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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2019

FINANCIAL HIGHLIGHTS

(in million HK dollars, unless otherwise stated)

	Six months ended 30 June		
	2019 (Unaudited)	2018 (Unaudited)	Year-on-Year Decrease
Revenue	**2,436.2**	2,703.6	9.9%
Gross profit	**281.9**	337.8	16.5%
Gross profit margin	**11.6%**	12.5%	0.9%
Profit attributable to owners of the Company	**127.2**	206.9	38.5%
Basic earnings per share *(HK cents)*	**5.90**	9.59	38.5%

	30 June 2019 (Unaudited)	31 December 2018 (Audited)	Increase
Equity attributable to owners of the Company	**2,315.9**	2,298.6	0.8%

INTERIM DIVIDEND

The Board has resolved to declare an interim dividend of HK2.5 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 unaudited consolidated interim results of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended 30 June 2019 (the "**Period**") together with the comparative figures for the corresponding six months ended 30 June 2018 (the "**Previous Period**") as set out below:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the six months ended 30 June 2019

		Six months ended 30 June	
		2019	2018
	Notes	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited)
Revenue	*3A*		
Contract revenue from fitting-out works		**1,871,842**	2,063,293
Contract revenue from alteration and addition and construction works		**559,819**	629,639
Manufacturing, sourcing and distribution of interior decorative materials		**4,490**	10,654
Total revenue		**2,436,151**	2,703,586
Cost of sales		**(2,154,212)**	(2,365,784)
Gross profit		**281,939**	337,802
Other income, other gains and losses	*4*	**11,502**	27,553
Impairment losses under expected credit loss model		**(16,783)**	–
Selling expenses		**(3,224)**	(7,714)
Administrative expenses		**(111,955)**	(114,991)
Other expenses		**(1,844)**	(288)
Share of (losses) profits of associates		**(2,609)**	3,677
Finance costs		**(5,181)**	(4,154)
Profit before tax		**151,845**	241,885
Income tax expense	*5*	**(24,605)**	(34,980)
Profit for the period attributable to owners of the Company	*6*	**127,240**	206,905
Other comprehensive (expense) income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**(2,906)**	(5,475)
Share of other comprehensive income (expense) of an associate		**814**	(617)
Other comprehensive expense for the period		**(2,092)**	(6,092)
Total comprehensive income for the period attributable to owners of the Company		**125,148**	200,813
Earnings per share			
Basic (HK cents)	*8*	**5.90**	9.59

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 30 June 2019

	Notes	**At 30 June 2019** *HK$'000* **(Unaudited)**	At 31 December 2018 *HK$'000* (Audited)
Non-current assets			
Property, plant and equipment		**159,946**	137,522
Investment properties		**10,140**	10,171
Goodwill		**1,510**	1,510
Financial assets at fair value through profit or loss		**247,237**	236,329
Interests in associates		**128,081**	129,876
		546,914	515,408
Current assets			
Inventories		**57,723**	43,345
Trade and other receivables and bills receivable	*9*	**1,897,240**	1,668,088
Amount due from a related company	*10*	**6,894**	6,921
Contract assets		**1,836,965**	1,775,883
Tax recoverable		**158**	82
Notes receivable		**90,000**	–
Pledged bank deposits		**59,036**	48,633
Bank balances and cash		**372,751**	887,829
		4,320,767	4,430,781
Current liabilities			
Trade and other payables	*11*	**1,734,539**	1,985,224
Bills payable	*11*	**250,050**	214,880
Lease liabilities		**6,529**	–
Contract liabilities		**48,979**	110,001
Tax payable		**50,727**	41,953
Bank borrowings	*12*	**444,666**	294,539
		2,535,490	2,646,597
Net current assets		**1,785,277**	1,784,184
Total assets less current liabilities		**2,332,191**	2,299,592

	Notes	At **30 June** **2019** ***HK$'000*** **(Unaudited)**	At 31 December 2018 *HK$'000* (Audited)
Capital and reserves			
Share capital		**1,246,815**	1,246,815
Reserves		**1,069,051**	1,051,814
Equity attributable to owners of the Company		**2,315,866**	2,298,629
Non-current liabilities			
Deferred tax liabilities		**959**	963
Lease liabilities		**15,366**	–
		16,325	963
		2,332,191	2,299,592

NOTES

1. BASIS OF PREPARATION

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

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis, except for investment properties and financial instruments, which are measured at fair values.

Other than changes in accounting policies resulting from application of new and amendments to Hong Kong Financial Reporting Standards ("**HKFRSs**"), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2019 are the same as those presented in the Group's annual financial statements for the year ended 31 December 2018.

APPLICATION OF NEW AND AMENDMENTS TO HKFRSs

In the current interim period, the Group has applied, for the first time, the following new and amendments to HKFRSs issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1 January 2019 for the preparation of the Group's condensed consolidated financial statements:

HKFRS 16	Leases
HK(IFRIC)–Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015-2017 Cycle

Except as described below, the application of the new and amendments to HKFRSs in the current period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

2.1 Impacts and changes in accounting policies of application on HKFRS 16 *Leases*

The Group has applied HKFRS 16 for the first time in the current interim period. HKFRS 16 superseded HKAS 17 *Leases* ("**HKAS 17**"), and the related interpretations.

2.1.1 Key changes in accounting policies resulting from application of HKFRS 16

The Group applied the following accounting policies in accordance with the transition provisions of HKFRS 16.

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception or modification date. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

As a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Right-of-use assets

Except for short-term leases and leases of low value assets, the Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;

- any lease payments made at or before the commencement date, less any lease incentives received;

- any initial direct costs incurred by the Group; and

- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term is depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets in “property, plant and equipment”, the same line item as that within which the corresponding underlying assets would be presented if they were owned.

