shareholders for the performance of the Company. Enquiries and suggestions from Shareholders are welcomed, and enquires may be put to the Board through the following channels to the Company Secretary:

1. By mail to the Company's principal place of business at 25/F, Millennium City 3, 370 Kwun Tong Road, Kowloon, Hong Kong;

2. By telephone number 2413 2333;

3. By fax number 2490 0685; or

4. By email at sundart@sundart.com

The Company uses a number of formal communication channels to account to the Shareholders for the performance of the Company. These include (i) the publication of interim and annual reports; (ii) the annual general meeting or extraordinary general meeting providing a forum for the Shareholders to raise comments and exchange views with the Board; (iii) updated key information of the Group available on the websites of the Stock Exchange and the Company; (iv) the Company's website offering communication channel between the Company and its Shareholders; and (v) the Company's branch share registrar in Hong Kong serving the Shareholders in respect of all share registration matters.

The Company aims to provide its Shareholders with high standards of disclosure and financial transparency. The Board is committed to providing clear, detailed, timely manner and on a regular basis information of the Group through the publication of interim and annual reports and/or dispatching circulars, notices, and other announcements.

The Company strives to take into consideration its Shareholders' views and inputs, and address Shareholders' concerns. Shareholders are encouraged to attend the annual general meeting for which at least 20 clear business days' notice shall be given. The chairman of the Board as well as chairmen of the Audit Committee, the Nomination Committee and the Remuneration Committee, or in their absence, the Directors are available to answer the Shareholders' questions on the Group's businesses at the meeting. To comply with paragraph E.1.2 of the Code Provisions, the management will ensure the external auditor to attend the annual general meeting to answer questions about the conduct of the audit, the preparation and content of the auditor's report, the accounting policies and auditor independence.

The Board has established a shareholders' communication policy on 1 December 2015 and will review it on a regular basis to ensure its effectiveness to comply with paragraph E.1.4 of the Code Provisions.

In order to promote effective communication, the Company also maintains a website (www.sundart.com) which includes the latest information relating to the Group and its businesses.

SHAREHOLDERS' RIGHTS

As one of the measures to safeguard shareholders' interests and rights, separate resolutions are proposed at shareholders' meetings on each substantial issue, including the election of individual Directors, for Shareholders' consideration and voting. Besides, various rights of Shareholders, including the right to propose resolutions, are contained in the Articles of Association.

The summary of certain rights of the Shareholders is disclosed below.

Procedures for Convening General Meetings and Putting Forward Proposals at General Meetings

According to article 49 of the Articles of Association, any one or more Shareholder(s) holding at the date of deposit of the requisition not less than one-tenth of the issued Shares carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Company Secretary, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit the Board fails to proceed to convene such meeting for a day not more than 28 days after the date on which the notice convening the meeting is given, the requisitionist(s) himself (themselves), or any of them representing more than one-half of the total voting rights of all of them, may do so in the same manner but any meeting so convened shall not be held after the expiration of three months from the date of deposit of requisition, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Any requisition to convene an extraordinary general meeting or proposal to be put forward at the general meeting can be addressed to the principal place of business in Hong Kong of the Company marked with the attention of the Board or the Company Secretary or to the Hong Kong branch share registrar of the Company at Computershare Hong Kong Investor Services Limited, 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong. The requisitionists must state in their request(s) the objects of the extraordinary general meeting to be convened, and such request must be signed by all the requisitionists. Upon receipt, the Company will verify the requisitionists' particulars and if the request is in order, the Company will convene the extraordinary general meeting in accordance with the Articles of Association.

Procedures for Propose a Person for Election as a Director

The procedures for proposing a person for election as a Director are posted on the Company's website at www.sundart.com.

CONSTITUTIONAL DOCUMENTS

There was no change to the Company's constitutional documents during the Year. The Articles of Association is available on the websites of the Stock Exchange and the Company.

COMPANY SECRETARY

Mr. Pong Kam Keung resigned and Ms. Chui Muk Heung was appointed as the Company Secretary on 10 June 2016. Ms. Chui reports to the chief executive officer directly and is responsible to the Board for ensuring that the Board procedures, applicable laws, rules and regulations are followed and the Board activities are efficiently and effectively conducted. She is also responsible for ensuring that the Board is fully appraised of the relevant corporate governance developments relating to the Group and facilitating the induction and professional development of the Directors.

According to the Rule 3.29 of the Listing Rules, Ms. Chui has taken no less than 15 hours of relevant professional training for the Year.

Environmental, Social and Governance Report

The Group has prepared an ESG Report for the Year pursuant to the general disclosure requirements of the Environmental, Social and Governance Reporting Guide as set out in Appendix 27 to the Listing Rules. Each of the business departments of the Group has participated in preparing the ESG Report in order to identify the impacts of the Group on the environment and society, and to evaluate its importance to the Group's business and each stakeholder.

The ESG Report covers the policies of the Group on material environmental and social issues in relation to its fitting-out business and its compliance therewith.

ENVIRONMENTAL

Emissions

The Group aims at advocating energy saving and environmental protection with a focus on developing sustainable business. The Group adopts various management measures to fulfill its energy saving and environmental protection responsibilities and actively conducts relevant trainings.

Meanwhile, the Group actively supports and maintains its role in environmental protection, strives to improve its environmental protection awareness, reinforces the concept of environmental protection in the Group and formulates the following environmental protection and management policies to mitigate the impacts on the environment:

(i) Chemical management guidelines: the standards of storage, use and disposal of chemicals are stipulated. All chemicals are required to be stored in particular locations and not to be disposed in sewers to avoid contamination of water supply. Also, the Group should try its best to confirm with customers for using low volatile organic compound coatings before commencement of its projects so as to reduce exhaust gas emission;

(ii) Sewage management guidelines: it is stipulated that unprocessed sewage (such as mud sewage) should not be directly discharged into stormwater drains and is required to be filtered and processed in sedimentation tanks before being discharged into sewers;

(iii) Waste management guidelines: it is stipulated that construction waste should be classified. In order to satisfy the requirements of relevant laws, building waste is transported to designated landfills by qualified transportation companies and recyclable waste is processed by recycling agents;

(iv) Exhaust gas management guidelines: it is stipulated that good ventilation should be maintained and construction aggregate collectors should be placed on construction sites and continuous sprinkling should be used to mitigate the spread of dust. Sealed containers are used for volatile gas to reduce exhaust gas emission. Meanwhile, factories are set up in Guangdong Province, the PRC so as to minimise carbon emission during transportation; and

(v) Noise management guidelines: noise should be minimised, such as turning off machines or turning down the operating speed of machines during breaks, relocating machines to less noise-sensitive places, using sound proof covers or noise barriers to reduce noise and maximising the use of quiet devices.

Use of resources

The Group has made clear regulations on water, electricity, materials, paper and other resources used in business to ensure the effective use of resources, and it prohibits waste to maximise energy efficiency. At the same time, during the commencement of projects, the Group, whenever possible, chooses environmentally friendly materials, such as wooden products certified by the FSC, to ensure the reuse of resources.

The Group uses renewable and recyclable packaging materials, such as eco-friendly plastic, recycled paper and cardboards, in compliance with its green policies. In addition, the Group has obtained the ISO 14001 issued by the HKQAA to effectively manage the use of office and factory resources, such as water, electricity and paper, and conducts regular authentication followed by supervision and correction in order to ensure effective use of resources.

The environment and natural resources

The Group is highly concerned about the impacts of its business on the environment and natural resources. In addition to compliance with the relevant environmental regulations and international standards for conducting appropriate protection of the natural environment, the Group has also incorporated the concept of environmental protection into internal management and project implementation process.

With a view to minimising the environmental impacts, the Group regularly monitors the potential impacts of its business operations on the environment and promotes green office and production environment through four basic principles, namely reducing, reusing, recycling and replacing. At the same time, the Group authenticates the effective use of resources each year to ensure that such effective use can be improved continuously. The Group has also engaged the HKQAA to conduct regular authentication on its qualification of ISO 14001.

The Group has not identified any non-compliance with relevant environmental laws and regulations during the Year.

SOCIAL

Employment

"People-oriented" is not only the ultimate quality management philosophy of the Group, but also the cornerstone of the Group's long-term development. The Group is committed to creating a diversified environment and is proud of being an employer who believes in equal opportunities. All eligible job applications, internal transfers and promotions are regardless of factors such as race, color, religion, sex, sexual orientation and age, so as to ensure equal opportunities and fair treatment for all employees and job applicants.

The remuneration of the Group's employees is determined with reference to market terms and industry practice, and the grant of performance incentives is based on the financial performance of the Group and the performance of individual employees. The employee benefits scheme of the Group includes mandatory and voluntary provident fund schemes and medical insurance. At the same time, the Share Option Scheme has been effective from 1 December 2015. The purpose of the Share Option Scheme is to motivate the eligible persons to optimise their future contributions to the Group and/or to reward them for their past contributions, to attract and retain or otherwise maintain ongoing relationships with such eligible persons who are significant to and/or whose contributions are or will be beneficial to the performance, growth or success of the Group, and additionally in the case of executives, to enable the Group to attract and retain individuals with experience and ability and/or to reward them for their past contributions. The Group is confident that the operation of the scheme can enhance the loyalty and cohesion of its employees.

In addition to the statutory holidays, the Group satisfies the special needs of employees through a comprehensive leave system providing marriage leave, compassionate leave, study leave and examination leave. In addition, according to the prevailing department's workload, employees can be compensated by means of alternative leave or overtime allowance for their overtime work.

The Group has not identified any non-compliance with the relevant employment laws and regulations during the Year.

Health and safety

Human resources are precious assets of the Group. The Group is committed to a high standard of health and safety and has formulated and implemented its health and safety policies. Prior to the commencement of each project, the Group conducts a risk assessment and provides specialised trainings for workers depending on the characteristics and difficulty of the project. Meanwhile, any staff (including administrative staff) who enters the construction site must undergo relevant health and safety trainings of the Group and also comply with the requirements of the Occupational Safety and Health Ordinance. Thus, the staff of the Group can work in a healthy and safe environment in order to reduce unnecessary accidents.

Moreover, the Group has specifically set up a safety management committee to oversee the implementation of the health and safety policies and to update the policies annually so as to ensure that the Group maintains a high standard of health and safety.

The Group conducts regular fire drills, introductions to the use of fire extinguishers and first-aid trainings to enhance employees' safety awareness.

In order to enhance safety management standards on an ongoing basis, the Group has engaged an accredited external independent safety auditor to audit the safety management of the Group twice a year and report to the Labour Department, so as to continuously modify and improve the existing safety management.

The Group has not identified any non-compliance with the relevant laws and regulations in respect of health and safety during the Year.

Development and training

Internal promotion is encouraged by the Group to offer a career development platform for its staff. On-the-job trainings, tutorials and courses are provided so that the staff of the Group can continuously improve their ability and realise their value.

The Group has a well-established training system and mechanism to support on-the-job education and trainings for its staff, so as to enhance their knowledge and skills. The Group provides induction, on-the-job and external trainings.

A new employee would receive an induction training in the first week upon his/her arrival. In particular, the employee would learn the structure and missions of the Group, his/her role in achieving the business objectives and success of the Group, all the departments and their relations among one another, and standard of office procedures.

The Group encourages and provides its employees with subsidies to participate in external training programs and lectures for personal development. During the Year, the employees of the Group attended external training courses on aspects such as safety supervision, occupational safety and health, first aid, engineering management, environmental protection, courses and training provided by the ISO as well as spreadsheets. On 14 April 2016, the Group organised a training session on "Annual General Meeting", with a view to providing its directors and senior management members with additional knowledge required for convening general meetings.

The above training programs emphasised on key professional and advanced technology to give strong support to the development of the Group and its talents.

Labour standards

The Group strictly complies with the relevant requirements of the labour laws. All job applicants must conform to the age requirement specified by local laws. The Group forbids the recruitment of child laborers, for which a comprehensive procedure of selection and recruitment is adopted. The Group conducts open recruitment for new employees based on the job requirements of different positions and will employ qualified candidates.

The Group employs staff based on fair, open and voluntary principles.

The Group has not identified any non-compliance with the relevant laws and regulations in respect of labour standards during the Year.

Supply chain management

Supply chain management is a key component in the quality control system of the Group. The Group purchases materials from the suppliers designated by the architects/customers who tend to impose strict requirements on material purchases. The Group also, whenever possible, selects environmentally friendly materials, such as FSC-certified wooden products and low volatile organic compound coatings to minimise environmental impacts caused by the materials used. Furthermore, the Group assesses its suppliers annually and includes those who pass the assessment (including those designated by its architects/customers) into a list of approved suppliers based on the business needs of the Group. In addition, the procurement department only enters into contracts with and purchases materials from the suppliers on the approved list (except for new suppliers who deal with the Group for less than half a year and the suppliers designated by architects/customers) so as to ensure that the raw materials purchased by the Group meet its quality requirements.

Product responsibility

As part of its missions, the Group tries its best to provide its customers with high-quality and professional products and services, and establishes a good long-standing relationships with its customers. In addition to providing services to customers, the Group has established good communication channels. It prepares surveys to certain customers in order to have a sufficient understanding of their needs, and reflect their needs in the daily project management as far as possible so as to improve the quality of services.

In respect of work completion and acceptance, the Group is required to examine each item on the list of work completion and acceptance, and the customers will provide a report on work completion and acceptance subject to their satisfaction. Moreover, the Group offers well-established after-sales services to customers for work maintenance. The Group seeks customers' feedback from after-sales visits to improve its products in the future and thus to enhance the quality of services of the Group as a whole.

In addition, the Group has established a comprehensive management system. The Group has been awarded ISO 9001, ISO 14001 and the certification on occupational health and safety management system ("**OHSAS 18001**"). Meanwhile, the Group undergoes regular authentication from the HKQAA each year to ensure that all the Group's management measures comply with the relevant authentication requirements and standards.

The Group has not identified any non-compliance with the relevant laws and regulations in respect of product responsibility during the Year.

Anti-corruption

The Group has been adhering to its "open-minded, responsible and upright" principles. All staff are required to strictly follow the code on personal and professional conducts and the guidelines on anti-bribery and anti-corruption conducts as provided in the staff regulations of the Group as follows:

1. Soliciting or accepting advantages including gift, loan, fee, reward, office, employment, contract, service and favour etc. from customers, suppliers or any other person in connection with the Group's interests is strictly prohibited. Acceptance of voluntarily given advantages may however be considered if:

   (i) the acceptance will not influence the decision and behaviour of the recipient;

   (ii) the recipient will not feel obliged to do something in return for the offer;

   (iii) the recipient can openly discuss the acceptance without reservation; and

   (iv) the nature and value of advantage (like advertising or promotional gift) are such that refusal could be regarded as unsociable or impolite.

2. Under no circumstances should staff offer bribes or similar advantages to any person or company in order to obtain or retain business, or to acquire confidential business information, or to seek for any other return of personal advantages.

The Group has not identified any non-compliance with anti-corruption laws and regulations during the Year.

Community investment

The Group always attaches importance to corporate social responsibilities. Apart from commercial activities, the Group encourages its management and staff to participate in community services to contribute to society. Over the years, "Sundart Cheers", a community founded by the Group, has organised a variety of activities, which not only enhanced the mutual trust and assistance among the staff, but also boosted their morale. In the meantime, it also motivated staff to actively participate in public welfare activities such as charitable donations and volunteer visits, all in a bid to contribute to society in multiple aspects.

