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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2016

FINANCIAL HIGHLIGHTS
(in million HK dollars, unless otherwise stated)

	2016	2015	Year-on-Year Increase (Decrease)
Revenue	**3,313.3**	4,133.1	(19.8%)
Gross profit	**573.3**	582.9	(1.6%)
Gross profit margin	**17.3%**	14.1%	22.7%
Profit attributable to owners of the Company			
– from continuing and discontinued operations	**410.1**	381.6	7.5%
– from continuing operations	**410.1**	371.9	10.3%
Equity attributable to owners of the Company	**2,096.0**	1,409.5	48.7%
Basic earnings per share			
– from continuing and discontinued operations *(HK cents)*	**19.83**	25.37	(21.8%)
– from continuing operations *(HK cents)*	**19.83**	24.73	(19.8%)

Note: From/for continuing operations only, unless otherwise stated.

FINAL DIVIDEND

The Board proposed a final dividend of HK3 cents per Share.

The board (the "**Board**") of directors (the "**Directors**") of SUNDART HOLDINGS LIMITED 承達集團有限公司 (the "**Company**") is pleased to announce the audited consolidated annual results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2016 (the "**Year**") together with the comparative figures for corresponding year ended 31 December 2015 (the "**Previous Year**") as set out below:

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	*3*	**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	*5*	**(15,026)**	(6,427)
Loss on disposal of subsidiaries		**–**	(11)
Loss on disposal of an associate		**–**	(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	*6*	**(969)**	(3,443)
Profit before taxation		**473,682**	435,583
Income tax expense	*7*	**(63,535)**	(63,655)
Profit for the year from continuing operations	*8*	**410,147**	371,928
Discontinued operations			
Profit for the year from discontinued operations		**–**	9,372
Profit for the year		**410,147**	381,300

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME *(Continued)*
For the year ended 31 December 2016

	NOTES	**2016** **HK$'000**	2015 HK$'000
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		**–**	(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
Earnings per share	*10*		
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		**15,638**	17,265
Goodwill		**1,510**	1,510
Available-for-sale investments		**136,854**	132,382
Interests in associates		**116,793**	103,442
		270,795	254,599
Current assets			
Inventories		**21,972**	58,097
Amount due from a related company		**823**	–
Amount due from a fellow subsidiary	*11*	**3,981**	3,404
Trade and other receivables	*12*	**531,738**	555,328
Bills receivable	*12*	**2,799**	902
Amounts due from customers for contract work		**725,890**	857,626
Retentions receivable	*12*	**354,907**	346,927
Tax recoverable		**1,085**	8,660
Bank balances and cash		**1,192,560**	895,433
		2,835,755	2,726,377
Current liabilities			
Trade and other payables	*13*	**938,237**	1,184,974
Bills payable		**–**	3,940
Amounts due to fellow subsidiaries	*11*	**4,205**	11,250
Amount due to ultimate holding company	*11*	**371**	–
Amounts due to customers for contract work		**15,429**	58,117
Tax payable		**52,357**	58,611
Bank borrowings		**–**	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
Capital and reserves			
Share capital	*14*	**1,246,815**	669,250
Reserves		**849,136**	740,270
Total equity		**2,095,951**	1,409,520

NOTES

1. 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 (the "**Shares**") have been listed on the Main Board (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 People's Republic of China (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 provision of fitting-out works and alteration and addition and construction works and manufacturing, sourcing and distribution of interior decorative materials.

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

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 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

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 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.

As at 31 December 2016, the Group has non-cancellable operating lease commitments of HK$24,011,000. 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. 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	2015
	HK$'000	*HK$'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

4. SEGMENT INFORMATION

The 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 Previous Year.

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

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.

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 executive Directors for the purpose of resource allocation and assessment of segment performance.

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.

	2016 *HK$'000*	2015 *HK$'000*
Hong Kong	**1,413,746**	1,713,465
Macau	**1,848,446**	2,415,142
The Mainland China	**16,879**	1,752
Others *(Note)*	**34,256**	2,787
	3,313,327	4,133,146

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

5. OTHER INCOME, OTHER GAINS AND LOSSES

	2016	2015
	HK$'000	*HK$'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)

6. FINANCE COSTS

The amounts from continuing operations represent interest on bank borrowings.