Leasehold land and building

For payments of a property interest which includes both leasehold land and building elements, the entire property is presented as property, plant and equipment of the Group when the payments cannot be allocated reliably between the leasehold land and building elements, except for those that are classified and accounted for as investment properties.

Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 *Financial Instruments* and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate;
- amounts expected to be paid under residual value guarantees;
- the exercise price of a purchase option reasonably certain to be exercised by the Group; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in market rental rates following a market rent review, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

Taxation

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 *Income Taxes* requirements to right-of-use assets and lease liabilities separately. Temporary differences relating to right-of-use assets and lease liabilities are not recognised at initial recognition and over the lease terms due to application of the initial recognition exemption.

2.1.2 Transition and summary of effects arising from initial application of HKFRS 16

Definition of a lease

The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease* and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 January 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

As a lessee

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 January 2019. Any difference at the date of initial application is recognised in the opening accumulated profits and comparative information has not been restated.

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under HKAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

i. relied on the assessment of whether leases are onerous by applying HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets* as an alternative of impairment review;

ii. elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application;

iii. excluded initial direct costs from measuring the right-of-use assets at the date of initial application; and

iv. used hindsight based on facts and circumstances as at date of initial application in determining the lease term for the Group's leases with extension and termination options.

On transition, the Group has made the following adjustments upon application of HKFRS 16:

As at 1 January 2019, the Group recognised additional lease liabilities and right-of-use assets at amounts equal to the related lease liabilities by applying HKFRS 16.C8(b)(ii) transition.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The incremental borrowing rates applied by relevant group entities ranged from 3.74% to 5.90%.

	At 1 January 2019
	HK$'000
Operating lease commitments disclosed as at 31 December 2018	39,231
Lease liabilities discounted at relevant incremental borrowing rates	37,259
Recognition exemption – short-term leases	(12,096)
Lease liabilities as at 1 January 2019	25,163
Analysed as	
Current	6,346
Non-current	18,817
	25,163

The carrying amount of right-of-use assets as at 1 January 2019 comprises the following:

	Right-of-use assets
	HK$'000
Right-of-use assets relating to operating leases recognised upon application of HKFRS 16	25,163
By class:	
Land and buildings	23,831
Office equipment	1,332
	25,163

The following adjustments were made to the amounts recognised in the condensed consolidated statement of financial position as at 1 January 2019. Line items that were not affected by the changes have not been included.

	Carrying amounts previously reported at 31 December 2018	**Adjustments**	**Carrying amounts under HKFRS 16 at 1 January 2019**
	HK$'000	*HK$'000*	*HK$'000*
Non-current assets			
Property, plant and equipment	137,522	25,163	162,685
Current liabilities			
Lease liabilities	–	6,346	6,346
Non-current liabilities			
Lease liabilities	–	18,817	18,817

3A. REVENUE

An analysis of the Group's revenue was as follows:

	Six months ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Contract revenue from fitting-out works *(note a)*	**1,871,842**	2,063,293
Contract revenue from alteration and addition and construction works *(note a)*	**559,819**	629,639
Manufacturing, sourcing and distribution of interior decorative materials *(note b)*	**4,490**	10,654
	2,436,151	2,703,586

For the six months ended 30 June 2019

	Fitting-out works	**Alteration and addition and construction works**	**Manufacturing, sourcing and distribution of interior decorative materials**
	HK$'000	***HK$'000***	***HK$'000***
	(Unaudited)	**(Unaudited)**	**(Unaudited)**
Geographical markets			
Hong Kong	**637,755**	**559,819**	**–**
Macau	**469,938**	**–**	**989**
The People's Republic of China (the "**PRC**")	**764,149**	**–**	**789**
The United Kingdom	**–**	**–**	**1,883**
Others	**–**	**–**	**829**
Total	**1,871,842**	**559,819**	**4,490**
Timing of revenue recognition			
A point in time	**–**	**–**	**4,490**
Over time	**1,871,842**	**559,819**	**–**
Total	**1,871,842**	**559,819**	**4,490**

For the six months ended 30 June 2018

	Fitting-out works *HK$'000* (Unaudited)	Alteration and addition and construction works *HK$'000* (Unaudited)	Manufacturing, sourcing and distribution of interior decorative materials *HK$'000* (Unaudited)
Geographical markets			
Hong Kong	804,032	629,639	8,147
Macau	699,648	–	719
The PRC	559,613	–	1,788
Total	2,063,293	629,639	10,654
Timing of revenue recognition			
A point in time	–	–	10,654
Over time	2,063,293	629,639	–
Total	2,063,293	629,639	10,654

Notes:

(a) The Group provides fitting-out works and alteration and addition and construction works to its customers. Under the terms of contracts, the Group's performance creates and enhances the properties which the customers control during the course of work by the Group. Revenue from provision of contracting services is therefore recognised based on the stage of completion of contract over time using input method. The Group normally receives progress payment from customers on a monthly basis with reference to the value of works done. The Group requires certain customers to provide upfront deposits range from 5% to 20% of total contract sum, when the Group receives a deposit before the project commences, this will give rise to contract liabilities at the start of a contract, until the full amount of deposit is deducted proportionately from monthly progress payment.

A contract asset, net of contract liability related to the same contract, is recognised over the period in which the construction services are performed representing the Group's right to consideration for the services performed and not billed because the rights are conditioned on the Group's future performance accepted by the customers. The contract assets are transferred to trade receivables when the rights become unconditional. The Group typically transfers its contract assets to trade receivables when progress certificate/invoice is issued.

Retentions receivable, prior to expiration of maintenance period, are classified as contract assets, which usually ranges from one to two years from the date of the practical completion of the project. The relevant amount of contract assets is reclassified to trade receivables when the maintenance period expires, and/or the maintenance/payment certificate is issued, and/or the final account is issued. The maintenance period serves as an assurance that the construction services performed comply with agreed upon specifications and such assurance cannot be purchased separately.