Directors' Report

The Directors are pleased to present their annual report and the audited consolidated financial statements of the Group for the Year.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company and provides corporate management services. The principal activities of its subsidiaries are set out in note 43 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the Year are set out in the consolidated statement of profit or loss and other comprehensive income on page 58.

An interim dividend of HK5 cents per Share amounting to approximately HK$107.9 million was paid to the then Shareholders during the Year. The Directors proposed the payment of a final dividend of HK3 cents per Share for the Year to the Shareholders on the register of members on 6 July 2017, amounting to approximately HK$64.7 million.

BUSINESS REVIEW

The review of the business of the Group during the Year and the discussion on the Group's future business development are set out in the sections headed "Chairman's Statement" and "Management Discussion and Analysis", and the description of principal risks and uncertainties facing the Group and key financial performance indicators are set out in the section headed "Management Discussion and Analysis". The financial risk management objectives and policies of the Group are set out in note 37 to the consolidated financial statements. No important event affecting the Group that has occurred since the end of the financial year ended 31 December 2016 and up to the date of this annual report. In addition, discussions on the Group's relationships with key stakeholders, environmental policies and performance and compliance with relevant laws and regulations which have a significant impact on the Group are as follows:

Relationship with Key Stakeholders

The Group's success also depends on the support from key stakeholders which comprise employees, customers and subcontractors and suppliers.

Employees

Employees are regarded as important and valuable assets of the Group. The objective of the Group's human resource management is to reward and recognise performing staff by providing a competitive remuneration package and implementing a performance appraisal system with appropriate incentives, and to promote career development and progression by appropriate trainings and by providing opportunities within the Group for career advancement.

Customers

The Group's principal customers are property developers, hotel owners and main contractors in Hong Kong and/or Macau. The Group provides professional and quality services in fitting-out business whilst maintaining long term profitability, business and asset growth. The Group maintains good reputation and long-term working relationships with its customers in the provision of product re-engineering and pre-fabrication technique for sizeable fitting-out projects to meet its customers' requirements.

Subcontractors and suppliers

The Group firmly believes that its subcontractors and suppliers are equally important in cost control and increasing its bargaining power on procurement of materials, which further secures its competitiveness when bidding for tenders. The Group proactively communicates with its subcontractors and suppliers to ensure they are committed to delivering high-quality and sustainable products and services. Unless the customers require the Group to engage subcontractors and suppliers nominated by them, the Group will select subcontractors and suppliers from its approved lists of subcontractors and suppliers. In addition, during the continuance of the contracts with the subcontractors, the Group will provide them with its internal guidelines on safety and environmental issues and require them to follow. The Group effectively implements the subcontractor assessment process to monitor the performance of its subcontractors by conducting regular site visits, evaluation on the performance of the contract and other measures.

Environmental Policies and Performance

The Group believes that its business also depends on its ability to meet the customers' requirements in respect of safety, quality and environmental aspects. To meet the customers' requirements on safety, quality and environmental aspects, the Group has established safety, quality and environmental management systems. Through the systematic and effective control of its operations, compliance with safety, quality and environmental requirements can be further assured. The Group believes that its certifications to ISO 9001 and ISO 14001 enhance its public image and credibility and also help the Group improve its customers' confidence in its services. Details of the Group's environmental policies and performance are set out in the section headed "Environmental, Social and Governance Report".

Compliance with Relevant Laws and Regulations

The Group mainly undertakes fitting-out works in Hong Kong and Macau, alteration and addition and construction works in Hong Kong and the operations of manufacturing, sourcing and distribution of interior decorative materials are primarily carried out in Hong Kong, Macau and the Mainland China. The Directors confirmed that during the Year and up to the date of this annual report, the Group had obtained all the registrations and certifications required for its business and operations and had complied with the applicable laws and regulations in Hong Kong, Macau and the Mainland China in all material respects.

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results, assets and liabilities of the Group for the past five financial years is set out on page 128.

SHARE CAPITAL

Details of movements during the Year in the share capital of the Company are set out in note 31 to the consolidated financial statements.

DISTRIBUTABLE RESERVES

As at 31 December 2016, the Company's reserves available for distribution to the Shareholders in accordance with the Articles of Association amounted to approximately HK$1,307.1 million.

Details of movements in the reserves of the Group and the Company during the Year are set out in the consolidated statement of changes in equity on page 62 and note 32 to the consolidated financial statements, respectively.

DIRECTORS

The Directors during the Year and up to the date of this annual report were:

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

In accordance with Article 75 of the Articles of Association and pursuant to paragraph A.4.2 of the Code Provisions, Mr. Liu Zaiwang, Mr. Ng Tak Kwan and Mr. Leung Kai Ming shall retire, and being eligible, offer themselves for re-election at the AGM.

Information regarding the Directors' and chief executive's emoluments are set out in note 13 to the consolidated financial statements.

DIRECTORS' PROFILES

For details of the Directors' profiles, please see "Biographies of Directors and Senior Management".

CONFIRMATION OF INDEPENDENCE

The Company has received from each of the independent non-executive Directors an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules and has duly reviewed the confirmation of independence of each of the Directors. The Company, based on such confirmations, considers that all of the independent non-executive Directors continue to be independent.

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors has entered into a service agreement with the Company, the non-executive Director and each of independent non-executive Directors have signed appointment letters with the Company. The appointment of each of the Directors is for a term of three years commencing from the Listing Date which may be terminated by either party by giving a written notice at least three months in advance.

None of the Directors who are proposed for election or re-election at the AGM has a service contract with the Company which is not determinable within one year without payment of compensation, other than statutory compensation.

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

As at 31 December 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 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 to be notified to the Company and the Stock Exchange are set out below:

Long Positions in the Company

Name of Director	Nature of interests/capacity	Number of shares held	Approximate percentage of shareholding
Mr. Liu *(Note)*	Interest in controlled corporation	1,500,000,000	69.50%

Note:

Jangho Co. was approximately 27.35% beneficially owned by Beijing Jiangheyuan (a company which was 85% and 15% beneficially owned by Mr. Liu and his spouse, 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 Hongkong and Reach Glory under the SFO.

Save as disclosed above, as at 31 December 2016, none of the Directors or chief executive of the Company had registered an interest or short position in the Shares, underlying Shares or debentures of the Company and 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 AND UNDERLYING SHARES

As at 31 December 2016, so far as is known to the Directors or chief executive of the Company, the following persons (other than the Directors or chief executive of the Company), who had interests or short positions in the Shares and the underlying Shares 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, are set out below:

Name of substantial shareholders	Long/short positions	Nature of interests/capacity	Number of shares held	Approximate percentage of shareholding
Reach Glory	Long	Beneficial owner	1,500,000,000	69.50%
Jangho Hongkong *(Note 1)*	Long	Interest in controlled corporation	1,500,000,000	69.50%
Jangho Co. *(Note 2)*	Long	Interest in controlled corporation	1,500,000,000	69.50%
Beijing Jiangheyuan *(Note 3)*	Long	Interest in controlled corporation	1,500,000,000	69.50%
Ms. Fu *(Note 4)*	Long	Interest of spouse	1,500,000,000	69.50%

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 31 December 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 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's share option scheme was adopted pursuant to a resolution passed on 1 December 2015 for the purpose of providing incentives or rewards to eligible persons who the Board considers, in its sole discretion, have contributed or will contribute to the Group. Under the Share Option Scheme, the Board may grant options to eligible persons, including directors of the Company and its subsidiaries, to subscribe for the Shares. Eligible persons of the Share Option Scheme, amongst others, include any executives, any employee (including proposed, full-time or part-time employee), a director or proposed director (including an independent non-executive director), a direct or indirect shareholder of any member of the Company and its subsidiaries and an associate of any of the aforementioned persons.

The Board shall set out in the offer the terms on which the option is to be granted. The maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other schemes of the Company must not exceed 30% of the Shares in issue from time to time. No options shall be granted under the Share Option Scheme at any time if such grant shall result in the scheme limit being exceeded.

The total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other schemes of the Company shall not in aggregate exceed 10% of the total number of Shares in issue as at the Listing Date (i.e. 200,000,000 Shares). The Company may seek approval of its Shareholders in general meeting for refreshing such 10% limit. As at the date of the annual report, no Shares available for issue under the Share Option Scheme and any other schemes of the Company.

The maximum number of Shares issued and to be issued upon exercise of the options granted to each eligible person (including both exercised and outstanding options) in any 12-month period shall not exceed 1% of the Shares in issue for the time. Any further grant of share options in excess of this limit is subject to Shareholders' approval in a general meeting.

Any grant of options to any Director, chief executive or substantial shareholder (as such term as defined in the Listing Rules) of the Company, or any of their respective associates under the Share Option Scheme is subject to the prior approval of the independent non-executive Directors (excluding independent non-executive Directors who or whose associates is the grantee of an options). Where any grant of options to a substantial shareholder or an independent non-executive Director, or any of their respective associates, would result in the Shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant (i) representing in aggregate over 0.1% of the Shares in issue on the date of such grant; and (ii) having an aggregate value, based on the closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange on the date of grant, in excess of HK$5.0 million, such further grant of the options shall be subject to prior approval of the Shareholders with such person and his associates abstaining from voting in favour of general meeting.

An offer for the grant of option must be accepted within 28 days from the offer date. Options granted shall be taken up upon payment of HK$1 as consideration for the grant of option. Options may be exercised at any time from the date which option is deemed to be granted and accepted and expired on the date as the Board in its absolute discretion determine and which shall not exceeding a period of 10 years from the date on which the share options are deemed to be granted and accepted but subject to the provisions for early termination thereof contained in the Share Option Scheme.

The subscription price is determined by the Board, and shall not be less than whichever is the highest of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of offer and (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheet for the five business days immediately preceding the offer date.

The Share Option Scheme shall be valid and effective for a period of 10 years commencing from 1 December 2015. No share options were granted, forfeited or expired during the Year.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the Year 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 Year.

EQUITY-LINKED AGREEMENTS

Save as disclosed under the paragraph headed "Share Option Scheme" above, no equity-linked agreements were entered into by the Group, or existed during the Year.

CONNECTED TRANSACTIONS

The Group has entered into the following transactions with the connected persons of the Company. Three of such transactions constituted continuing connected transactions under Chapter 14A of the Listing Rules.

Continuing Connected Transactions

Trademark license agreement with Sundart Beijing and Sundart Dalian

Sundart Beijing is owned as to 75% and 25% by Jangho Hongkong and Jangho Co., respectively, and Sundart Dalian is a wholly-owned subsidiary of Sundart Beijing. Jangho Hongkong and Jangho Co. are the Controlling Shareholders. Each of Sundart Beijing and Sundart Dalian is an associate of Jangho Hongkong and Jangho Co. and is therefore a connected person of the Company within the meaning of the Listing Rules.

On 4 December 2015, the Company entered into a trademark license agreement (the "**Trademark License Agreement**") with Sundart Beijing and Sundart Dalian, pursuant to which, the Company granted a non-exclusive license to Sundart Beijing and Sundart Dalian for the use of the trademark (classes 19, 20, 37 and 42) for their fitting-out business (including interior decoration business) or for the purposes related to such business in the Mainland China for the period commencing from 4 December 2015 to 31 December 2017 (the "**Licensed Period**"). The license fee under the Trademark License Agreement for the period from the date thereof to 31 December 2015 and for the Year amounted to HK$0.1 million and HK$1.9 million, respectively, and is expected to amount to HK$1.9 million for the year ending 31 December 2017.

The Trademark License Agreement constituted a connected transaction of the Company under Chapter 14A of the Listing Rules. As (i) each of the applicable percentage ratios (other than the profits ratio) in respect of the transaction under the Trademark License Agreement is, on an annual basis, less than 5%; (ii) the license fees for each financial year during the Licensed Period will be less than HK$3,000,000; and (iii) the transaction under the Trademark License Agreement has been and will be conducted on normal commercial terms, the transaction fell within the de minimis threshold as stipulated under Rule 14A.76(1)(c) of the Listing Rules and will be fully exempt from the reporting, annual review, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Sub-contracting to Inno Unity Engineering Limited ("Inno")

Inno is a private limited company incorporated in Hong Kong and provides interior fitting-out works and alteration and addition works. Inno is owned as to 90% by Mr. Leung Hon Sing, Allan, a director of Kin Shing. Mr. Leung is a core connected person of the Company. Inno is an associate of Mr. Leung and is therefore a connected person of the Company within the meaning of the Listing Rules.

From 28 January 2016 to 25 November 2016, Kin Shing has subcontracted some electrical and mechanical works, builder's works and other minor works to Inno. During the Year, the aggregate cost incurred from those sub-contracting works was HK$93,000.

The sub-contracting works constituted connected transactions of the Company under Chapter 14A of the Listing Rules. As (i) each of the applicable percentage ratios (other than the profits ratio) in respect of the sub-contracting works is less than 0.1%; and (ii) the sub-contracting works were conducted on normal commercial terms, the sub-contracting works fell within the de minimis threshold as stipulated under Rule 14A.76(1)(a) of the Listing Rules and will be fully exempt from the reporting, annual review, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Master supply agreement with Sundart Beijing

Sundart Beijing is beneficially owned as to 75% and 25% by Jangho Hongkong and Jangho Co., respectively. Jangho Hongkong and Jangho Co. are the Controlling Shareholders. Each of Sundart Beijing and its subsidiaries is an associate of Jangho Hongkong and Jangho Co. and is therefore a connected person of the Company within the meaning of the Listing Rules.

On 4 November 2016, Dongguan Sundart entered into a master supply agreement (the "**Master Supply Agreement**") with Sundart Beijing (for itself and on behalf of its subsidiaries), pursuant to which, Dongguan Sundart agreed to supply interior decorative products, including but not limited to fire-rated timber door and wooden furniture, to Sundart Beijing and its subsidiaries for a term commencing from 4 November 2016 and ending on 31 December 2018. Prior to entering into the Master Supply Agreement, Dongguan Sundart has supplied sample products to Sundart Beijing and its subsidiaries since July 2016 on normal commercial terms and in the ordinary and usual course of business of the Group. The maximum annual transaction amounts (including transactions prior to the Master Supply Agreement) for the three years ending 31 December 2018 are RMB30 million, RMB100 million and RMB100 million, respectively. During the Year, the aggregate transaction amount (including transactions prior to the Master Supply Agreement) was RMB15.9 million.

The Master Supply Agreement constituted a continuing connected transaction of the Company under Chapter 14A of the Listing Rules. As each of the applicable percentage ratios (other than the profits ratio) in respect of the transactions is less than 5%, the transactions (including transactions prior to the Master Supply Agreement) are subject to the reporting, annual review and announcement requirements but are exempt from the independent Shareholders' approval requirement under Rule 14A.76(2)(a) of the Listing Rules.

The independent non-executive Directors have reviewed and confirmed that the continuing connected transactions for the Year have been entered into (i) in the ordinary and usual course of the business of the Group; (ii) on normal commercial terms or better; and (iii) on terms that are fair and reasonable according to the relevant agreements governing them and in the interests of the Shareholders as a whole. The auditor of the Company was engaged to report on the continuing connected transactions entered into by the Group for the Year in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "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. The auditor has issued an unqualified letter containing its findings and conclusions in respect of the continuing connected transactions in accordance with Rule 14A.56 of the Listing Rules. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

One-off Transactions

Sub-contracting agreement with Jangho Macau

Jangho Macau is owned as to 99% and 1% by Jangho Co. and Jangho Hongkong, respectively. As Jangho Macau is an associate of Jangho Co., which is the Controlling Shareholder, Jangho Macau is a connected person of the Company.