7. INCOME TAX EXPENSE

	2016	2015
	HK$'000	*HK$'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

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.

8. PROFIT FOR THE YEAR

	2016	2015
	HK$'000	*HK$'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

9. DIVIDENDS

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

A final dividend for the Year 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 on 13 March 2017 and is subject to the approval of the shareholders of the Company (the "**Shareholders**") at the forthcoming 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 (the "**AGM**").

10. EARNINGS PER SHARE

From continuing and discontinued operations

The calculation of basic earnings per share for the Year 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 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	2015
	HK$'000	*HK$'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 Previous Year 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 Previous Year and the denominators detailed above for the basic earnings per share.

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

Amount due from a fellow subsidiary

	2016	2015
	HK$'000	*HK$'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 are 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.

Amounts due to fellow subsidiaries

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

Amount due to ultimate holding company

	2016	2015
	HK$'000	*HK$'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	2015
	HK$'000	*HK$'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

12. OTHER FINANCIAL ASSETS

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

Trade and other receivables

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

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	2015
	HK$'000	*HK$'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 Previous Year, the Group has written off trade receivables amounting to HK$10,192,000 because the management considered that the amount is uncollectible.

As at 31 December 2016, included in the Group's trade receivable balances are receivables with aggregate carrying amount of HK$83,996,000 (2015: HK$46,053,000), which are 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 are still considered recoverable. Accordingly, the Directors believe that no impairment is required. The Group does not hold any collateral over these balances.

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

	2016	2015
	HK$'000	*HK$'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

Bills receivable

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

Retentions receivable

	2016	2015
	HK$'000	*HK$'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

13. 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	2015
	HK$'000	*HK$'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	2015
	HK$'000	*HK$'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) is expected to be paid after one year.

14. SHARE CAPITAL

	Number of shares	Share capital USD	Share capital HK$'000
Authorised:			
At 1 January 2015			
– 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 INTERNATIONAL LIMITED ("**Reach Glory**"), the then sole Shareholder, 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 Shares with no par value were issued at a price of HK$1.38 by way of initial public offering. Those Shares rank pari passu with the existing Shares. On the same date, the 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 for allotment and issue to Reach Glory. The new Shares rank pari passu in all respects with the issued Shares.

(d) Pursuant to the placing and subscription agreement dated 20 July 2016, an aggregate number of 158,210,000 existing Shares were placed by Reach Glory at HK$3.80 per Share. After completion of the placing, 158,210,000 Shares were subscribed by Reach Glory on 28 July 2016 at HK$3.80 per Share. The 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.

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 government of Hong Kong forecasted Hong Kong's economic growth for 2016 at 1.5%.

According to the provisional results from the Census and Statistics Department of the government of Hong Kong, 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 government of Hong Kong 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 Macau Pataca ("**MOP**") 8 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 & guesthouses increased by 13.6% year-on-year to 12,001,000, while the average occupancy rate of hotels & guesthouses in Macau increased by 1.8 percentage points to 83.3%. These are 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.

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

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.

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

During the 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 the Group performed at its own cost.

Principal risks

As at 31 December 2016, the Group 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 economny 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 projects, its 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 announcement, 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.

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

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.

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. For details, please see Note 10 — Earnings per share to the Consolidated Statement of Profit or Loss and Other Comprehensive Income of this announcement.

Final dividend

The Board proposed a final dividend of HK3 cents per Share (the "**Final Dividend**") 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 Company's prospectus dated 11 December 2015 (the "**Prospectus**").

Material acquisition and disposal

No material acquisition and disposal of subsidiaries were conducted by the Group during the 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 the 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 6 March 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 13.1% when compared to 31 December 2016. The Group was subject to the market risks associated with its investments. The management will closely monitors the performance of the Group's investments from time to time and would consider risk management actions should the need arise.

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 capture 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 unutilized 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 of the relevant guidelines.

The management will continue to cautiously assess each potential investment taking into account of 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 utilize 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 improve 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 issue of Shares by way of Hong Kong public offering and the international placing on 29 December 2015 (the "**Global Offering**") and the placing of existing Shares and top-up subscription of new Shares on 25 July 2016 and 28 July 2016, respectively, (the "**Placing and Subscription**") to finance its operations.