(b) The Group also generates revenue from manufacturing, sourcing and distribution of interior decorative materials business. This revenue is recognised at a point in time when the goods have been delivered to specific location and customers obtain control of the materials.

3B. 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) Fitting-out works in the PRC;

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

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

Information regarding the above segments was reported below:

For the six months ended 30 June 2019

	Fitting-out works in Hong Kong *HK$'000* (Unaudited)	Fitting-out works in Macau *HK$'000* (Unaudited)	Fitting-out works in the PRC *HK$'000* (Unaudited)	Alteration and addition and construction works in Hong Kong *HK$'000* (Unaudited)	Manufacturing, sourcing and distribution of interior decorative materials *HK$'000* (Unaudited)	Segment total *HK$'000* (Unaudited)	Elimination *HK$'000* (Unaudited)	Consolidated *HK$'000* (Unaudited)
Revenue								
External revenue	637,755	469,938	764,149	559,819	4,490	2,436,151	–	2,436,151
Inter-segment revenue	–	–	–	–	83,158	83,158	(83,158)	–
Segment revenue	637,755	469,938	764,149	559,819	87,648	2,519,309	(83,158)	2,436,151
Segment profit	72,442	43,177	49,320	7,190	136	172,265	–	172,265
Corporate expenses								(23,452)
Corporate income								10,822
Share of losses of associates								(2,609)
Finance costs								(5,181)
Profit before tax								151,845

For the six months ended 30 June 2018

	Fitting-out works in Hong Kong HK$'000 (Unaudited)	Fitting-out works in Macau HK$'000 (Unaudited)	Fitting-out works in the PRC HK$'000 (Unaudited)	Alteration and addition and construction works in Hong Kong HK$'000 (Unaudited)	Manufacturing, sourcing and distribution of interior decorative materials HK$'000 (Unaudited)	Segment total HK$'000 (Unaudited)	Elimination HK$'000 (Unaudited)	Consolidated HK$'000 (Unaudited)
Revenue								
External revenue	804,032	699,648	559,613	629,639	10,654	2,703,586	–	2,703,586
Inter-segment revenue	–	–	–	88	190,177	190,265	(190,265)	–
Segment revenue	804,032	699,648	559,613	629,727	200,831	2,893,851	(190,265)	2,703,586
Segment profit	62,626	111,461	47,906	14,173	32,070	268,236	–	268,236
Corporate expenses								(38,151)
Corporate income								12,277
Share of profits of associates								3,677
Finance costs								(4,154)
Profit before tax								241,885

Inter-segment revenue was charged at prevailing market rates.

Segment profit represented the profit earned by each segment, excluding income and expenses of the corporate function, which included certain other income, certain selling expenses, certain administrative expenses, certain other expenses, share of losses/profits of associates and finance costs. This was the measure reported to the Company's executive Directors for the purposes of resource allocation and assessment of segment performance.

4. OTHER INCOME, OTHER GAINS AND LOSSES

	Six months ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Other income		
Interest income	**5,150**	2,126
Consultancy fee and entrustment fee income	**372**	786
Rental income	**264**	281
Relocation compensation income *(note)*	**–**	16,259
Others	**449**	669
	6,235	20,121
Other gains and losses		
Net gain from changes in fair value of financial assets at fair value through profit or loss ("**FVTPL**")	**5,358**	9,205
Net foreign exchange (losses) gains	**(78)**	265
Loss on disposal of property, plant and equipment	**(13)**	(2,038)
	5,267	7,432
	11,502	27,553

Note: In accordance with the requirements of the urban development plans in Yongdeng Road, Putuo District, Shanghai, China, Shanghai branch of 北京承達創建裝飾工程有限公司 (Sundart Engineering & Contracting (Beijing) Limited) ("**Sundart Beijing**") entered into a relocation compensation agreement with its landlord on 9 May 2018 in order to cooperate with the planning arrangements of the Shanghai Municipal People's Government. The landlord agreed to pay Shanghai branch of Sundart Beijing a relocation compensation amounting to Renminbi ("**RMB**") 13,229,000 (approximately HK$16,259,000) in relation to the expenses of removal to new office and interruptions to the operations during relocation.

5. INCOME TAX EXPENSE

	Six months ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Current tax		
Hong Kong Profits Tax	**9,491**	10,290
Macau Complementary Tax	**4,673**	16,489
PRC Enterprise Income Tax	**9,068**	8,463
	23,232	35,242
Under (over) provision in prior periods		
Hong Kong Profits Tax	**–**	(19)
PRC Enterprise Income Tax	**1,373**	(243)
	1,373	(262)
	24,605	34,980

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

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

Under the Law of the PRC on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiary was 25% for both periods. Two PRC subsidiaries obtained approval from the relevant tax bureaus and are qualified as High and New Technology Enterprises which are entitled to a tax reduction from 25% to 15%, since 2014 (renewed in 2017) and 2018, respectively.