On 27 March 2014, Sundart Macau entered into an one-off sub-contracting agreement in relation to the design, supply and installation of window and louver systems with Jangho Macau for approximately MOP62.7 million, pursuant to which Sundart Macau agreed to subcontract certain design, supply and installation of window and louver system works for a Macau hotel podium to Jangho Macau. The cost incurred from this sub-contracting agreement was MOP11.7 million during the Year. The works under this agreement were substantially completed in 2016.

As such sub-contracting agreement is an one-off transaction entered into by the Group, the transaction contemplated thereunder did not constitute a continuing connected transaction of the Group under Chapter 14A of the Listing Rules and will not be subject to further requirements under the Listing Rules.

Consultancy agreement with Jangho Co.

Jangho Co. is the Controlling Shareholder and is therefore a connected person of the Company within the meaning of the Listing Rules.

On 22 July 2016, Sundart International Supply Limited ("**Sundart International**"), an indirect wholly-owned subsidiary of the Company, entered into a consultancy agreement with Jangho Co., pursuant to which, Sundart International agreed to pay a consultancy fee to Jangho Co. (the "**Consultancy Agreement**") for the consultancy services provided by Jangho Co. in respect of a supply contract entered into between Sundart International and its customer. The consultancy fee incurred for the Year was HK$0.4 million.

As the Consultancy Agreement is an one-off transaction entered into by the Group, the transaction contemplated thereunder did not constitute a continuing connected transaction of the Group under Chapter 14A of the Listing Rules and will not be subject to further requirements under the Listing Rules.

Saved as disclosed above, other significant related party transactions entered into by the Group during the Year, which do not constitute connected transactions under the Listing Rules are disclosed in note 41 to the consolidated financial statements.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS OF SIGNIFICANCE

Save as those disclosed in the paragraph headed "Connected Transactions" above and in note 41 to the consolidated financial statements, no other transactions, arrangements and contracts of significance, to which the Company or any of its subsidiaries was a party and in which a Director or a connected entity of a Director had a material interest, whether directly or indirectly, subsisted at the end of the Year or at any time during the Year.

CONTRACTS OF SIGNIFICANCE BETWEEN THE GROUP AND THE CONTROLLING SHAREHOLDERS AND THEIR RESPECTIVE SUBSIDIARIES

For particulars of the contracts of significance between the Group and the Controlling Shareholders or their respective subsidiaries or the contracts of significance for the provision of services to the Group by the Controlling Shareholders or their respective subsidiaries, please see "Connected Transactions" and note 41 to the consolidated financial statements.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into by the Group or existed during the Year.

COMPETING BUSINESS

For the Year, none of the Directors or the Controlling Shareholders and their respective associates had any interests in a business, apart from the business of the Group, which competes or may compete with the business of the Group or has any other conflict of interest with the Group which would be required to be disclosed under Rule 8.10 of the Listing Rules.

Non-Competition Undertaking

In order to avoid any possible future competition between the Group and each of the Controlling Shareholders, each of the Controlling Shareholders as covenantors executed a deed of non-competition dated 8 December 2015 ("**Deed of Non-Competition**") 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 the business of the Group, 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.

PERMITTED INDEMNITY PROVISION

Pursuant to the Articles of Association, every Director shall be entitled to be indemnified out of the assets or profits of the Company against all losses or liabilities which he may sustain or incur in or about the execution of the duties of his office or otherwise in relation thereto.

The Company has arranged appropriate directors' and officers' liability insurance coverage for its Directors and officers.

EMOLUMENT POLICY

The emolument policy of the employees of the Group was set up by the Remuneration Committee on the basis of their merit, qualifications and competence. The emolument of the Directors are decided by the Remuneration Committee, having regard to the Company's operating results, individual performance and comparable market statistics.

The Company has adopted a Share Option Scheme as an incentive to eligible persons, details of which are set out under the paragraph headed "Share Option Scheme" above.

RETIREMENT BENEFIT SCHEME

Details of the Group's retirement benefit schemes are set out in note 39 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association or applicable laws of the BVI where the Company is incorporated, which would oblige the Company to offer new Shares on a pro-rata basis to existing Shareholders.

SANCTIONS

During the Year, two meetings of the Internal Control Committee were held on 24 March 2016 and 25 August 2016, respectively, to review, inter alia, the Group's guidelines and procedures with respect to the sanction law matters. The Internal Control Committee was of the view that such guidelines and procedures, which have been complied with, were effective and well-functioned.

As at 31 December 2016, the Group had not used any of the proceeds from the Global Offering, the Placing and Subscription, 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 received a writ of summons issued by Demaven Company Limited as plaintiff (the "**Plaintiff**") against Sundart Timber, in respect of claims for damages for an alleged 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 within the knowledge of the Directors as at the date of this annual report, the Company has maintained a sufficient public float as required under the Listing Rules since 11 June 2016 and up to the date of this annual report.

CHARITABLE DONATIONS

Charitable donations made by the Group during the Year amounted to HK$0.1 million (2015: HK$1.0 million).

MAJOR CUSTOMERS, SUBCONTRACTORS AND SUPPLIERS

For the Year, the aggregate amount of revenue from continuing operations attributable to the Group's five largest customers accounted for 59.1% of the Group's total revenue from continuing operations and the revenue from its largest customer was accounted for 16.5% of its total revenue from continuing operations.

In addition, the Group's purchases attributable to its five largest subcontractors and suppliers accounted for less than 30% of the Group's total purchases from continuing operations.

During the Year, none of the Directors, their close associates or any Shareholders (which to the best knowledge of the Directors own more than 5.0% of the total number of issued Shares) had any interest in any of the five largest customers of the Group.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the Year.

CORPORATE GOVERNANCE

Details of corporate governance report are set out on pages 27 to 36 of this annual report.

EVENT AFTER THE REPORTING PERIOD

There were no significant events occurred after 31 December 2016.

AUDITOR

The consolidated financial statements have been audited by Deloitte Touche Tohmatsu, who will retire and, being eligible, offer itself for re-appointment at the AGM.

On behalf of the Board
Ng Tak Kwan
Chief Executive Officer and Executive Director

Hong Kong, 13 March 2017

Independent Auditor's Report

Deloitte. 德勤

To the Shareholders of SUNDART HOLDINGS LIMITED
承達集團有限公司
(incorporated in British Virgin Islands with limited liability)

Opinion

We have audited the 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 58 to 127, which comprise the consolidated statement of financial position as at 31 December 2016, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2016, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters *(Continued)*

Key audit matter	How our audit addressed the key audit matter

Contract revenue from fitting-out works and alteration and addition and construction works, contract costs and the amounts due from and due to customers for contract work

We identified the contract revenue from fitting-out works and alteration and addition and construction works ("Contract Revenue"), contract costs and the amounts due from and due to customers for contract work as a key audit matter as they are quantitatively significant to the consolidated financial statements as a whole and there are significant judgments exercised by the management of the Group in determining the total outcome of the projects as well as the percentage of completion of construction works and the amount of Contract Revenue recognised.

As disclosed in notes 5 and 10 to the consolidated financial statements, the Contract Revenue and the contract costs amounted to HK$3,200,936,000 and HK$2,654,488,000 for the year ended 31 December 2016 respectively. As disclosed in note 26 to the consolidated financial statements, the amounts due from and due to customers for contract work amounted to HK$725,890,000 and HK$15,429,000 as at 31 December 2016, respectively.

As disclosed in note 4 to the consolidated financial statements, the estimation of budget contract costs is based on the management's best estimates and judgments. If the price of contract costs varied significantly in the coming months from the budgets, the contract profit for each of the individual projects would differ significantly from the estimated contract profit.

Our procedures in relation to Contract Revenue, contract costs and amounts due from and due to customers for contract work included:

- Discussing with the project managers, quantity surveyors and the management of the Group and checking the supporting documents including contracts and variation orders to evaluate the reasonableness of the management's estimation of the budget revenue and budget contract costs;

- Checking the basis of the budgeted revenue to underlying construction contracts and other relevant correspondences and supporting documents in respect of variations in construction works or price adjustments;

- Recalculating the percentage of completion based on value of work performed to date over the total contract sum and the value of variation orders;

- Agreeing the contract costs, on a sample basis, incurred to date to the subcontractor payment certificates and supplier invoices; and

- Assessing the appropriateness of the amounts due from and due to customers for contract work by checking, on a sample basis, to the amount of costs recorded in the subcontractor payment certificates and supplier invoices, and progress billings to the architect's certificates issued by the third party surveyors.

Key Audit Matters *(Continued)*

Key audit matter	How our audit addressed the key audit matter
Recoverability of trade receivables	
We identified the recoverability of trade receivables as a key audit matter due to its significance to the consolidated financial statements as a whole and the judgments associated with the assessment of the recoverability of trade receivables by the management of the Group. As disclosed in note 25 to the consolidated financial statements, the trade receivables amounted to HK$316,414,000, out of which HK$83,996,000 were past due but not impaired as at 31 December 2016. As disclosed in note 4 to the consolidated financial statements, in determining the recoverability of trade receivables, a considerable amount of management judgment is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each customer.	Our procedures in relation to the recoverability of trade receivables included: • Agreeing the aged analysis of trade receivables, on a sample basis, to the supporting documents and the credit term granted; • Discussing with management on their assessment in relation to the recoverability of trade receivables; and • Evaluating the management's assessment on the recoverability of trade receivables with significant balances past due but not impaired by examining the settlement history and the subsequent settlement of these debtors.

Other Information

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors and those Charged With Governance for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion 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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements *(Continued)*

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in the independent auditor's report is Sze On Tat.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

13 March 2017

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2016

	NOTES	2016 HK$'000	2015 HK$'000
Continuing operations			
Revenue	5	3,313,327	4,133,146
Cost of sales		(2,740,004)	(3,550,252)
Gross profit		573,323	582,894
Other income, other gains and losses	7	(15,026)	(6,427)
Loss on disposal of subsidiaries	33(b)	–	(11)
Loss on disposal of an associate	21	–	(766)
Selling expenses		(6,330)	(6,384)
Administrative expenses		(94,667)	(106,733)
Listing expenses		–	(26,413)
Other expenses		(733)	(1,993)
Share of profits of associates		18,084	4,859
Finance costs	8	(969)	(3,443)
Profit before taxation		473,682	435,583
Income tax expense	9	(63,535)	(63,655)
Profit for the year from continuing operations	10	410,147	371,928
Discontinued operations			
Profit for the year from discontinued operations	11	–	9,372
Profit for the year		410,147	381,300
Other comprehensive (expense) income			
Items that may be reclassified subsequently to profit or loss:			
Fair value change on available-for-sale investments		(51,806)	28,056
Investment revaluation reserve reclassified to profit or loss in relation to impairment loss on available-for-sale investments		23,750	–
Release of translation reserve upon disposal of subsidiaries	33(a), (b)	–	(12,248)
Exchange differences arising on translation of foreign operations		(4,061)	(2,880)
Share of other comprehensive expense of an associate		(1,253)	(864)
Other comprehensive (expense) income for the year		(33,370)	12,064
Total comprehensive income for the year		376,777	393,364
Profit (loss) for the year attributable to:			
Owners of the Company		410,147	381,579
Non-controlling interests		–	(279)
		410,147	381,300
Total comprehensive income (expense) for the year attributable to:			
Owners of the Company		376,777	393,640
Non-controlling interests		–	(276)
		376,777	393,364

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended 31 December 2016

	NOTES	2016 HK$'000	2015 HK$'000
Earnings per share	15		
From continuing and discontinued operations			
Basic (HK cents)		19.83	25.37
From continuing operations			
Basic (HK cents)		19.83	24.73

Consolidated Statement of Financial Position

At 31 December 2016

	NOTES	2016 HK$'000	2015 HK$'000
Non-current assets			
Property, plant and equipment	16	15,638	17,265
Investment property	17	–	–
Goodwill	18	1,510	1,510
Other intangible assets	19	–	–
Available-for-sale investments	20	136,854	132,382
Interests in associates	21	116,793	103,442
		270,795	254,599
Current assets			
Inventories	22	21,972	58,097
Amount due from a related company	23	823	–
Amount due from a fellow subsidiary	24	3,981	3,404
Trade and other receivables	25	531,738	555,328
Bills receivable	25	2,799	902
Amounts due from customers for contract work	26	725,890	857,626
Retentions receivable	25	354,907	346,927
Tax recoverable		1,085	8,660
Bank balances and cash	27	1,192,560	895,433
		2,835,755	2,726,377
Current liabilities			
Trade and other payables	28	938,237	1,184,974
Bills payable	28	–	3,940
Amounts due to fellow subsidiaries	24	4,205	11,250
Amount due to ultimate holding company	24	371	–
Amounts due to customers for contract work	26	15,429	58,117
Tax payable		52,357	58,611
Bank borrowings	29	–	254,564
		1,010,599	1,571,456
Net current assets		1,825,156	1,154,921
Total assets less current liabilities		2,095,951	1,409,520

Consolidated Statement of Financial Position
At 31 December 2016

	NOTES	2016 HK$'000	2015 HK$'000
Capital and reserves			
Share capital	31	1,246,815	669,250
Reserves		849,136	740,270
Total equity		2,095,951	1,409,520
Non-current liability			
Deferred tax liabilities	30	–	–
		2,095,951	1,409,520

The consolidated financial statements on pages 58 to 127 were approved and authorised for issue by the board of directors on 13 March 2017 and are signed on its behalf by:

Ng Tak Kwan
Director

Xie Jianyu
Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 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	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	–	–	–	–	–	–	–	(2,883)	–	–	(2,883)	3	(2,880)
Share of other comprehensive expense of an associate	–	–	–	–	–	–	–	(864)	–	–	(864)	–	(864)
Fair value change on available-for-sale investments	–	–	–	–	28,056	–	–	–	–	–	28,056	–	28,056
Release of translation reserve upon disposal of subsidiaries *(note 33(a) and (b))*	–	–	–	–	–	–	–	(12,248)	–	–	(12,248)	–	(12,248)
Profit (loss) for the year	–	–	–	–	–	–	–	–	–	381,579	381,579	(279)	381,300
Total comprehensive income (expense) for the year	–	–	–	–	28,056	–	–	(15,995)	–	381,579	393,640	(276)	393,364
Release of reserves upon disposal of subsidiaries *(note 33(a))*	–	–	–	(3,032)	–	(1,241)	–	–	–	4,273	–	–	–
Disposal of subsidiaries *(note 33(a))*	–	–	–	–	–	–	–	–	–	–	–	(45,441)	(45,441)
Capitalisation issue *(note 31(c))*	15,000	(15,000)	–	–	–	–	–	–	–	–	–	–	–
Issue of new shares pursuant to the initial public offering *(note 31(b))*	690,000	–	–	–	–	–	–	–	–	–	690,000	–	690,000
Share issue expenses	(35,790)	–	–	–	–	–	–	–	–	–	(35,790)	–	(35,790)
Dividend paid *(note 12)*	–	–	–	–	–	–	–	–	–	(450,000)	(450,000)	–	(450,000)
At 31 December 2015	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	–	–	–	–	–	–	–	(4,061)	–	–	(4,061)	–	(4,061)
Share of other comprehensive expense of an associate	–	–	–	–	–	–	–	(1,253)	–	–	(1,253)	–	(1,253)
Fair value change on available-for-sale investments	–	–	–	–	(51,806)	–	–	–	–	–	(51,806)	–	(51,806)
Investment revaluation reserve reclassified to profit or loss in relation to impairment loss on available-for-sale investments	–	–	–	–	23,750	–	–	–	–	–	23,750	–	23,750
Profit for the year	–	–	–	–	–	–	–	–	–	410,147	410,147	–	410,147
Total comprehensive (expense) income for the year	–	–	–	–	(28,056)	–	–	(5,314)	–	410,147	376,777	–	376,777
Proceeds from placing of existing shares and top-up subscription of new shares *(note 31(d))*	601,198	–	–	–	–	–	–	–	–	–	601,198	–	601,198
Transaction costs attributable to placing of existing shares and top-up subscription of new shares	(23,633)	–	–	–	–	–	–	–	–	–	(23,633)	–	(23,633)
Transfer from accumulated profits to statutory reserve	–	–	–	1,740	–	–	–	–	–	(1,740)	–	–	–
Dividends paid *(note 12)*	–	–	–	–	–	–	–	–	–	(267,911)	(267,911)	–	(267,911)
At 31 December 2016	1,246,815	19,700	60	1,740	–	–	6,615	(5,117)	29,751	796,387	2,095,951	–	2,095,951

Notes:

(a) In accordance with the provisions of the Macau Commercial Code, the subsidiaries of SUNDART HOLDINGS LIMITED 承達集團有限公司 (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 31 December 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 Company and its subsidiaries' (collectively referred to as the "Group") 25% equity interests in Sundart Beijing to the Company's ultimate holding company.