The Group remained 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, Renminbi and USD. 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 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 keep 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 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.

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 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.

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 the light of the growth of 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 look 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 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 announcement, the Group has successfully won a glass fiber reinforced gypsum ("**GRG**") production order and is setting up a GRG production line in Dongguan factory. By this chance, the Group will explore the opportunities in the GRG market. Besides, the government of Hong Kong's reconstruction projects might 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 improve 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.

FINAL DIVIDEND AND AGM

The Board proposed the Final Dividend amounting to approximately HK$64.7 million for the Year. The payment of such dividend will be subject to the approval of the Shareholders at the AGM and are payable to shareholders whose names appear on the register of members of the Company at the close of business on 6 July 2017. Subject to the approval of the Shareholders at the AGM, it is expected that the proposed Final Dividend will be paid on or about 17 July 2017. Notice of the AGM will be published in the Company's website and despatched to the Shareholders in the manner required by the Listing Rules in due course.

CLOSURE OF REGISTER OF MEMBERS

In order to establish entitlements to attend and voting at the AGM, the register of members of the Company will be closed from 23 June 2017 to 28 June 2017, both days inclusive, during which period no transfer of Shares will be registered. All transfers of Shares accompanied by the relevant share certificates and properly completed transfer forms must be lodged with the branch share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, for registration not later than 4:30 p.m. on Thursday, 22 June 2017.

For determining the entitlement to the proposed Final Dividend, the register of members of the Company will be closed from 4 July 2017 to 6 July 2017, both days inclusive, during which period no transfer of Shares will be registered. In order to qualify for the entitlement to the proposed Final Dividend, all transfer of Shares accompanied by the relevant share certificates and properly completed transfer forms must be lodged with the branch share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, for registration not later than 4:30 p.m. on Monday, 3 July 2017.

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

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

CORPORATE GOVERNANCE

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

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

(ii) code provision C.1.2 of the CG Code specifies that the management should provide all members of the Board with monthly updates giving a balanced and understandable assessment of the issuer's performance, position and prospects in sufficient detail to enable the Board as a whole and each Director to discharge their duties under Rule 3.08 and Chapter 13 of the Listing Rules. Due to practical reason, the management of the Company provided monthly updates only to all the executive Directors who were involved in the daily operation of the Group and were fully aware of the performance, position and prospects of the Company during the Year. Those monthly updates were also provided to non-executive Director and independent non-executive Directors since August 2016. Besides, the management provided all Directors 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

The Company has adopted the Model Code for Securities Transactions by Directors of the Listed Issuers as set out in Appendix 10 to the Listing Rules (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 of the Model Code by the relevant employees was noted by the Company for the Year.

AUDIT COMMITTEE

As at the date of this announcement, the Audit Committee consists of three independent non-executive Directors, namely, Mr. Tam Anthony Chun Hung (chairman of the Audit Committee), Mr. Huang Pu and Mr. Li Zheng.

The Audit Committee has reviewed with the management of the Company and the Group's auditors, Messrs. Deloitte Touche Tohmatsu, the accounting principles and policies adopted by the Group, and discussed the financial information of the Group and the annual results announcement of the Company for the Year.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, the consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the Year as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the Year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement will be published on the respective websites of the Stock Exchange (www.hkex.com.hk) and the Company (www.sundart.com). The annual report for the Year containing all the information required by the Listing Rules will be published on the websites of the Stock Exchange and the Company and despatched to the Shareholders in due course.

APPRECIATION

The Board would like to express its sincere gratitude to the management of the Group and all the staff for their hard work and dedication, as well as its Shareholders, business partners and other professional parties for their support throughout the Year.

By order of the Board
SUNDART HOLDINGS LIMITED
承達集團有限公司
NG Tak Kwan
Chief Executive Officer and Executive Director

Hong Kong, 13 March 2017

As of the date of this announcement, the executive Directors are Mr. NG Tak Kwan, Mr. LEUNG Kai Ming, Mr. XIE Jianyu, Mr. NG Chi Hang and Mr. PONG Kam Keung; the non-executive Director is Mr. LIU Zaiwang; and the independent non-executive Directors are Mr. TAM Anthony Chun Hung, Mr. HUANG Pu and Mr. LI Zheng.