6. PROFIT FOR THE PERIOD

	Six months ended 30 June	
	2019	2018
	HK\$'000	*HK\$'000*
	(Unaudited)	(Unaudited)
Profit for the period has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	**5,289**	3,773
Depreciation of right-of-use assets	**3,482**	–
	8,771	3,773
Gross rental income from investment property	**(264)**	(281)
Less: Direct operating expenses incurred for investment property that generated rental income during the Period	**27**	33
	(237)	(248)
Cost of inventories recognised as expense	**1,527**	9,729
Allowance (reversal of allowance) for inventories (included in cost of sales)	**91**	(2)
Contract costs recognised as expense		
Fitting-out works	**1,612,896**	1,748,020
Alteration and addition and construction works	**539,698**	608,037
	2,152,594	2,356,057
Staff costs		
Gross staff costs (including Directors' emoluments)	**208,883**	198,018
Less: Staff costs capitalised to contract costs	**(124,931)**	(114,683)
	83,952	83,335

7. DIVIDENDS

	Six months ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Dividends for ordinary shareholders of the Company recognised as distribution during the Period:		
Final dividend for the year ended 31 December 2018: HK5 cents (year ended 31 December 2017: HK2 cents) per share	**107,911**	43,164

Subsequent to the end of the current period, an interim dividend for the Period of HK2.5 cents (Previous Period: HK2 cents) per share of the Company (the "**Share**", collectively, the "**Shares**"), amounting to approximately HK$53,955,000 (Previous Period: HK$43,164,000) in aggregate, has been declared in the meeting of the Board on 19 August 2019.

8. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to owners of the Company was based on the following data:

	Six months ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Profit for the period attributable to owners of the Company for the purpose of basic earnings per share	**127,240**	206,905

	Number of shares Six months ended 30 June	
	2019	2018
	'000	*'000*
Weighted average number of ordinary shares for the purpose of basic earnings per share	**2,158,210**	2,158,210

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

9. TRADE AND OTHER RECEIVABLES AND BILLS RECEIVABLE

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

	At 30 June 2019 *HK$'000* (Unaudited)	At 31 December 2018 *HK$'000* (Audited)
Trade receivables (gross carrying amount)		
– fitting-out works	**457,372**	410,048
– alteration and addition and construction works	**99,708**	94,030
– manufacturing, sourcing and distribution of interior decorative materials	**1,245**	2,582
	558,325	506,660
Unbilled receivables (gross carrying amount) *(note)*	**879,219**	782,189
Trade and unbilled receivables (gross carrying amount)	**1,437,544**	1,288,849
Less: Allowance for credit losses	**(26,719)**	(16,878)
Trade and unbilled receivables (net carrying amount)	**1,410,825**	1,271,971
Prepayments and deposits	**437,917**	346,777
Other receivables	**5,994**	4,701
Bills receivable	**42,504**	44,639
	1,897,240	1,668,088

Note: Unbilled receivables represented the remaining balances of contract receivables to be billed for completed portion of construction contracts according to the contract terms.

As at 30 June 2019 and 31 December 2018, trade and unbilled receivables from contracts with customers amounted to HK$1,410,825,000 and HK$1,271,971,000, respectively.

Trade receivables

The Group allows an average credit period of 7 to 60 days to its trade customers. The following was an aged analysis of trade receivables, net of allowance for credit losses, presented based on invoice date at the end of each reporting period.

	At 30 June 2019 *HK$'000* (Unaudited)	At 31 December 2018 *HK$'000* (Audited)
1–30 days	**288,149**	318,289
31–60 days	**89,582**	42,076
61–90 days	**10,269**	5,596
Over 90 days	**150,312**	123,821
	538,312	489,782

Bills receivable

As at 30 June 2019, total bills receivable amounting to HK$42,504,000 (31 December 2018: HK$44,639,000) were held by the Group for settlement. The Group continued to recognise their full carrying amounts at the end of the reporting period. All bills receivable held by the Group was with a maturity period of less than one year.

Ageing of bills receivable was as follows:

	At 30 June 2019 *HK$'000* (Unaudited)	At 31 December 2018 *HK$'000* (Audited)
1–30 days	**–**	36,914*(Note)*
31–60 days	**359**	–
61–90 days	**–**	2,805
Over 90 days	**42,145***(Note)*	4,920
	42,504	44,639

Note: The relevant bills receivable amounting to HK$36,768,000 (31 December 2018: HK$36,914,000) was issued by a related company in which Mr. Liu Zaiwang, the non-executive Director, and his spouse have 95% beneficial interest.

10. AMOUNT DUE FROM A RELATED COMPANY

The amount due from a related company in which Mr. Liu Zaiwang and his spouse have 95% beneficial interest and the balance represented trade receivable.

The Group allows a credit period of 30 days to the related company. As at 30 June 2019 and 31 December 2018, the trade receivable due from the related company was aged within 60 days based on invoice date.

11. TRADE AND OTHER PAYABLES AND BILLS PAYABLE

Trade and other payables

Trade and other payables at the end of the reporting period comprised amounts outstanding for trade purposes and daily operating costs. The average credit period taken for trade purchase is 7 to 60 days.

	At 30 June 2019 *HK$'000* **(Unaudited)**	At 31 December 2018 *HK$'000* (Audited)
Contract creditors and suppliers	**1,197,186**	1,508,411
Retentions payable	**373,540**	346,981
	1,570,726	1,855,392
Other tax payable	**83,746**	55,977
Other payables and accruals	**80,067**	73,855
	1,734,539	1,985,224

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

	At 30 June 2019 *HK$'000* **(Unaudited)**	At 31 December 2018 *HK$'000* (Audited)
1–30 days	**841,269**	1,089,414
31–60 days	**59,869**	130,861
61–90 days	**29,342**	38,165
Over 90 days	**266,706**	249,971
	1,197,186	1,508,411

As at 30 June 2019, the Group's retentions payable of HK$151,496,000 (31 December 2018: HK$145,334,000) was expected to be paid after one year.