Consolidated Statement of Cash Flows

For the year ended 31 December 2016

	2016 HK$'000	2015 HK$'000
OPERATING ACTIVITIES		
Profit before taxation from continuing operations	473,682	435,583
Profit before taxation from discontinued operations	–	9,378
Adjustments for:		
Depreciation of property, plant and equipment	3,275	6,464
Amortisation of other intangible assets	–	2,705
Gain on disposals of subsidiaries	–	(10,476)
Loss on disposal of an associate	–	766
Loss (gain) on disposal of property, plant and equipment	198	(39)
Reversal of allowance for inventories	(332)	(191)
Write off of trade and other receivables	–	10,192
Write off of inventories	2,089	–
Impairment loss on available-for-sale investments	23,750	–
Interest income	(713)	(871)
Interest expense	969	4,745
Share of profits of associates	(18,084)	(4,859)
Operating cash flows before movements in working capital	484,834	453,397
Decrease in inventories	34,368	2,426
Decrease in amount due from an associate	–	142
Increase in amount due from a related company	(823)	–
(Increase) decrease in amount due from a fellow subsidiary	(577)	4,991
Decrease (increase) in trade and other receivables	23,590	(41,353)
Increase in bills receivable	(1,897)	(2,360)
Decrease (increase) in amounts due from customers for contract work	131,736	(350,758)
Increase in retentions receivable	(7,980)	(113,000)
(Decrease) increase in trade and other payables	(246,737)	56,249
(Decrease) increase in bills payable	(3,940)	69,839
(Decrease) increase in amounts due to fellow subsidiaries	(7,045)	421
Increase in amount due to ultimate holding company	371	–
(Decrease) increase in amounts due to customers for contract work	(42,688)	35,418
Cash generated from operations	363,212	115,412
Interest paid	(969)	(4,745)
Income tax refunded	11,672	3,792
Income tax paid	(73,886)	(36,344)
NET CASH FROM OPERATING ACTIVITIES	300,029	78,115

Consolidated Statement of Cash Flows
For the year ended 31 December 2016

	NOTE	2016 HK$'000	2015 HK$'000
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(2,832)	(5,563)
Purchase of available-for-sale investments		(56,278)	(104,326)
Advance to an associate		–	(40,000)
Proceeds from disposal of property, plant and equipment		26	177
Interest received		713	3,233
Proceeds from disposals of subsidiaries	33	–	96,028
Net proceeds from disposal of an associate		–	44,562
Dividend received from an associate		3,480	7,320
Placement of pledged bank deposits		–	(32,682)
Release of pledged bank deposits		–	14,716
Repayment from an associate		–	38,032
Release of fixed deposits with original maturity date more than three months		39,961	–
NET CASH (USED IN) FROM INVESTING ACTIVITIES		(14,930)	21,497
FINANCING ACTIVITIES			
New bank borrowings raised		73,430	494,511
Repayments of bank borrowings		(327,994)	(344,675)
Proceeds from placing of existing shares and top-up subscription of new shares		601,198	–
Transaction costs attributable to placing of existing shares and top-up subscription of new shares		(23,633)	–
Proceeds from issue of shares		–	690,000
Payment for share issue expenses		–	(35,790)
Dividends paid		(267,911)	(450,000)
Advance from ultimate holding company		–	31,061
Advance from a fellow subsidiary		–	50,709
NET CASH FROM FINANCING ACTIVITIES		55,090	435,816
NET INCREASE IN CASH AND CASH EQUIVALENTS		340,189	535,428
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		855,472	321,826
Effect of foreign exchange rate changes		(3,101)	(1,782)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		1,192,560	855,472
Represented by:			
Bank balances and cash		1,192,560	895,433
Less: Fixed deposits with original maturity date more than three months		–	(39,961)
		1,192,560	855,472

Notes to the Consolidated Financial Statements

For the year ended 31 December 2016

1. GENERAL INFORMATION AND REORGANISATION

General information

The Company is a public limited company incorporated in the British Virgin Islands (the "BVI") on 21 May 2001 as an international business company, governed by the International Business Companies Act (Cap 291) and was automatically re-registered as a BVI business company with limited liability on 1 January 2007 under the BVI Companies Act. The address of the registered office and principal place of business of the Company are Commerce House, Wickhams Cay 1, P.O. Box 3140, Road Town, Tortola, BVI, VG1110 and 25/F, Millennium City 3, 370 Kwun Tong Road, Kowloon, Hong Kong respectively. The ordinary shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") with effect from 29 December 2015.

The ultimate holding company of the Company is Jangho Group Co., Ltd. ("Jangho Co."), a joint stock company incorporated in the PRC listed on the Shanghai Stock Exchange. The Company's ultimate controlling party is Mr. Liu Zaiwang, the chairman of Jangho Co..

The Company acts as an investment holding company and provides corporate management services. The principal activities of the Company's subsidiaries are set out in note 43.

The consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is also the functional currency of the Company.

Reorganisation

On 24 April 2015, Sundart Timber Products Company Limited ("Sundart Timber") disposed 50% equity interests it held in Sundart Beijing to Jangho Curtain Wall Hongkong Limited ("Jangho Hongkong"), a private limited company incorporated in Hong Kong, at the consideration of HK$91,434,000. On 25 June 2015, Sundart Timber further disposed 25% equity interests it held in Sundart Beijing to Jangho Hongkong at the consideration of HK$45,717,000.

On 29 June 2015, the Group disposed the entire interests in Elite Tech Holdings Limited to Jangho Hongkong at the consideration of HK$1.

Prior to 29 July 2015, the immediate holding company of the Company was Jangho Hongkong. On 29 July 2015, REACH GLORY INTERNATIONAL LIMITED ("Reach Glory"), a private limited company incorporated in the BVI and a wholly-owned subsidiary of Jangho Hongkong, entered into a share swap agreement with Jangho Hongkong, pursuant to which Reach Glory acquired 100% equity interests in the Company from Jangho Hongkong. The transactions under such share swap agreement were completed on 29 July 2015. As a result, Reach Glory became the immediate holding company of the Company.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

Amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time in the current year:

Amendments to HKFRS 11	Accounting for Acquisitions of Interest in Joint Operations
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 HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012-2014 Cycle

The application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers and the related amendments[1]
HKFRS 16	Leases[2]
Amendments to HKFRS 2	Classification and Measurements of Share-based Payment Transactions[1]
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 7	Disclosure Initiative[4]
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses[4]

1 Effective for annual periods beginning on or after 1 January 2018.
2 Effective for annual periods beginning on or after 1 January 2019.
3 Effective for annual periods beginning on or after a date to be determined.
4 Effective for annual periods beginning on or after 1 January 2017.

HKFRS 9 Financial Instruments

HKFRS 9 introduces new requirements for the classification and measurement of financial assets, financial liabilities, general hedge accounting and impairment requirements for financial assets.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

New and amendments to HKFRSs in issue but not yet effective *(Continued)*

HKFRS 9 Financial Instruments *(Continued)*

Key requirements of HKFRS 9 which are relevant to the Group are:

- all recognised financial assets that are within the scope of HKFRS 9 are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- in relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

The directors of the Company are in the process of assessing the impact of the application of HKFRS 9. For the moment, it is not practicable to provide a reasonable estimate of the effect of the application of HKFRS 9 until the Group completes a detailed review.

HKFRS 15 Revenue from Contracts with Customers

HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 *Revenue*, HKAS 11 *Construction Contracts* and the related Interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

New and amendments to HKFRSs in issue but not yet effective *(Continued)*

HKFRS 15 Revenue from Contracts with Customers *(Continued)*

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

In 2016, the HKICPA issued Clarifications to HKFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

The directors of the Company anticipate that the application of HKFRS 15 in the future may have an impact on the amounts reported as the timing of revenue recognition may be affected and the amounts of revenue recognised are subject to variable consideration constraints, and more disclosures relating to revenue is required. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group performs a detailed review. In addition, the application of HKFRS 15 in the future may result in more disclosures in the consolidated financial statements.

HKFRS 16 Leases

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 will supersede HKAS 17 Leases and the related interpretations when it becomes effective.

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, the Group currently presents upfront prepaid lease payments as investing cash flows in relation to leasehold lands for owned use and those classified as investment properties while other operating lease payments are presented as operating cash flows. Under the HKFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing and operating cash flows respectively.

Under HKAS 17, the Group has already recognised an asset and a related finance lease liability for finance lease arrangement and prepaid lease payments for leasehold lands where the Group is a lessee. The application of HKFRS 16 may result in potential changes in classification of these assets depending on whether the Group presents right-of-use assets separately or within the same line item at which the corresponding underlying assets would be presented if they were owned.

In contrast to lessee accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by HKFRS 16.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

New and amendments to HKFRSs in issue but not yet effective *(Continued)*

HKFRS 16 Leases *(Continued)*

As at 31 December 2016, the Group had non-cancellable operating lease commitments of HK$24,011,000 as disclosed in note 34. A preliminary assessment indicates that these arrangements will meet the definition of a lease under HKFRS 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of HKFRS 16. In addition, the application of new requirements may result changes in measurement, presentation and disclosure as indicated above. However, it is not practicable to provide a reasonable estimate of the financial effect until the directors complete a detailed review.

Other than disclosed above, the Directors anticipate that the application of the other new and amendments to HKFRSs will have no material impact on the results and the financial position of the Group.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") and by the Hong Kong Companies Ordinance ("CO").

The consolidated financial statements have been prepared on the historical cost basis except for investment property and available-for-sale investments, which are measured at fair value, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 *Share-based Payment*, leasing transactions that are within HKAS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 *Inventories* or value in use in HKAS 36 *Impairment of Assets*.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- 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 inputs for the asset or liability.

The principal accounting policies are set out below:

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination, which represents the lowest level at which the goodwill is monitored for internal management purpose and not larger than an operating segment.

A cash-generating unit (or groups of cash-generating units) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on acquisition in a reporting period, the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment before the end of reporting period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated on a pro-rata basis based on the carrying amount of each asset in the unit (or groups of cash-generating units).

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal.

Investments in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in the consolidated financial statements using the equity method of accounting. Under the equity method, investments in associates are initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interests in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of HKAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount, any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Interests in a joint operation

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

When a group entity undertakes its activities under joint operations, the Group as a joint operator recognises in relation to its interests in a joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interests in a joint operation in accordance with the HKFRSs applicable to the particular assets, liabilities, revenues and expenses.

When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a sale or contribution of assets), the Group is considered to be conducting the transaction with the other parties to the joint operation and gains and losses resulting from the transactions are recognised only to the extent of other parties' interests in the joint operation.

When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a purchase of assets), the Group does not recognise its share of the gains and losses until it resells those assets to a third party.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowance.

Revenue is recognised when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the Group and when specific criteria have been met for each of the Group's activities, as described below.

Revenue from fixed price supply and installation contracts including fitting-out works and alteration and addition and construction works is recognised on the percentage of completion method, measured by reference to the value of work performed during the year. Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customers.

Revenue from sales of goods is recognised when goods are delivered and title has been passed.

Service income is recognised when services are provided.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Supply and installation contracts including fitting-out works and alteration and addition and construction works

Where the outcome of a supply and installation contract including fitting-out works and alteration and addition and construction works can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of the reporting period, measured based on the proportion that contract costs incurred for work performed to date relative to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

Where the outcome of a supply and installation contract including fitting-out works and alteration and addition and construction works cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Where contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is shown as amounts due from customers for contract work. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as amounts due to customers for contract work. Amounts received before the related work is performed are included in the consolidated statement of financial position, as a liability, as deposits received. Amounts billed for work performed but not yet paid by the customers are included in the consolidated statement of financial position under trade receivables.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis.

Retirement benefit costs

Payments to the Mandatory Provident Fund Scheme ("MPF Scheme") and other defined contribution retirement benefit schemes are recognised as an expense when employees have rendered services entitling them to the contributions.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before taxation' as reported in the consolidated statement of profit or loss and other comprehensive income because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint operations, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items and on the retranslation of monetary items are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. HK$) using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during the period, in which case the exchange rates at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interests in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

Property, plant and equipment

Property, plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised to write off the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment property is initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposals. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the period in which the item is derecognised.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Impairment on tangible and intangible assets other than goodwill (see the accounting policy in respect of goodwill above)

At the end of the reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost of inventories are determined on a weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair values of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

The Group's financial assets are mainly loans and receivables and available-for-sale investments. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including amount due from a fellow subsidiary, trade and other receivables, bills receivable, retentions receivable and bank balances and cash) are measured at amortised cost using the effective interest method, less any impairment.

Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition interest would be immaterial.

Available-for-sale investments

Available-for-sale investments are non-derivative that is either designated or is not classified as financial asset at fair value through profit or loss, loans and receivables or held-to-maturity investments.

Equity securities held by the Group that are classified as available-for-sale investments and are traded in an active market are measured at fair value at the end of each reporting period. Dividends on available-for-sale equity investments are recognised in profit or loss when the Group's right to receive dividends is established. Other changes in the carrying amount of available-for-sale financial assets are recognised in other comprehensive income and accumulated under the heading of investment revaluation reserve. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss (see the accounting policy in respect of impairment loss on financial assets below).

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the financial assets have been affected.

For an available-for-sale equity investment, a significant or prolonged decline in the fair value of that investment below its cost is considered to be objective evidence of impairment.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- disappearance of an active market for that financial asset because of financial difficulties.

Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period or observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

If, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available-for-sale equity investments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to impairment loss is recognised directly in other comprehensive income and accumulated in the heading of investment revaluation reserve.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. Interest expense is recognised on an effective interest basis.

Financial liabilities

Financial liabilities (including trade and other payables, bills payable, amounts due to a fellow subsidiary and ultimate holding company, and bank borrowings) are subsequently measured at amortised cost, using the effective interest method.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with terms of a debt instrument.

Financial guarantee contracts issued by the Company are initially measured at their fair values and, if designated as at fair value through profit or loss, are subsequently measured at the higher of:

(i) the amount of obligation under the contract, as determined in accordance with HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets*; and

(ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised over the guarantee period.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Estimation uncertainty on supply and installation contracts including fitting-out works and alteration and addition and construction works

The Group's contract profit or loss arising from supply and installation contracts is estimated by reference to the latest available budgets of individual supply and installation contracts prepared by the management of the Group. The estimation of budget contract costs is based on management's best estimates and judgments. Contract costs include costs for interior decorative materials, labour costs and subcontracting fees. If the price of interior decorative materials or the wages of labour or the subcontracting fees varied significantly in the coming months from the budgets, the contract profit for each of the individual projects will differ significantly from the estimated contract profit. If estimated costs exceed contract revenue, a contract loss will be recognised.

Estimated impairment of trade and other receivables and retentions receivable

The provision policy for bad and doubtful debts of the Group is based on the evaluation of collectability and aging analysis of accounts and management's judgment. A considerable amount of judgment is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each customer. If the financial conditions of customers of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional allowance may be required.

As at 31 December 2016, the carrying amount of trade receivables was HK$316,414,000 (2015: HK$269,696,000), whereas trade receivables amounting to nil (2015: HK$10,192,000) was written off during the year.

As at 31 December 2016, the carrying amount of retentions receivables was HK$354,907,000 (2015: HK$346,927,000).

Estimated impairment and allowance for inventories

The management of the Group reviews an aging analysis at the end of the reporting period and makes allowance for obsolete and slow-moving inventory items identified that are no longer suitable for use in production or sale. The management estimates the net realisable value for such finished goods and raw materials based primarily on the latest selling and purchase prices and current market conditions. The Group carries out an inventory review on a product-by-product basis at the end of the reporting period and makes allowance for slowing-moving inventory. If the market condition was to deteriorate, resulting in a lower net realisable value for such finished goods and raw materials, additional allowances may be required.

As at 31 December 2016, the carrying amount of inventories was HK$21,972,000 (2015: HK$58,097,000), whereas the reversal of allowance for inventories amounting to HK$332,000 (2015: HK$191,000) and written off of inventories amounting to HK$2,089,000 (2015: nil) was recognised during the year.

5. 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 year is as follows:

	2016 HK$'000	2015 HK$'000
Continuing operations		
Contract revenue from fitting-out works	2,776,809	3,516,646
Contract revenue from alteration and addition and construction works	424,127	583,430
Manufacturing, sourcing and distribution of interior decorative materials	112,391	33,070
	3,313,327	4,133,146

6. 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;

(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 Mainland China which was classified as discontinued operations for the year ended 31 December 2015, details were set out in notes 11 and 33(a).

6. SEGMENT INFORMATION *(Continued)*

Information regarding the above segments is reported below:

Segment revenue and results

Continuing operations
2016

	Fitting-out works in Hong Kong *HK$'000*	Fitting-out works in Macau *HK$'000*	Alteration and addition and construction works in Hong Kong *HK$'000*	Manufacturing, sourcing and distribution of interior decorative materials *HK$'000*	Segment total *HK$'000*	Elimination *HK$'000*	Consolidated *HK$'000*
Revenue							
External revenue	946,211	1,830,598	424,127	112,391	3,313,327	–	3,313,327
Inter-segment revenue	37	–	–	274,842	274,879	(274,879)	–
Segment revenue	946,248	1,830,598	424,127	387,233	3,588,206	(274,879)	3,313,327
Segment profit	85,288	323,932	7,000	96,554	512,774	–	512,774
Corporate expenses							(58,545)
Corporate income							2,338
Share of profits of associates							18,084
Finance costs							(969)
Profit before taxation							473,682

6. SEGMENT INFORMATION *(Continued)*

Segment revenue and results *(Continued)*

Continuing operations *(Continued)*

2015

	Fitting-out works in Hong Kong *HK$'000*	Fitting-out works in Macau *HK$'000*	Alteration and addition and construction works in Hong Kong *HK$'000*	Manufacturing, sourcing and distribution of interior decorative materials *HK$'000*	Segment total *HK$'000*	Elimination *HK$'000*	Consolidated *HK$'000*
Revenue							
External revenue	1,125,772	2,390,874	583,430	33,070	4,133,146	–	4,133,146
Inter-segment revenue	1,458	–	281	171,081	172,820	(172,820)	–
Segment revenue	1,127,230	2,390,874	583,711	204,151	4,305,966	(172,820)	4,133,146
Segment profit	95,468	375,550	12,086	6,821	489,925	–	489,925
Corporate expenses							(55,610)
Corporate income							629
Loss on disposal of subsidiaries							(11)
Loss on disposal of an associate							(766)
Share of profits of associates							4,859
Finance costs							(3,443)
Profit before taxation							435,583

Inter-segment revenue is charged at prevailing market rates.

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 3.

Segment profit represents the profit earned by each segment, excluding income and expenses of the corporate function, which include certain other income, certain selling expenses, certain administrative expenses, certain other expenses, listing 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.

6. SEGMENT INFORMATION *(Continued)*

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable and operating segments:

	2016 HK$'000	2015 HK$'000
Segment assets		
Continuing operations		
Fitting-out works in Hong Kong	843,342	711,612
Fitting-out works in Macau	511,615	776,008
Alteration and addition and construction works in Hong Kong	229,745	214,347
Manufacturing, sourcing and distribution of interior decorative materials	66,621	135,522
Total segment assets	1,651,323	1,837,489
Unallocated corporate assets		
Property, plant and equipment	458	765
Available-for-sale investments	136,854	132,382
Interests in associates	116,793	103,442
Other receivables, prepayments and deposits	7,477	2,805
Tax recoverable	1,085	8,660
Bank balances and cash	1,192,560	895,433
Total consolidated assets of the Group	3,106,550	2,980,976

6. SEGMENT INFORMATION *(Continued)*

Segment assets and liabilities *(Continued)*

	2016 **HK$'000**	2015 HK$'000
Segment liabilities		
Continuing operations		
Fitting-out works in Hong Kong	**323,864**	315,513
Fitting-out works in Macau	**393,567**	668,491
Alteration and addition and construction works in Hong Kong	**196,752**	208,010
Manufacturing, sourcing and distribution of interior decorative materials	**37,915**	48,666
Total segment liabilities	**952,098**	1,240,680
Unallocated corporate liabilities		
Other payables	**4,216**	15,673
Amount due to a fellow subsidiary	**1,928**	1,928
Tax payable	**52,357**	58,611
Bank borrowings	**–**	254,564
Total consolidated liabilities of the Group	**1,010,599**	1,571,456

For the purposes of monitoring segment performances and allocating resources between segments:

- all assets are allocated to operating segments other than certain property, plant and equipment, available-for-sale investments, interests in associates, certain other receivables, prepayments and deposits, tax recoverable and bank balances and cash.
- all liabilities are allocated to operating segments other than certain other payables, amount due to a fellow subsidiary, tax payable and bank borrowings.

6. SEGMENT INFORMATION *(Continued)*

Other segment information

Continuing operations

2016

	Fitting-out works in Hong Kong HK$'000	Fitting-out works in Macau HK$'000	Alteration and addition and construction works in Hong Kong HK$'000	Manufacturing, sourcing and distribution of interior decorative materials HK$'000	Segment total HK$'000	Unallocated HK$'000	Consolidated HK$'000
Amounts included in the measure of segment results or segment assets:							
Additions of property, plant and equipment	–	3	1,011	1,634	2,648	184	2,832
Depreciation of property, plant and equipment	14	49	186	2,546	2,795	480	3,275
Impairment loss on available-for-sale investments	–	–	–	–	–	23,750	23,750
Write off of inventories	–	–	–	2,089	2,089	–	2,089
Reversal of allowance for inventories	–	–	–	(332)	(332)	–	(332)
Loss on disposal of property, plant and equipment	–	–	–	188	188	10	198

6. SEGMENT INFORMATION *(Continued)*

Other segment information *(Continued)*

Continuing operations *(Continued)*

2015

	Fitting-out works in Hong Kong *HK$'000*	Fitting-out works in Macau *HK$'000*	Alteration and addition and construction works in Hong Kong *HK$'000*	Manufacturing, sourcing and distribution of interior decorative materials *HK$'000*	Segment total *HK$'000*	Unallocated *HK$'000*	Consolidated *HK$'000*
Amounts included in the measure of segment results or segment assets:							
Additions of property, plant and equipment	56	28	–	3,318	3,402	281	3,683
Depreciation of property, plant and equipment	14	48	–	4,636	4,698	610	5,308
Amortisation of other intangible assets	–	–	2,700	–	2,700	–	2,700
Write off of trade and other receivables	1,067	–	–	9,125	10,192	–	10,192
Reversal of allowance for inventories	–	–	–	(191)	(191)	–	(191)
Loss on disposal of property, plant and equipment	–	–	–	15	15	1	16

6. SEGMENT INFORMATION *(Continued)*

Geographical information

The Group's operations are mainly located in Hong Kong, Macau and the Mainland China.

Information about the Group's revenue from continuing operations from external customers is presented based on the location of the operations. Information about the Group's non-current assets (excluding financial instruments) is presented based on the geographical location of the assets.

	Revenue from external customers		Non-current assets	
	2016 HK$'000	2015 HK$'000	**2016 HK$'000**	2015 HK$'000
Hong Kong	**1,413,746**	1,713,465	**118,882**	105,161
Macau	**1,848,446**	2,415,142	**84**	130
The Mainland China	**16,879**	1,752	**14,975**	16,926
Others *(Note)*	**34,256**	2,787	**–**	–
	3,313,327	4,133,146	**133,941**	122,217

Note: Included revenue from manufacturing, sourcing and distribution of interior decorative materials globally except for Hong Kong, Macau and the Mainland China.

All non-current assets of the Group are located in the respective group entities' country of domicile.

Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the total revenue of the Group from continuing operations are as follows:

	2016 HK$'000	2015 HK$'000
Customer A *(Note a)*	**546,729**	726,434
Customer B *(Note a)*	**489,166**	N/A(c)
Customer C *(Note a)*	**451,911**	N/A(c)
Customer D *(Note a)*	**N/A(c)**	511,835
Customer E *(Note a and b)*	**N/A(c)**	439,763
Customer F *(Note a)*	**N/A(c)**	414,103

Notes:

(a) The revenue was from fitting-out works in Macau.

(b) The revenue was from fitting-out works in Hong Kong.

(c) The corresponding revenue did not contribute over 10% of the total revenue of the Group from continuing operations.

7. OTHER INCOME, OTHER GAINS AND LOSSES

	2016 HK$'000	2015 HK$'000
Continuing operations		
Other income		
Interest income	713	632
Consultancy fee, management fee and license fee income	6,361	2,159
Others	388	392
	7,462	3,183
Other gains and losses		
Net foreign exchange gain	1,460	598
Write off of trade and other receivables	–	(10,192)
Impairment loss on available-for-sale investments	(23,750)	–
Loss on disposal of property, plant and equipment	(198)	(16)
	(22,488)	(9,610)
	(15,026)	(6,427)

8. FINANCE COSTS

The amounts from continuing operations represent interest on bank borrowings.

9. INCOME TAX EXPENSE

	2016 HK$'000	2015 HK$'000
Continuing operations		
Current tax		
Hong Kong Profits Tax	11,264	15,389
Macau Complementary Tax	43,443	46,301
PRC Enterprise Income Tax	8,474	2,844
	63,181	64,534
Under (over) provision in prior years		
Hong Kong Profits Tax	(319)	(400)
Macau Complementary Tax	(91)	(494)
PRC Enterprise Income Tax	764	15
	354	(879)
	63,535	63,655

9. INCOME TAX EXPENSE *(Continued)*

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

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

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 years.

The income tax expense for the year can be reconciled to the profit before taxation per the consolidated statement of profit or loss and other comprehensive income as follows:

	2016 ***HK$'000***	2015 *HK$'000*
Continuing operations		
Profit before taxation	**473,682**	435,583
Tax at the weighted average tax rate *(Note)*	**64,540**	54,294
Tax effect of expenses not deductible for tax purpose	**4,834**	7,699
Tax effect of income not taxable for tax purpose	**(181)**	(106)
Tax effect of share of profits of associates	**(2,984)**	(802)
Under (over) provision in prior years	**354**	(879)
Tax effect of tax losses not recognised	**–**	2,883
Utilisation of tax losses previously not recognised	**(4,079)**	–
Others	**1,051**	566
Income tax expense for the year	**63,535**	63,655

Note: The weighted average applicable tax rate for different jurisdictions for the year ended 31 December 2016 is 14% (2015: 12%). The weighted average applicable tax rate represents the weighted average tax rate in different jurisdictions in which the Group operates and is calculated on the basis of the profit or loss before taxation arising in these jurisdictions and the applicable statutory tax rates.

10. PROFIT FOR THE YEAR

	2016 HK$'000	2015 HK$'000
Continuing operations		
Profit for the year has been arrived at after charging (crediting):		
Auditor's remuneration	1,180	1,230
Depreciation of property, plant and equipment	3,275	5,308
Amortisation of other intangible assets	–	2,700
Total depreciation and amortisation	3,275	8,008
Cost of inventories recognised as expense	83,759	27,194
Reversal of allowance for inventories (included in cost of sales)	(332)	(191)
Write off of inventories	2,089	–
Contract costs recognised as expense		
Fitting-out works	2,246,804	2,962,956
Alteration and addition and construction works	407,684	560,293
	2,654,488	3,523,249
Operating lease payments in respect of rented properties	19,264	21,790
Staff costs		
Gross staff costs (including directors' emoluments)	220,526	244,456
Less: Staff costs capitalised to contract costs	(130,121)	(141,489)
	90,405	102,967

11. DISCONTINUED OPERATIONS

On 16 April 2015, the Group entered into a sale and purchase agreement with Jangho Hongkong to dispose of the Group's 50% equity interests in Sundart Beijing, which carried out fitting-out works in the Mainland China, to Jangho Hongkong. The disposal was completed on 24 April 2015.

The profit for the year ended 31 December 2015 from the discontinued operations of fitting-out works in the Mainland China is set out below.

	From 1 January 2015 to 24 April 2015 *HK$'000*
Loss of fitting-out works in the Mainland China for the period	(1,115)
Gain on disposal of subsidiaries *(note 33(a))*	10,487
	9,372
Profit (loss) for the period from discontinued operations attributable to:	
Owners of the Company	9,651
Non-controlling interests	(279)
	9,372

11. DISCONTINUED OPERATIONS *(Continued)*

The results of the operation of fitting-out works in the Mainland China for the year ended 31 December 2015, which have been included in the consolidated statement of profit or loss and other comprehensive income, were as follows:

	From 1 January 2015 to 24 April 2015 *HK$'000*
Revenue	338,029
Cost of sales	(309,973)
Gross profit	28,056
Other income, other gains and losses	(293)
Selling expenses	(20)
Administrative expenses	(27,550)
Finance costs	(1,302)
Loss before taxation	(1,109)
PRC Enterprise income tax expense	(6)
Loss for the period	(1,115)
Other income, other gains and losses represents:	
Other income	
Interest income	239
Other gains and losses	
Net foreign exchange loss	(587)
Gain on disposal of property, plant and equipment	55
	(532)
	(293)

11. DISCONTINUED OPERATIONS *(Continued)*

	From 1 January 2015 to 24 April 2015 *HK$'000*
Profit for the period has been arrived at after charging (crediting):	
Depreciation of property, plant and equipment	1,156
Amortisation of other intangible assets	5
Total depreciation and amortisation	1,161
Contract costs recognised as expense	309,973
Operating lease payments in respect of rented properties	2,310
Staff costs	
Gross staff costs (including directors' emoluments)	17,115
Less: Staff costs capitalised to contract costs	(9,350)
	7,765
Cash flows of discontinued operations:	
Net cash used in operating activities	(89,500)
Net cash used in investing activities	(19,428)
Net cash from financing activities	85,731
Net cash outflow	(23,197)

The carrying amounts of the assets and liabilities of Sundart Beijing at the date of disposal are disclosed in note 33(a).