Bills payable

As at 30 June 2019 and 31 December 2018, certain bills payable were secured by pledged bank deposits and were repayable as follows:

	At **30 June 2019** *HK$'000* **(Unaudited)**	At 31 December 2018 *HK$'000* (Audited)
1–30 days	**158,911**	43,567
31–60 days	**1,989**	23,651
61–90 days	**13,687**	33,572
Over 90 days	**75,463**	114,090
	250,050	214,880

12. BANK BORROWINGS

	At **30 June 2019** *HK$'000* **(Unaudited)**	At 31 December 2018 *HK$'000* (Audited)
Secured *(notes a and b)*	**42,400**	–
Unsecured *(note a)*	**402,266**	294,539
	444,666	294,539
Carrying amount of the above bank borrowings that contain a repayment on demand clause (shown under current liabilities) but repayable as follows *(note c)*:		
– within one year	**351,121**	199,539
– more than one year but not exceeding two years	**57,709**	80,000
– more than two years but not exceeding five years	**28,127**	15,000
– more than five years	**7,709**	–
	444,666	294,539

Notes:

(a) As at 30 June 2019 and 31 December 2018, the bank borrowings were variable-rate and bore interest at 1.35% to 2% per annum over Hong Kong Interbank Offered Rate; 1.6% per annum over cost of fund; or 2.25% per annum under prime rate, respectively (31 December 2018: 1.35% to 2% per annum over Hong Kong Interbank Offered Rate) and interest was repriced from 1 week to 6 months (31 December 2018: 1 to 4 months). As at 30 June 2019, the average and the ranges of effective interest rate (which is also equal to contracted interest rate) on the Group's bank borrowings were 3.95% and 3.13% to 4.70% per annum, respectively (31 December 2018: 3.96% and 3.54% to 4.48% per annum, respectively).

(b) As at 30 June 2019, the secured bank borrowings were secured by a commercial property (included in property, plant and equipment) with carrying amount of HK$102,737,000.

(c) The amounts due are based on scheduled repayment dates as set out in the banking facility letters.

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

During the Period, Hong Kong economy experienced a slowdown, which was influenced by the Sino-US trade dispute as well as negative economic sentiment and weak asset market performance. According to Census and Statistics Department of the government of Hong Kong ("**C&SD**"), Hong Kong's gross domestic product ("**GDP**") increased slightly by 0.6% year-on-year in real terms in the first quarter of 2019.

According to the provisional results of the "Report on the Quarterly Survey of Construction Output" released by C&SD, the total gross value of construction works performed by main contractors in Hong Kong in the first quarter of 2019 decreased by 11.5% in nominal terms year-on-year to HK$56.9 billion, while the gross value of construction works performed at private sector sites decreased by 16.9% in nominal terms year-on-year to HK$16.5 billion. The gross value of construction works performed at residential building construction sites in the first quarter of 2019 decreased by 16.9% in nominal terms year-on-year to HK$14.9 billion. Despite the aforesaid decreases, the long-term population growth and the continued huge housing demand in Hong Kong is expected to support the development of both local construction and real estate markets, bringing a positive impact on the demand for fitting-out industry in Hong Kong.

In Macau, information from Statistics and Census Service of the government of Macau indicated that the Macau's GDP decreased by 3.2% year-on-year in real terms in the first quarter of 2019. The decrease in the total demand led to the increase of downward pressure on the economy. Gaming Inspection and Coordination Bureau of Macau announced that revenue from the gambling sector in Macau slightly decreased by 0.5% year-on-year to Macau Pataca ("**MOP**") 149.5 billion in the first half of 2019. On the other hand, Macao Government Tourism Office announced that the number of tourists increased by 20.6% for the first half of 2019. Meanwhile, Chinese residents can apply for passports and travel permits to and from Hong Kong and Macau at every exit and entry management office across the PRC from 1 April 2019. Further, Macau Light Rapid Transit Taipa Line and Guangzhou-Zhuhai intercity railway is expected to be opened in the second half of 2019, which will further boost the number of potential visitors to Macau. The growth in the number of visitors will support the development of Macau's hotel and gambling industries as well as bolster the fitting-out sector in Macau.

According to information from National Bureau of Statistics of China, the PRC's GDP increased by 6.3% year-on-year to RMB45,093.3 billion in the first half of 2019. The gross output value of construction industry increased by 7.2% year-on-year to RMB10,161.6 billion in the first half of 2019. The real estate market maintained steady growth under PRC's policy guidelines of "stability should be prioritised". The investment in national real estate development during the first half of 2019 increased by 10.9% year-on-year to RMB6,160.9 billion, of which, investment in residential buildings increased by 15.8% year-on-year to RMB4,516.7 billion. The total floor area under construction by the PRC's real estate development enterprises increased by 8.8% year-on-year to 7.7 billion square meters ("**m^2**") in the first half of 2019, and the total floor area under construction for new housing increased by 10.1% year-on-year to 1.1 billion m^2. The PRC's overall real estate development is expected to remain stable under the constant regulation of the government of the PRC, and hence maintaining a steady demand in fitting-out market.

BUSINESS REVIEW

The Group is one of the leading integrated fitting-out contractors in Hong Kong, Macau and the PRC, specialising in providing professional fitting-out works for residential property and hotel projects. In addition, the Group also generated revenue from alteration and addition and construction works in Hong Kong and from manufacturing, sourcing and distribution of interior decorative materials business for sales globally. During the Period, a majority of the Group's revenue was derived from its fitting-out works in the private sector.

Despite the current volatile global political and economic situation as well as unclear economic prospect, the Group maintained solid financial status during the Period. Leveraging its professional brand image, outstanding track record and long-term solid business relationships with customers, the Group obtained several sizeable fitting-out projects during the Period. These new projects will maintain stable development and profitability for the Group 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, Macau and the PRC. During the Period, the fitting-out business remained as the key contributor to the Group's revenue and profit.