12. DIVIDENDS

	2016 HK$'000	2015 HK$'000
Dividends for ordinary shareholders of the Company recognised as distribution during the year:		
Final dividend for the year ended 31 December 2015: HK8 cents (2014: nil) per share	160,000	–
Interim dividend for the year ended 31 December 2016: HK5 cents (2015: HK$88,235) per share	107,911	450,000
	267,911	450,000

A final dividend for the year ended 31 December 2016 of HK3 cents (2015: HK8 cents) per share, amounting to HK$64,746,000 (2015: HK$160,000,000) in aggregate, was proposed by the directors of the Company on 13 March 2017 and is subject to the approval of the shareholders at the forthcoming annual general meeting.

13. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

Directors' remuneration for the year, disclosed pursuant to the applicable Listing Rules and CO, is as follows:

		2016				
Name of directors	Notes	Fees HK$'000	Salaries and other benefits HK$'000	Discretionary incentive payments HK$'000	Retirement benefit scheme contributions HK$'000	Total HK$'000
Executive directors:						
Mr. Ng Tak Kwan		–	2,040	4,910	18	6,968
Mr. Leung Kai Ming		–	2,024	3,000	18	5,042
Mr. Xie Jianyu		–	1,381	1,000	18	2,399
Mr. Ng Chi Hang	(a)	–	1,324	2,910	18	4,252
Mr. Pong Kam Keung	(a)	–	1,676	291	18	1,985
Non-executive director:						
Mr. Liu Zaiwang	(a)	600	–	–	–	600
Independent non-executive directors:						
Mr. Tam Anthony Chun Hung	(c)	240	–	–	–	240
Mr. Huang Pu	(c)	240	–	–	–	240
Mr. Li Zheng	(c)	240	–	–	–	240
		1,320	8,445	12,111	90	21,966

13. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS *(Continued)*

		2015				
Name of directors	*Notes*	Fees *HK$'000*	Salaries and other benefits *HK$'000*	Discretionary incentive payments *HK$'000*	Retirement benefit scheme contributions *HK$'000*	Total *HK$'000*
Executive directors:						
Mr. Ng Tak Kwan		–	2,040	2,171	18	4,229
Mr. Leung Kai Ming		–	2,044	1,170	18	3,232
Mr. Wang Qifeng	*(b)*	–	101	–	19	120
Mr. Xie Jianyu		–	1,248	200	18	1,466
Mr. Ng Chi Hang	*(a)*	–	601	–	8	609
Mr. Pong Kam Keung	*(a)*	–	729	–	8	737
Mr. Xu Xingli	*(b)*	–	–	–	–	–
Non-executive director:						
Mr. Liu Zaiwang	*(a)*	–	5	–	–	5
Independent non-executive directors:						
Mr. Tam Anthony Chun Hung	*(c)*	2	–	–	–	2
Mr. Huang Pu	*(c)*	2	–	–	–	2
Mr. Li Zheng	*(c)*	2	–	–	–	2
		6	6,768	3,541	89	10,404

The executive directors' emoluments shown above were mainly for their services in connection with the management of the affairs of the Company and the Group. The non-executive director's emolument shown above was mainly for his services as a director of the Company and the independent non-executive directors' emoluments shown above were mainly for the services as directors of the Company.

Notes:

(a) Appointed on 23 July 2015

(b) Resigned on 23 July 2015

(c) Appointed on 1 December 2015

The discretionary incentive payments are discretionary and are determined with reference to the performance of individual and the Group.

Mr. Ng Tak Kwan is also the Chief Executive of the Company and his emoluments disclosed above include those for services rendered by him as the Chief Executive.

14. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees of the Group during the year included three directors (2015: three directors), details of whose emoluments are disclosed in note 13 above. Details of the remuneration for the year of the remaining two (2015: two) highest paid employees who are neither a director nor chief executive of the Company are follows:

	2016 ***HK$'000***	2015 *HK$'000*
Salaries and other benefits	**5,960**	5,613
Contributions to retirement benefit scheme	**36**	36
	5,996	5,649

The number of the highest paid employees who are not the directors of the Company whose remuneration fell within the following bands is as follows:

	2016	2015
HK$2,000,001 to HK$2,500,000	**–**	1
HK$2,500,001 to HK$3,000,000	**1**	–
HK$3,000,001 to HK$3,500,000	**1**	1
HK$3,500,001 to HK$4,000,000	**–**	–
HK$4,000,001 to HK$4,500,000	**–**	–
HK$4,500,001 to HK$5,000,000	**–**	–
HK$5,000,001 to HK$5,500,000	**–**	–

No emolument was paid to the directors of the Company and the five highest paid individuals of the Group as an inducement to join or upon joining the Group or as compensation for loss of office and no directors waived any of their emoluments for both years.

15. EARNINGS PER SHARE

From continuing and discontinued operations

The calculation of basic earnings per share for the year ended 31 December 2016 is based on the profit for the year attributable to owners of the Company of HK$410,147,000 (2015: HK$381,579,000) and the weighted average number of shares of 2,067,866,000 (2015: 1,504,110,000) in issue during the year.

No diluted earnings per share are presented for both years 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:

	2016 HK$'000	2015 HK$'000
Profit for the year attributable to owners of the Company	410,147	381,579
Less: Profit for the year from discontinued operations attributable to owners of the Company	–	(9,651)
Profit for the year attributable to owners of the Company from continuing operations	410,147	371,928

The denominators used are the same as those detailed above.

From discontinued operations

Basic earnings per share from the discontinued operations for the year ended 31 December 2015 was HK0.64 cent per share, based on the profit for the year from the discontinued operations attributable to owners of the Company of HK$9,651,000 for the year ended 31 December 2015 and the denominators detailed above for the basic earnings per share.

16. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK$'000	Plant and machinery HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
COST					
At 1 January 2015	23,508	23,026	17,069	3,248	66,851
Exchange adjustments	(554)	(1,021)	(254)	(58)	(1,887)
Additions	2,328	2,300	597	338	5,563
Disposal of a subsidiary *(note 33(a))*	(10,638)	–	(7,520)	(490)	(18,648)
Disposals	–	–	(70)	(333)	(403)
At 31 December 2015	14,644	24,305	9,822	2,705	51,476
Exchange adjustments	(846)	(1,210)	(255)	(68)	(2,379)
Additions	663	775	858	536	2,832
Disposals	(119)	(345)	(343)	(186)	(993)
At 31 December 2016	14,342	23,525	10,082	2,987	50,936
DEPRECIATION					
At 1 January 2015	10,545	13,739	10,341	2,040	36,665
Exchange adjustments	(217)	(336)	(194)	(42)	(789)
Provided for the year	2,247	2,133	1,615	469	6,464
Disposal of a subsidiary *(note 33(a))*	(4,235)	–	(3,554)	(75)	(7,864)
Eliminated on disposals	–	–	(45)	(220)	(265)
At 31 December 2015	8,340	15,536	8,163	2,172	34,211
Exchange adjustments	(516)	(664)	(205)	(34)	(1,419)
Provided for the year	1,561	630	763	321	3,275
Eliminated on disposals	(119)	(169)	(325)	(156)	(769)
At 31 December 2016	9,266	15,333	8,396	2,303	35,298
CARRYING VALUES					
At 31 December 2016	5,076	8,192	1,686	684	15,638
At 31 December 2015	6,304	8,769	1,659	533	17,265

Depreciation is provided to write off the cost of items of property, plant and equipment over their estimated useful lives and after taking into account of their estimated residual values, using the straight-line method, at the following rates per annum:

Leasehold improvements	10%–50% or over the remaining term of lease, if shorter
Plant and machinery	9%–30%
Furniture, fixtures and equipment	10%–50% or over the remaining term of lease, if shorter
Motor vehicles	18%–$33^1/_3$%

17. INVESTMENT PROPERTY

	HK$'000
FAIR VALUE	
At 1 January 2015	8,366
Exchange adjustments	1
Disposal of a subsidiary *(note 33(a))*	(8,367)
At 31 December 2015 and 2016	–

The investment property is situated in the PRC.

18. GOODWILL

	HK$'000
Carrying amount as at 1 January 2015, 31 December 2015 and 2016	1,510

Amount represented the excess of consideration paid over the fair value of net assets taken over on the acquisition of subsidiaries, Sundart Timber and Sundart Living Limited ("Sundart Living"). For the purpose of impairment test, the carrying amount of goodwill had been allocated to the cash generating unit of Sundart Timber and Sundart Living under the fitting-out works in Hong Kong segment, the manufacturing, sourcing and distribution of interior decorative materials segment, amounting to HK$746,000 and HK$764,000, respectively.

The recoverable amounts of cash-generating units of Sundart Timber and Sundart Living have been determined based on a value in use calculation. The calculation uses cash flow projections based on the most recent financial budgets approved by management covering a 2-year period and discount rates of 15%. Another key assumption for the value in use calculation is the budgeted gross margin, which is determined based on the unit's past performance and management's expectations for the market development. Management believes that any reasonably possible change in any of these assumptions would not cause the aggregate carrying amounts of cash-generating unit to exceed the aggregate recoverable amounts of cash-generating unit.

19. OTHER INTANGIBLE ASSETS

	Registrations *HK$'000* *(Note a)*	Patents *HK$'000* *(Note a)*	Licenses *HK$'000* *(Note b)*	Total *HK$'000*
COST				
At 1 January 2015	7,184	79	18,000	25,263
Disposal of a subsidiary *(note 33(a))*	–	(79)	–	(79)
At 31 December 2015 and 2016	7,184	–	18,000	25,184
ACCUMULATED AMORTISATION				
At 1 January 2015	7,184	25	15,300	22,509
Charged for the year	–	5	2,700	2,705
Disposal of a subsidiary *(note 33(a))*	–	(30)	–	(30)
At 31 December 2015 and 2016	7,184	–	18,000	25,184
CARRYING VALUES				
At 31 December 2015 and 2016	–	–	–	–

Notes:

a. The Group's registrations and patents related to door products and timber panels which were acquired from SUNDART PRODUCTS GROUP LIMITED ("SPG") and through acquisition of Dongguan Sundart Home Furnishing Co., Ltd. ("Dongguan Sundart"). SPG and Dongguan Sundart were previously beneficially owned by Mr. Leung Kai Ming, a director of the Company, that give him control over these companies.

b. The Group's licenses represent various licenses and qualifications for building construction acquired on acquisition of Kin Shing (Leung's) General Contractors Limited.

The other intangible assets are amortised on straight-line basis over 5 years.

20. AVAILABLE-FOR-SALE INVESTMENTS

Available-for-sale investments represent investments in equity securities listed on the Stock Exchange, which are measured at fair values. During the year, the Group acquired HK$56,278,000 (2015: HK$104,326,000) of such investments.

During the year ended 31 December 2016, an impairment loss of HK$23,750,000 was recognised in profit or loss.

21. INTERESTS IN ASSOCIATES

	2016 HK$'000	2015 HK$'000
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	16,793	3,442
	116,793	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 31 December 2016 and 2015, the Group had interests in the following associates:

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 2016 %	2015 %	Principal activities
EAGLE VISION DEVELOPMENT LIMITED ("Eagle Vision")	Incorporated	BVI	Hong Kong	Ordinary	28.57	28.57	Investment holding
Sundart Beijing	Sino-foreign joint venture	The PRC	The PRC	Registered capital	–	–	Interior fitting-out works
FORTUNE MARVEL LIMITED ("FML")	Incorporated	BVI	Hong Kong	Ordinary	30	N/A	Investment holding

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 year ended 31 December 2015.

21. INTERESTS IN ASSOCIATES *(Continued)*

The summarised consolidated financial information of Eagle Vision and FML and which is prepared in accordance with HKFRSs, is set out below:

	2016			2015
	Eagle Vision ***HK$'000***	**FML** ***HK$'000***	**Total** ***HK$'000***	Eagle Vision *HK$'000*
Current assets	**301,003**	**–**	**301,003**	214,755
Non-current assets	**402,279**	**–**	**402,279**	419,944
Current liabilities	**(484,307)**	**(12)**	**(484,319)**	(474,402)
Non-current liabilities	**(17,117)**	**–**	**(17,117)**	(21,907)
Net assets (liabilities) attributable to:				
Shareholders	**58,789**	**(12)**	**58,777**	12,049
Non-controlling interests	**143,069**	**–**	**143,069**	126,341
	201,858	**(12)**	**201,846**	138,390
Revenue	**323,896**	**–**	**323,896**	255,720
Profit (loss) for the year	**82,641**	**(12)**	**82,629**	20,371
Attributable to:				
Shareholders	**66,855**	**(12)**	**66,843**	15,281
Non-controlling interests	**15,786**	**–**	**15,786**	5,090
	82,641	**(12)**	**82,629**	20,371
Other comprehensive expense for the year	**(6,393)**	**–**	**(6,393)**	(4,322)
Attributable to:				
Shareholders	**(4,385)**	**–**	**(4,385)**	(3,026)
Non-controlling interests	**(2,008)**	**–**	**(2,008)**	(1,296)
	(6,393)	**–**	**(6,393)**	(4,322)

21. INTERESTS IN ASSOCIATES *(Continued)*

	2016 Eagle Vision HK$'000	2016 FML HK$'000	2016 Total HK$'000	2015 Eagle Vision HK$'000
Total comprehensive income (expense) for the year	76,248	(12)	76,236	16,049
Attributable to:				
Shareholders	62,470	(12)	62,458	12,255
Non-controlling interests	13,778	–	13,778	3,794
	76,248	(12)	76,236	16,049
Dividend received from the associate during the year	3,480	–	3,480	7,320

Reconciliation of the above summarised consolidated financial information of Eagle Vision and FML to the carrying amounts of the interests in the associates recognised in the consolidated financial statements:

	2016 Eagle Vision HK$'000	2016 FML HK$'000	2016 Total HK$'000	2015 Eagle Vision HK$'000
Net assets (liabilities) attributable to shareholders	58,789	(12)	58,777	12,049
Proportion of the Group's ownership interests	28.57%	30%	N/A	28.57%
	16,796	(3)	16,793	3,442
Deemed investments	100,000	–	100,000	100,000
Carrying amount of the Group's interests	116,796	(3)	116,793	103,442

22. INVENTORIES

	2016 HK$'000	2015 HK$'000
At net realisable value:		
Raw materials	16,282	28,688
Work-in-progress	5,563	28,784
Finished goods	127	625
	21,972	58,097

23. AMOUNT DUE FROM A RELATED COMPANY

Related company is a subsidiary of Rykadan Capital Limited, of which Chief Executive of the Company, Mr. Ng Tak Kwan, is the substantial shareholder.

Amount due from a related company as at 31 December 2016 represents deposits paid to the related company.

24. AMOUNTS DUE FROM/TO FELLOW SUBSIDIARIES/ULTIMATE HOLDING COMPANY

Amount due from a fellow subsidiary

	2016 HK$'000	2015 HK$'000
Trade receivables	2,942	–
Retentions receivables	1,039	–
Other receivables	–	3,404
	3,981	3,404

The Group allows a credit period of 30 days to its trade receivables due from a fellow subsidiary. As at 31 December 2016, the trade receivables due from a fellow subsidiary were aged within 30 days based on invoice date and not past due. The Group does not hold any collateral over this balance. The retentions receivables due from a fellow subsidiary will be recovered more than twelve months after the end of the reporting period.

As at 31 December 2015, amount due from a fellow subsidiary represented the deposits paid to the fellow subsidiary in respect of supply and installation of window and louver systems provided by that fellow subsidiary. The relevant works was substantially completed in 2016.

Amounts due to fellow subsidiaries

	2016 HK$'000	2015 HK$'000
Trade payables	919	6,280
Retentions payable	1,358	3,042
Advance received	1,928	1,928
	4,205	11,250

24. AMOUNTS DUE FROM/TO FELLOW SUBSIDIARIES/ULTIMATE HOLDING COMPANY

(Continued)

Amount due to ultimate holding company

	2016 HK$'000	2015 HK$'000
Trade payables	371	–

The fellow subsidiary and ultimate holding company allow a credit period of 21 to 30 days to the Group.

The trade payables to the fellow subsidiary and ultimate holding company are aged within 30 days based on the invoice date.

Retentions payable to a fellow subsidiary

	2016 HK$'000	2015 HK$'000
Retentions payable which:		
– will be paid within one year	1,358	1,521
– will be paid after one year	–	1,521
	1,358	3,042

25. 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

	2016 HK$'000	2015 HK$'000
Trade receivables	316,414	269,696
Prepayments and deposits	210,740	275,434
Other receivables	4,584	10,198
	531,738	555,328

25. OTHER FINANCIAL ASSETS *(Continued)*

Trade and other receivables *(Continued)*

Trade receivables

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.

	2016 HK$'000	2015 HK$'000
1–30 days	**217,831**	178,801
31–60 days	**72,037**	48,582
61–90 days	**1,240**	33,052
Over 90 days	**25,306**	9,261
	316,414	269,696

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customers. Recoverability of the existing customers is reviewed by the Group regularly.

During the year ended 31 December 2015, the Group has written off trade receivables amounting to HK$10,192,000 because the management considered that the amount is uncollectable.

As at 31 December 2016, included in the Group's trade receivable balances were receivables with aggregate carrying amount of HK$83,996,000 (2015: HK$46,053,000), which were past due at the end of each reporting period for which the Group has not provided for impairment loss as these balances were either subsequently settled or there has not been a significant change in credit quality and the amounts were still considered recoverable. Accordingly, the directors of the Company believe that no impairment was required. The Group did not hold any collateral over these balances.

Ageing of trade receivables which are past due but not impaired:

	2016 HK$'000	2015 HK$'000
Overdue		
1–30 days	**49,668**	41,515
31–60 days	**26,276**	–
61–90 days	**1,669**	73
Over 90 days	**6,383**	4,465
	83,996	46,053

25. OTHER FINANCIAL ASSETS *(Continued)*

Bills receivable

The bills receivable is aged within 90 (2015: 30) days.

Retentions receivable

	2016 ***HK$'000***	2015 *HK$'000*
Retentions receivable which:		
– will be recovered within twelve months	**305,389**	247,584
– will be recovered more than twelve months after the end of the reporting period	**49,518**	99,343
	354,907	346,927

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

	2016 ***HK$'000***	2015 *HK$'000*
Contracts in progress at the end of each reporting period:		
Contract costs incurred plus recognised profits less recognised losses	**7,274,381**	8,781,349
Less: Progress billings	**(6,563,920)**	(7,981,840)
	710,461	799,509
Analysed for reporting purposes as:		
Amounts due from contract customers	**725,890**	857,626
Amounts due to contract customers	**(15,429)**	(58,117)
	710,461	799,509

The Group's retentions held by customers and advances received from customers for contract work are as follows:

	2016 ***HK$'000***	2015 *HK$'000*
Retentions receivable for contract work		
External customers (included in retentions receivable)	**351,720**	346,927
Advances received for contract work		
External customers (included in trade and other payables)	**166,468**	323,753

27. BANK BALANCES AND CASH

The bank balances including a sum of HK$50,000,000 (2015: HK$39,961,000) deposit carried fixed interest rate at 1.65% (2015: 0.55%) per annum. The remaining balances carried interest at market rates which ranged from 0.001% to 0.125% per annum as at 31 December 2016 and 2015.

As at 31 December 2016, the Group's bank balances amounting to HK$14,938,000 (2015: HK$2,711,000) were denominated in Renminbi ("RMB").

28. 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.

	2016 HK$'000	2015 HK$'000
Contract creditors and suppliers	**530,023**	562,908
Retentions payable	**190,023**	206,561
	720,046	769,469
Deposits received	**169,880**	330,859
Other payables	**48,311**	84,646
Total	**938,237**	1,184,974

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

	2016 HK$'000	2015 HK$'000
1–30 days	**477,291**	506,711
31–60 days	**33,929**	33,484
61–90 days	**6,995**	10,928
Over 90 days	**11,808**	11,785
	530,023	562,908

As at 31 December 2016, the Group's retentions payable of HK$35,266,000 (2015: HK$55,837,000) was expected to be paid after one year.

Bills payable

As at 31 December 2015, bills payable were repayable within 60 days.

29. BANK BORROWINGS

	2016 **HK$'000**	2015 HK$'000
Term loans – unsecured	–	136,500
Trust receipt loans – unsecured	–	118,064
Carrying amount based on scheduled repayment date repayable within one year (shown under current liabilities)	–	254,564

As at 31 December 2015, all of the Group's bank borrowings were unsecured, variable-rate, bear interest at 0.90% to 2.35% over Hong Kong Interbank Offered Rate per annum and interest was repriced every one to three months. As at 31 December 2015, the average and the ranges of effective interest rate (which is also equal to contracted interest rate) on the Group's bank loans was 2.07% and 1.03% to 3.25% per annum, respectively. All of the bank borrowings were repaid during the year.

30. DEFERRED TAXATION

The following are the major deferred tax liabilities recognised and movements thereon during the year:

	HK$'000
At 1 January 2015	955
Disposal of a subsidiary *(note 33(a))*	(955)
At 31 December 2015 and 31 December 2016	–

Deferred taxation represents the temporary differences between the carrying amounts of the investment property situated in the PRC and the corresponding tax bases.

Under the EIT Law and Implementation Regulation of the EIT Law, withholding tax is imposed on dividends declared in respect of profits earned by the PRC subsidiary from 1 January 2008 onwards. Deferred taxation has not been provided for in the consolidated financial statements as the directors of the Company do not plan to declare dividends in the foreseeable future.

At the end of the reporting period, the Group had unused estimated tax losses of HK$8,993,000 (2015: HK$33,716,000) available for offset against future profits. No deferred tax asset has been recognised in respect of the unrecognised estimated tax losses due to unpredictability of future profit streams. The losses may be carried forward indefinitely.

31. 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 and 2016 *(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			
– with no par value	2,000,000,000		669,250
Placing of existing shares and top-up			
subscription of new shares *(note d)*	158,210,000		577,565
At 31 December 2016			
– with no par value	2,158,210,000		1,246,815

Notes:

(a) On 11 August 2015, pursuant to written resolutions of Reach Glory, the then 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 cost 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.

(d) 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. 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 HK$23,633,000, were credited to the Company's share capital.

32. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	2016 ***HK$'000***	2015 *HK$'000*
Non-current assets		
Investments in subsidiaries	**1,066,682**	678,192
Property, plant and equipment	**458**	765
	1,067,140	678,957
Current assets		
Other receivables, prepayments and deposits	**2,476**	2,805
Tax recoverable	**–**	102
Bank balances and cash	**243,944**	60,481
	246,420	63,388
Current liabilities		
Other payables	**4,215**	15,673
Tax payable	**320**	–
Amount due to a fellow subsidiary	**1,928**	1,928
	6,463	17,601
Net current assets	**239,957**	45,787
Total assets less current liabilities	**1,307,097**	724,744
Capital and reserves		
Share capital	**1,246,815**	669,250
Reserves	**60,282**	55,494
	1,307,097	724,744

Movements in the Company's reserves

	Share premium *HK$'000*	**Other reserve** *HK$'000*	**Accumulated profits** *HK$'000*	**Total** *HK$'000*
At 1 January 2015	34,700	33,600	15,725	84,025
Profit for the year	–	–	436,469	436,469
Capitalisation issue *(note 31(c))*	(15,000)	–	–	(15,000)
Dividend paid *(note 12)*	–	–	(450,000)	(450,000)
At 31 December 2015	19,700	33,600	2,194	55,494
Profit for the year	–	–	272,699	272,699
Dividends paid *(note 12)*	–	–	(267,911)	(267,911)
At 31 December 2016	19,700	33,600	6,982	60,282

33. DISPOSALS OF SUBSIDIARIES

(a) Disposal of interests in Sundart Beijing

On 16 April 2015, the Group entered into a sale and purchase agreement with Jangho Hongkong to dispose of the Group's 50% equity interests in Sundart Beijing to Janhgo Hongkong at a consideration of HK$91,434,000. The transaction was completed on 24 April 2015 upon the government approval of such equity transfer. Thereafter, the Group retained only 25% equity interests of Sundart Beijing. The Group has determined that it has significant influence over Sundart Beijing, as it has the power to appoint one out of three directors of Sundart Beijing. The retained 25% equity interests in Sundart Beijing has been accounted for as an investment in an associate using the equity method of accounting since the date of disposal of 50% equity interests in Sundart Beijing.

The assets and liabilities disposed of in the transaction were as follows:

	HK$'000
Property, plant and equipment	10,784
Investment property	8,367
Other intangible assets	49
Amount due from a related company	19
Trade and other receivables	301,985
Bills receivable	2,155
Amounts due from customers for contract work	372,208
Retentions receivable	93,876
Tax recoverable	1,594
Pledged bank deposits	50,614
Bank balances and cash	20,735
Trade and other payables	(254,075)
Bills payable	(165,943)
Amounts due to customers for contract work	(56,398)
Amount due to ultimate holding company	(62,441)
Amounts due to fellow subsidiaries	(60,996)
Amount due to a non-controlling shareholder	(40,394)
Bank borrowings	(14,091)
Bank overdrafts	(25,329)
Deferred tax liabilities	(955)
	181,764

33. DISPOSALS OF SUBSIDIARIES *(Continued)*

(a) Disposal of interests in Sundart Beijing *(Continued)*

	HK$'000
Gain on disposal of subsidiaries:	
Cash consideration received	91,434
Less: Transaction costs and related tax	(2,310)
Add: Fair value of the retained 25% equity interests in Sundart Beijing	45,440
Less: Net asset disposed of	(181,764)
Add: Non-controlling interests	45,441
Release of translation reserve upon disposal	12,246
	10,487
Net cash inflow arising on disposal:	
Cash consideration	91,434
Bank overdrafts, net of bank balances and cash disposed of	4,594
	96,028

The cash consideration was settled by Jangho Hongkong in full by 16 June 2015.

(b) Disposal of interests in Elite Tech Holdings Limited

On 29 June 2015, the Group transferred its interests in Elite Tech Holdings Limited, which holds 100% equity interests in Sundart Emirates Interior Contracting LLC to Jangho Hongkong at a consideration of HK$1.

The assets and liabilities disposed of in the transaction were as follows:

	HK$'000
Other receivable	13
Loss on disposal:	
Net asset disposed of	(13)
Release of translation reserve upon disposal	2
	(11)

34. OPERATING LEASE COMMITMENTS

The Group as lessee

At the end of each reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of rented premises which fall due as follows:

	2016 ***HK$'000***	2015 *HK$'000*
Within one year	**12,478**	11,473
In the second to fifth year inclusive	**11,533**	5,195
	24,011	16,668

Leases for rented premises are negotiated for a period of 1 to 7 years with fixed rental.

35. CAPITAL COMMITMENTS

	2016 ***HK$'000***	2015 *HK$'000*
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements	**1,045**	–

36. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to the shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debt, which includes bank borrowings disclosed in note 29, net of cash and cash equivalents and equity attributable to the owners of the Company, comprising issued share capital, reserves and accumulated profits.

The directors of the Company review the capital structure on a continuous basis. As part of this review, the directors of the Company consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors, the Group will balance its overall capital structure through payment of dividends, issue of new shares as well as issue of new debts or redemption of existing debts.

37. FINANCIAL INSTRUMENTS

Categories of financial instruments

	2016 HK$'000	2015 HK$'000
Financial assets		
Loans and receivables (including cash and cash equivalents)	1,890,722	1,547,635
Available-for-sale investments	136,854	132,382
	2,027,576	1,680,017
Financial liabilities		
Amortised cost	760,000	1,110,489

Financial risk management objectives and policies

The Group's financial instruments include available-for-sale investments, amount due from a fellow subsidiary, trade and other receivables, bills receivable, retentions receivable, bank balances and cash, trade and other payables, bills payable, amounts due to fellow subsidiaries and ultimate holding company and bank borrowings. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk, cash flow interest rate risk and equity price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

37. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Market risk

Currency risk

The group entities collect most of the revenue and incur most of the expenditures in their respective functional currencies. The directors of the Company consider that the Group's exposure to foreign currency exchange risk is insignificant as the majority of the Group's transactions are denominated in the functional currency of each individual group entity.

The Group currently does not have a foreign currency hedging policy. However, the management of the Group monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

The carrying amounts of the Group's foreign currency denominated monetary assets and liabilities at the end of the reporting period are as follows:

	Assets		Liabilities	
	2016 HK$'000	2015 HK$'000	**2016 HK$'000**	2015 HK$'000
HK$ against Macau Pataca ("MOP")	455,121	690,020	31,741	72,898
USD against HK$	27,999	308	1,586	559
USD against MOP	5,829	183	–	6,134
RMB against MOP and HK$	368	821	2,122	1,874
British Pound Sterling ("GBP") against HK$	89	614	–	–
HK$ against RMB	420	23	–	–
HK$ against USD	–	57	–	344
Euro against MOP and HK$	198	4,324	–	10,993
Intra-group balances				
MOP and HK$ against RMB	56,503	26,497	20,396	51,423

37. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Market risk *(Continued)*

Currency risk (Continued)

Sensitivity analysis

As HK$ is pegged to USD and the exchange rate of HK$/MOP and USD/MOP is relatively stable, the Group does not expect any significant foreign currency exposure arising from the fluctuation of the HK$/MOP, USD/HK$, USD/MOP and HK$/USD exchange rates. As a result, the directors of the Company consider that the sensitivity of the Group's exposure towards the change in foreign exchange rates between HK$/MOP, USD/HK$, USD/MOP and HK$/USD is minimal.