During the Period, the Group completed a total of 11 fitting-out projects, including five and six fitting-out projects in Hong Kong and the PRC, respectively, with the individual contract sum being not less than HK$50.0 million. The total contract sum of such projects amounted to HK$1,206.5 million, out of which a total revenue of HK$116.8 million was recognised during the Period. As at 30 June 2019, the Group had 55 projects on hand (including contracts in progress and signed contracts yet to commence), including 25, eight and 22 projects in Hong Kong, Macau and the PRC, respectively, with the individual contract sum being not less than HK$50.0 million. The total contract sum and the value of the remaining works for such projects as at 30 June 2019 amounted to HK$9,612.6 million and HK$5,278.2 million, respectively.

During the Period, the Group's revenue derived from its fitting-out business decreased by HK$191.5 million or 9.3% year-on-year to HK$1,871.8 million (Previous Period: HK$2,063.3 million). Such decrease was primarily attributable to delay in progress and at early stage of certain projects in Hong Kong and Macau during the Period. As a result, the Group's revenue derived from its fitting-out business in Hong Kong and Macau decreased by HK$166.3 million and HK$229.7 million, respectively, when compared to the Previous Period. Such impact was not fully mitigated by the increase of HK$204.5 million in the revenue from the fitting-out business in the PRC, and thus leading to the decrease in the Group's revenue derived from its fitting-out business.

The Group's gross profit derived from its fitting-out business during the Period decreased by HK$56.4 million or 17.9% year-on-year to HK$258.9 million (Previous Period: HK$315.3 million). The Group's gross profit margin for its fitting-out business decreased from 15.3% for the Previous Period to 13.8% for the Period. Such decrease was primarily attributable to additional cost incurred for defect rectification for a hotel fitting-out project in Macau.

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 in Hong Kong. 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 Period, Kin Shing completed a total of six alteration and addition and construction projects, with a total contract sum of HK$184.8 million, out of which a total revenue of HK$36.5 million was recognised during the Period. As at 30 June 2019, Kin Shing had 13 projects on hand with a total contract sum of HK$2,308.1 million. The value of the remaining works for such projects as at 30 June 2019 amounted to HK$357.9 million.

During the Period, the Group's revenue derived from its alteration and addition and construction business decreased by HK$69.8 million or 11.1% year-on-year to HK$559.8 million (Previous Period: HK$629.6 million). Such decrease was primarily attributable to the decrease in revenue of a construction project of residential properties in Tuen Mun which almost completed during the Period, as compared to an alteration and addition project of commercial buildings in Chai Wan which almost completed in the Previous Period.

The Group's gross profit derived from its alteration and addition and construction business slightly decreased by HK$1.5 million or 6.9% year-on-year to HK$20.1 million (Previous Period: HK$21.6 million), whilst the gross profit margin remained stable at 3.6% (Previous Period: 3.4%).

Manufacturing, sourcing and distribution of interior decorative materials

One of the Group's core competencies lies in its manufacturing base and research and development centre in the PRC. Through its subsidiary, 東莞承達家居有限公司 Dongguan Sundart Home Furnishing Co., Ltd. ("**Dongguan Sundart**"), the Group operates a manufacturing plant and a warehouse located in Dongguan, Guangdong Province, the PRC with an aggregate gross floor area of over 40,000 m^2. Dongguan Sundart manufactures interior decorative timber products such as fire-rated timber doors and wooden furniture, and provides quality and reliable re-engineering and pre-fabrication services for sizeable fitting-out projects undertaken by the Group.

During the Period, the Group's revenue derived from external customers of its manufacturing, sourcing and distribution of interior decorative materials business decreased by HK$6.2 million or 57.9% year-on-year to HK$4.5 million (Previous Period: HK$10.7 million). Such decrease was primarily due to the decrease in acceptance of orders from external customers resulting from the reservation and designation of certain manufacturing capacity of Dongguan Sundart to the fitting-out projects carried out by and internally referred from other subsidiaries of the Group.

In addition, the Group's gross profit derived from its manufacturing, sourcing and distribution of interior decorative materials business increased by HK$2.0 million or 222.2% year-on-year to HK$2.9 million (Previous Period: HK$0.9 million), whilst the gross profit margin increased to 64.4% (Previous Period: 8.4%). Such increase was primarily attributable to completion of an order from the PRC with relatively high gross profit margin during the Period.

FINANCIAL REVIEW

Revenue, gross profit and gross profit margin

During the Period, the Group's revenue decreased by HK$267.4 million or 9.9% year-on-year to HK$2,436.2 million (Previous Period: HK$2,703.6 million). The Group's gross profit decreased by HK$55.9 million or 16.5% year-on-year to HK$281.9 million (Previous Period: HK$337.8 million). The Group's gross profit margin slightly decreased to 11.6% (Previous Period: 12.5%). Such decrease in revenue, gross profit and gross profit margin were primarily due to the decrease in its fitting-out business as discussed under the paragraph headed "Business review" above.

Other income, other gains and losses

The Group recorded other income, other gains and losses of HK$11.5 million for the Period (Previous Period: HK$27.6 million), which were primarily derived from (i) HK$5.2 million of interest received from notes receivable and bank deposits; and (ii) HK$5.4 million of net gain from changes in fair value of financial assets at FVTPL as the market price of the unlisted equity fund appreciated by HK$9.2 million, which was offset by the listed equity securities held by the Group retreated in the Period.

Profit for the period

The Group's profit for the period decreased by HK$79.7 million or 38.5% year-on-year to HK$127.2 million (Previous Period: HK$206.9 million) as a result of the decrease in gross profit as discussed above and increase in impairment losses on trade and unbilled receivables and contract assets.

Basic earnings per share

The Company's basic earnings per share for the Period was HK5.90 cents (Previous Period: HK9.59 cents), decreased by HK3.69 cents or 38.5% year-on-year and was in line with the decrease in profit for the period. Details of earnings per share are set out in note 8 to the Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income in this announcement.