The following table details the Group's sensitivity to a 5% increase and decrease in RMB against MOP and HK$, GBP against HK$, Euro against MOP and HK$ and MOP and HK$ against RMB. 5% represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis of the Group's exposure to foreign currency risk at the end of the year has been determined based on the change taking place at the beginning of the year and held constant throughout the year.

The sensitivity analysis of the Group's exposure to foreign currency risk at the end of the reporting period includes only outstanding foreign currency denominated monetary items.

A positive number below indicates an increase in post-tax profit for the current year where a 5% strengthening of RMB against MOP and HK$, GBP against HK$, Euro against MOP and HK$ or MOP and HK$ against RMB. For a 5% weakening of RMB against MOP and HK$, GBP against HK$, Euro against MOP and HK$ or MOP and HK$ against RMB, there would be an equal and opposite impact on the post-tax profit for the year as set out below:

	Increase (decrease) in post-tax profit	
	2016	2015
	HK$'000	*HK$'000*
RMB against MOP and HK$	(78)	(48)
GBP against HK$	4	26
Euro against MOP and HK$	8	(294)
MOP and HK$ against RMB	1,370	(935)

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the year.

37. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Market risk *(Continued)*

Cash flow interest rate risk

The Group's cash flow interest rate risk relates primarily to variable-rate bank balances and bank borrowings (see note 27 for details of the bank balances and note 29 for details of bank borrowings). The Group currently does not have an interest rate hedging policy. However, the management monitors interest rate exposure and will consider other necessary actions when significant interest rate exposure is anticipated.

The Group's exposure to interest rates on financial liabilities is detailed in the liquidity risk management section of this note.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments at the end of each reporting period. For variable-rate bank balances and bank borrowings, the analysis is prepared assuming the bank balances and bank borrowings outstanding at the end of each reporting period were outstanding for the whole year. A 10 basis points increase or decrease in variable-rate bank balances represents management's assessment of the reasonably possible change in interest rates. If interest rate increases/decreases by the aforesaid basis point, and all other variables were held constant, the Group's post-tax profit for the year ended 31 December 2016 would increase/decrease by HK$1,081,000 (2015: HK$787,000). A 50 basis points increase or decrease in variable-rate bank borrowings represents management's assessment of the reasonably possible change in interest rates. If interest rate increases/decreases by the aforesaid basis point, and all other variables were held constant, the Group's post-tax profit for the year ended 31 December 2016 would decrease/increase by nil (2015: HK$1,083,000).

Equity price risk

The Group is exposed to equity price risk through its investment in listed equity securities. The Group's equity price risk is mainly concentrated on equity instruments issued by one company. In addition, the Group has appointed a special team to monitor the price risk and will consider hedging the risk exposure should the need arise.

Sensitivity analysis

The sensitivity analysis below have been determined based on the exposure to equity price risk at the end of the reporting period. If equity price has been 60% higher/lower, the investment revaluation reserve of the Group for the year would increase/profit or loss would change by HK$82,112,000 (2015: HK$79,429,000) as a result of the change in fair value of available-for-sale investments.

37. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Credit risk

At 31 December 2016, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

In order to minimise the credit risk, the management has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade receivable and other receivables at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced. The Group does not have significant concentration of credit risk on trade receivable as trade receivables consist of a large number of customers.

The policy of allowances for doubtful debts of the Group is based on the evaluation and estimation of collectability and ageing analysis of the outstanding debts. Specific allowance is only made for receivables that are unlikely to be collected and is recognised on the difference between the estimated future cash flows expected to receive discounted using the original effective interest rate and the carrying value. If the financial conditions of customers of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional allowance may be required. The management closely monitors the subsequent settlement of the counterparties. In this regard, the directors of the Company consider that the credit risk is significantly reduced.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management of the Group monitors the utilisation of bank borrowings and ensures compliance with loan covenants.

The following tables details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The maturity dates for non-derivative financial liabilities are based on the agreed repayment dates.

37. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Liquidity risk *(Continued)*

The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from contracted interest rate curve at the end of each reporting period.

	Weighted average interest rate %	Less than 4 months or on demand HK$'000	Between 4 to 6 months HK$'000	Between 7 to 12 months HK$'000	Between 1 to 5 years HK$'000	Total undiscounted cash flows HK$'000	Total carrying amount HK$'000
2016							
Non-derivative financial liabilities							
Trade and other payables	N/A	664,271	18,967	38,848	35,266	757,352	757,352
Amount due to a fellow subsidiary	N/A	919	–	1,358	–	2,277	2,277
Amount due to ultimate holding company	N/A	371	–	–	–	371	371
		665,561	18,967	40,206	35,266	760,000	760,000
2015							
Non-derivative financial liabilities							
Trade and other payables	N/A	720,969	21,822	44,035	55,837	842,663	842,663
Bills payable	N/A	3,940	–	–	–	3,940	3,940
Amount due to a fellow subsidiary	N/A	6,280	–	1,521	1,521	9,322	9,322
Bank borrowings	2.07	254,674	–	–	–	254,674	254,564
		985,863	21,822	45,556	57,358	1,110,599	1,110,489

The amounts included above for variable interest rate instruments for non-derivative financial liabilities is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of each reporting period.

Fair value

The Group's available-for-sale investments (representing the listed investments with standard terms and conditions and trade on active liquid markets) are measured at fair values at the end of each reporting period and they are grouped under Level 1 financial instruments with reference to quoted market bid prices.

The fair values of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

38. PERFORMANCE BONDS AND ADVANCE PAYMENT BONDS

As at 31 December 2016, the Group has issued performance bonds and advance payment bonds in respect of certain supply and installation contracts and a supply contract through the banks amounting to HK$999,025,000 (2015: HK$1,125,839,000).

39. RETIREMENT BENEFIT PLANS

The Group operates a MPF Scheme for all qualifying employees in Hong Kong. The assets of the scheme are held separately from those of the Group, in funds under the control of trustees. The Group contributes at the lower of a specified amount or 5% of the relevant payroll costs to the scheme, which contribution is matched by employees.

The employees of the subsidiaries operated in the PRC are members of a state-managed retirement benefit scheme operated by the PRC government. These subsidiaries are required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits.

Eligible employees in Macau currently participate in a defined contribution pension scheme operated by the local government which is a fixed amount for each employee.

The only obligation of the Group with respect to the retirement benefit scheme is to make the specified contributions.

During the year, the Group has made contributions to retirement benefit schemes as follows:

	2016 HK$'000	2015 HK$'000
Continuing operations		
Contributions paid and payable	**7,296**	7,308
Less: Capitalised to contract costs	**(2,574)**	(2,322)
	4,722	4,986
Discontinued operations		
Contributions paid and payable	–	1,783
Less: Capitalised to contract costs	–	(1,051)
	–	732

40. SHARE OPTION SCHEME

The Company's share option scheme was adopted pursuant to a resolution passed on 1 December 2015 (the "Share Option Scheme") for the purpose of providing incentives or rewards to any executives, any employee (including proposed, full-time or part-time employee), a director or proposed director (including an independent non-executive director), a direct or indirect shareholder of any member of the Company and its subsidiaries and an associate of any of the aforementioned persons ("Eligible Persons") who the board of directors of the Company considers, in its sole discretion, have contributed or will contribute to the Group. Under the Share Option Scheme, the board of directors of the Company may grant options to Eligible Persons, including directors of the Company and its subsidiaries, to subscribe for shares in the Company.

The total number of shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other schemes of the Company shall not in aggregate exceed 10% of the total number of shares in issue as at 29 December 2015, being the date of the listing of ordinary shares of the Company (i.e. 200,000,000 shares). The maximum number of shares issued and to be issued upon exercise of the options granted to each Eligible Persons (including both exercised and outstanding options), in any 12-month period shall not exceed 1% of the shares of the Company in issue for the time.

Options granted shall be taken up upon payment of HK$1 as consideration for the grant of option. Options may be exercised at any time not exceeding a period of 10 years from the date which the share option is deemed to be granted and accepted. The subscription price is determined by the board of directors of the Company, and shall not be less than whichever is the highest of (i) the closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheet on the date of offer and (ii) the average closing price of the shares for the five business days immediately preceding the offer date.

No share options were granted, forfeited or expired during the year.

41. RELATED PARTY TRANSACTIONS

Apart from amount due from a related company and amounts due from/to group companies as set out in notes 23 and 24 respectively and the disposals of subsidiaries and an associate in notes 33 and 21 respectively, the Group had entered into the following significant transactions with its related companies and group companies:

Relationship	Transaction	2016 HK$'000	2015 HK$'000
Continuing operations			
Ultimate holding company	Consultancy fee expense	371	–
A related company and its subsidiaries*	Rent and rates and building management fee expense	–	366
	Management fee income	–	361
	Revenue from fitting-out works	1,314	3,143
	Purchase of materials	–	445
Fellow subsidiaries	Supply and installation cost of window and louver systems	11,353	37,195
	License fee income from trademark	1,928	148
	Sales of timber products	18,706	–
An associate	Interest income	–	91
Discontinued operations			
A fellow subsidiary	Interest expense	–	700
A subsidiary of an associate	Revenue from fitting-out works	–	379

* The related company refers to Rykadan Capital Limited, of which Chief Executive of the Company, Mr. Ng Tak Kwan, is the substantial shareholder.

Compensation of key management personnel

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

	2016 HK$'000	2015 HK$'000
Salaries and short-term benefits	40,242	28,165
Post-employment benefits	310	337
	40,552	28,502

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

42. 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 HK$207,128,000 (2015: HK$129,004,000) for the year ended 31 December 2016 and bears a 50% share of the administrative expenses of the joint operation.

43. PARTICULARS OF THE SUBSIDIARIES

Particulars of the Company's subsidiaries at 31 December 2016 and 2015 are as follows:

Name of subsidiaries	Place of incorporation or establishment/ operations	Issued and fully paid capital/ registered capital/ quota capital	Equity interests attributable to the Group		Principal activities
			2016	2015	
Direct subsidiaries:					
Sundart Investments Limited	Hong Kong	HK$1,000	100%	100%	Investment holding
Sundart Products Limited	BVI/Hong Kong	USD1	100%	100%	Investment holding and leasing of intellectual properties
GLORY SPRING INVESTMENTS LIMITED	BVI/Hong Kong	USD1	100%	100%	Investment holding
GLORYEILD ENTERPRISES LIMITED	BVI/Hong Kong	USD1	100%	100%	Investment holding
GROW PATH INTERNATIONAL LIMITED	BVI/Hong Kong	USD1	100%	N/A	Investment holding
Indirect subsidiaries:					
Sundart Timber	Hong Kong	HK$46,510,000	100%	100%	Investment holding and fitting-out works
Sundart Engineering Services (Macau) Limited	Macau	MOP100,000	100%	100%	Fitting-out works
Elite Base Engineering Limited	Hong Kong	HK$1	100%	100%	Fitting-out works
Kin Shing (Leung's) General Contractors Limited	Hong Kong	HK$17,800,000	100%	100%	Construction and civil engineering works
Sundart Project Management & Consultancy Limited	Hong Kong	HK$1	100%	100%	Project management and consultancy services

43. PARTICULARS OF THE SUBSIDIARIES *(Continued)*

Name of subsidiaries	Place of incorporation or establishment/ operations	Issued and fully paid capital/ registered capital/ quota capital	Equity interests attributable to the Group 2016	Equity interests attributable to the Group 2015	Principal activities
Sundart Living	Hong Kong	HK$100	100%	100%	Investment holding
Dongguan Sundart *(Note 1)*	The PRC	HK$41,000,000	100%	100%	Manufacturing and distribution of interior decorative materials
Sundart International Supply Limited	Hong Kong	HK$10,000	100%	100%	Sourcing and distribution of interior decorative materials
Sundart International Supply (Macau) Limited	Macau	MOP25,000	100%	100%	Sourcing and distribution of interior decorative materials
EASY GLORY HOLDINGS LIMITED	BVI/Hong Kong	USD1	100%	100%	Investment holding
PEAK GAIN DEVELOPMENT LIMITED	BVI/Hong Kong	USD1	100%	N/A	Investment holding
GLORY ONE INVESTMENTS LIMITED	Hong Kong	HK$1	100%	N/A	Inactive
GOOD ENCORE LIMITED	BVI/Hong Kong	USD1	100%	N/A	Investment holding
Good Encore Development Limited	Hong Kong	HK$1	100%	N/A	Inactive
Grace United Development Limited	Hong Kong	HK$1	100%	100%	Inactive and deregistered on 24 February 2017
Sundart Engineering (Far East) Limited	Hong Kong	HK$1	100%	100%	Inactive and deregistered on 3 March 2017

Note:

1. This company was formerly named as Dongguan Sundart Timber Products Co., Ltd. 東莞承達木材制品有限公司. This is a wholly foreign-owned enterprise in the PRC.

None of the subsidiaries had issued any debt securities during the year.

44. NON-CONTROLLING INTERESTS

Non-controlling interests rate to 25% of the equity interests of Sundart Beijing. The table below shows its details.

	2015 *HK$'000*
Loss allocated to non-controlling interests	(279)
Other comprehensive income allocated to non-controlling interests	3

Summarised consolidated financial information in respect of Sundart Beijing is set out below. The summarised consolidated financial information below represent amounts before intragroup eliminations.

	2015* *HK$'000*
Revenue	338,029
Expenses	(339,144)
Loss for the period	(1,115)
Other comprehensive income	12
Total comprehensive expense for the period and attributable to shareholders of Sundart Beijing	(1,103)
Net cash used in operating activities	(89,500)
Net cash used in investing activities	(19,428)
Net cash from financing activities	85,731
Net cash outflow	(23,197)

* Sundart Beijing ceased to be a subsidiary of the Group following the disposal of another 50% equity interests on 24 April 2015.

Five-Year Financial Summary

	Year ended 31 December				
	2016	2015	2014	2013	2012
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
RESULTS					
Continuing operations					
Revenue	**3,313,327**	4,133,146	2,336,708	1,632,286	1,752,994
Profit before taxation	**473,682**	435,583	205,790	152,890	123,413
Income tax expense	**(63,535)**	(63,655)	(30,350)	(26,385)	(16,168)
Profit for the year from continuing operations	**410,147**	371,928	175,440	126,505	107,245
Profit for the year from discontinued operations	**–**	9,372	3,254	22,361	2,557
Profit for the year	**410,147**	381,300	178,694	148,866	109,802
Profit (loss) for the year attributable to:					
Owners of the Company	**410,147**	381,579	177,880	143,276	110,067
Non-controlling interests	**–**	(279)	814	5,590	(265)
	410,147	381,300	178,694	148,866	109,802
Earnings per share					
From continuing and discontinued operations					
Basic (HK cents)	**19.83**	25.37	11.86	9.55	7.34
From continuing operations					
Basic (HK cents)	**19.83**	24.73	11.70	8.43	7.15

	At 31 December				
	2016	2015	2014	2013	2012
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
ASSETS AND LIABILITIES					
Total assets	**3,106,550**	2,980,976	2,613,283	1,903,724	1,496,313
Total liabilities	**(1,010,599)**	(1,571,456)	(1,755,896)	(1,231,436)	(958,904)
Net assets	**2,095,951**	1,409,520	857,387	672,288	537,409
Equity attributable to owners of the Company	**2,095,951**	1,409,520	811,670	635,281	507,045
Non-controlling interests	**–**	–	45,717	37,007	30,364
Total equity	**2,095,951**	1,409,520	857,387	672,288	537,409