Material acquisition and disposal

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

Investments

Financial assets at FVTPL

As at 30 June 2019, the Group's financial assets at FVTPL comprised of HK$103.7 million and HK$143.5 million (31 December 2018: HK$107.5 million and HK$128.8 million) of listed equity securities and unlisted equity fund, respectively.

During the Period, the Group further injected to the unlisted equity fund of HK$5.5 million in fulfilling capital commitment in capacity as a limited partnership. Further, the Group recognised a net fair value gain of HK$5.4 million in profit or loss, as discussed above, compared to that as at 31 December 2018. Up to the date of this announcement, there was a decline in the value of certain listed equity securities as the market price of those listed equity securities held by the Group retreated.

Notes receivable

As at 30 June 2019, the Group held two short term notes from an independent third party with a fixed interest rate of 6.2% per annum at a consideration of HK$50.0 million and HK$40.0 million (31 December 2018: nil), which will mature on 18 December 2019 and 23 December 2019, respectively.

Save as disclosed above, the Group did not hold any significant investment during the Period.

The Group is subject to the market risks associated with its investments. The management of the Group will closely monitor the performance of the Group's investments from time to time and will consider taking risk management actions should the need arise.

Future plans for material investments or capital assets

As at the date of this announcement, the Group did not have any plans for material investments or capital assets.

CORPORATE FINANCE AND RISK MANAGEMENT

Liquidity and financial resources and capital structure

The management and control of the Group's financial, capital management and external financing functions are centralised at its headquarters in Hong Kong. The Group adheres to the principle of prudent financial management to minimise the financial and operational risks it is exposed to. During the Period, the Group mainly relied on internally generated funds and bank borrowings to finance its operations.

The Group continued to maintain a solid financial and cash position. As at 30 June 2019, the Group's working capital stood at HK$1,785.3 million, representing an increase of HK$1.1 million from HK$1,784.2 million as recorded as at 31 December 2018, whilst bank balances and cash in total amounted to HK$372.8 million, representing a decrease of HK$515.0 million from HK$887.8 million as recorded as at 31 December 2018. Such decrease were mainly resulting from the use of funds for the operating activities and the subscription of notes receivable.

As at 30 June 2019, the Group had bank borrowings of HK$444.7 million (31 December 2018: HK$294.5 million), and its repayment schedule is set out in note 12 to the Condensed Consolidated Statement of Financial Position in this announcement. There is no seasonality issue on the Group's borrowings.

The Group continued to maintain a healthy liquidity position. As at 30 June 2019, the Group's current assets and current liabilities amounted to HK$4,320.8 million and HK$2,535.5 million, respectively (31 December 2018: HK$4,430.8 million and HK$2,646.6 million, respectively). The Group's current ratio remained stable at 1.7 times (31 December 2018: 1.7 times) and it has maintained sufficient liquid assets to finance its operations.

As at 30 June 2019, the Group's gearing ratio of total debts (bank borrowings) divided by total equity was 19.2% (31 December 2018: 12.8%). The increase in gearing ratio was primarily due to the increase in the Group's bank borrowings to finance its operations.

As at 30 June 2019, the share capital and equity attributable to owners of the Company amounted to HK$1,246.8 million and HK$2,315.9 million, respectively (31 December 2018: HK$1,246.8 million and HK$2,298.6 million, respectively).

Charge on the Group's assets

As at 30 June 2019, the Group had pledged a commercial property and bank deposits of HK$102.7 million and HK$59.0 million, respectively (31 December 2018: financial assets at FVTPL and bank deposits of HK$107.5 million and HK$48.6 million, respectively) to secure certain bank borrowings, certain bills payable, certain performance bonds, advance payment bonds and tender bonds for its operations.

Contingent liabilities and capital commitments

The Group did not have any significant contingent liabilities as at 30 June 2019 and 31 December 2018, respectively.

As at 30 June 2019, the Group had capital commitments of HK$1.8 million in relation to acquisition of property, plant and equipment (31 December 2018: HK$1.0 million) and HK$13.7 million in relation to contribution to the capital of unlisted equity fund (31 December 2018: HK$19.2 million).

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

The Group operated in various regions with different foreign currencies including MOP, Euro, RMB and United States Dollars. All of the Group's bank borrowings were made at floating rates. As at the date of this announcement, the Group had not implemented any foreign currencies and interest rates hedging policies. However, the Group's management will closely monitor the movement of both exchange rate and interest rate and will consider to hedge against any significant aforesaid exposure when necessary.

Credit risk exposure

During the Period, the Group has adopted prudent credit policies to deal with credit risk exposure. The Group's major customers included reputable property developers, hotel owners and main contractors. Save as disclosed below, the Group was not exposed to any significant credit risk during the Period. The Group's management reviewed the recoverability of trade receivables and closely monitored 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.

Reference is made to the disclosure under the section headed "Management Discussion and Analysis" in the 2018 Annual Report of the Company. It was agreed by the parties that the subject main contractor (the "**Main Contractor**") would make payment of the agreed amount (the "**Agreed Amount**") to Sundart Engineering Services (Macau) Limited ("**Sundart Macau**") in relation to the subject fitting-out projects. However, as the Main Contractor had failed to settle the Agreed Amount after two instalments of payment since August 2018, Sundart Macau resumed the arbitration proceedings in December 2018 (the "**Resumed Arbitration**"). Although the Resumed Arbitration was under progress, the Main Contractor settled two instalments of payment in May and July 2019, respectively, and it was agreed that the Main Contractor will continue to settle the outstanding payment, subject to any further negotiation. The Directors are of the opinion that the Resumed Arbitration will not materially affect the Group's operating and financial performance.

EVENTS AFTER THE REPORTING PERIOD

There are no significant events subsequent to 30 June 2019 which may materially affect the Group's operating and financial performance as at the date of the condensed consolidated financial statements.

EMPLOYEES AND REMUNERATION POLICIES

The Group remunerates its employees based on their performance, experience and the prevailing industry practice. Discretionary bonuses and share options may 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.

As at 30 June 2019, the Group employed 1,507 full-time employees (31 December 2018: 1,488). The Group's gross staff costs (including the Directors' emoluments) was HK$208.9 million for the Period (Previous Period: HK$198.0 million). The increase in gross staff costs was mainly attributable to the increase in number of full-time employees and salary increment.

PROSPECTS AND STRATEGIES

In Hong Kong, according to a retail leasing report issued by Savills, the ongoing Sino-US trade tensions have dampened consumers' shopping intention and the depreciation of RMB has weakened the consumption ability of Mainland tourists. It is expected that Hong Kong's retail market will demonstrate a downward trend in the second half of 2019. On the other hand, the market anticipates that the United States will accelerate interest rate cuts, enabling Hong Kong to maintain a low interest rate environment which is beneficial to the development of the real estate industry. Meanwhile, the long-term strong housing demand bolsters the property market in Hong Kong, leaving room for further development of the Hong Kong's fitting-out industry.

The opening of the Hong Kong-Zhuhai-Macao Bridge has allowed more tourists to visit Macau. Macao Government Tourism Office expects that inbound tourists in 2019 will exceed 40 million, which will stimulate overall hotel industry development. Furthermore, in June 2019, the president of Macau International Grand Event Promotion Association has stated that there has been a variety of exhibitions held in Macau over recent years and 30% of the total visitors attended exhibitions in Macau, and the scale of exhibitions along with the number of visitors will expand, which led to a positive impact in the convention and exhibition sector. At the same time, a number of large-scale hotels and casinos, including Wynn Macau, Sands China and Galaxy Entertainment announced large-scale expansion and refurbishment plans in 2019. It is expected that the Group will benefit from opportunities arising in the Macau construction and fitting-out industries.

The Chinese Academy of Social Sciences released an article in relation to the prospect of real estate market in the PRC, the government of the PRC has maintained a policy of "stabilising housing prices" and "housing should be for living, not for speculation." The real estate market is strictly regulated and the direction is expected to remain unchanged in the second half of 2019. On the other hand, the State Council of the PRC issued a notice to strengthen the use of local government special bonds to finance substantial projects. It is expected to accelerate investment in infrastructure construction, and thus benefitting fitting-out market to grow. Meanwhile, the Group will adapt to the market as well as policy trends and will flexibly adjust to the current business environment in the PRC.

Looking ahead, the Group will take advantage of the synergistic effect from Hong Kong, Macau and the PRC to build a one-stop construction industry chain. Meanwhile, the Group will leverage its solid business foundation, rich industry knowledge and managerial expertise to proactively invest resources into product innovation and service optimisation in order to continuously enhance its overall operational capabilities and ensure steady development. The Group will also be devoted to safeguarding the profitability and sustainable development, and achieving a win-win scenario for its shareholders (the "**Shareholders**"), employees and customers.

CORPORATE GOVERNANCE AND OTHER INFORMATION

INTERIM DIVIDEND

Pursuant to a meeting of the Board held on 19 August 2019, the Board has resolved to declare an interim dividend of HK2.5 cents per Share (the "**Interim Dividend**") for the Period, amounting to approximately HK$54.0 million and representing approximately 42.4% of the profit available for distribution for the Period, which is in line with the dividend policy as stated in the Company's prospectus dated 11 December 2015. The Interim Dividend is payable to the Shareholders whose names appear on the register of members of the Company at the close of business on 11 September 2019. The Interim Dividend will be paid on or about 20 September 2019.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 9 September 2019 to 11 September 2019, both days inclusive, during which no transfer of Shares will be registered. In order to qualify for the Interim Dividend, 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 Friday, 6 September 2019.

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

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

CORPORATE GOVERNANCE

The Company is committed to achieving and maintaining high standards of corporate governance. It also recognises that sound and effective corporate governance practices are fundamental to the smooth, effective and transparent operation of the Company and its ability to attract investment, protect the interest of Shareholders and stakeholders, and create values for Shareholders. The Group's corporate governance policy is designed to achieve these objectives and is implemented through a framework of processes, polices and guidelines.

The Company has complied with the code provisions as set out in the Corporate Governance Code and Corporate Governance Report as contained in Appendix 14 to the Listing Rules (the "**Code Provisions**") during the Period, except for the following deviation:

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 to gain and develop a balanced understanding of the views of the Shareholders. The non-executive Director and two independent non-executive Directors were absent from the last annual general meeting of the Company held on 3 June 2019 due to other important business commitments.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of 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 Period. The Company has adopted the same Model Code for securities transactions by employees who are likely to be in possession of inside information of the Company. No incident of non-compliance with the Model Code by the relevant employees was noted by the Company during the Period.

REVIEW OF INTERIM RESULTS

The unaudited interim results of the Group for the Period has been reviewed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of interim financial information performed by the independent auditor of the entity" issued by the HKICPA, whose unmodified review report will be included in the interim report to be sent to the Shareholders.

The audit committee of the Board has reviewed and discussed the accounting principles and policies adopted by the Group, the financial information of the Group and the unaudited interim results of the Group for the Period with the Group's management and auditor.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement will be published on the respective websites of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") (www.hkexnews.hk) and the Company (www.sundart.com). The interim report for the Period containing all the information required by the Listing Rules will also be published on the respective 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 Period.

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, 19 August 2019

As of the date of this announcement, the executive Directors are Mr. NG Tak Kwan, Mr. LEUNG Kai Ming, Mr. XIE Jianyu and Mr. NG Chi Hang; 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.