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 2020

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

	Six months ended 30 June		Year-on-year
	2020	2019	increase
	(Unaudited)	(Unaudited)	(decrease)
Revenue	**2,452.0**	2,436.2	0.6%
Gross profit	**340.3**	281.9	20.7%
Gross profit margin	**13.9%**	11.6%	2.3%
Profit attributable to owners of the Company	**111.3**	127.2	(12.5%)
Basic earnings per share *(HK cents)*	**5.16**	5.90	(12.5%)

	30 June	31 December	
	2020	2019	
	(Unaudited)	(Audited)	Increase
Equity attributable to owners of the Company	**2,633.4**	2,535.3	3.9%

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend.

The board (the "**Board**") of director(s) (the "**Director(s)**") 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 2020 (the "**Period**") together with the comparative figures for the six months ended 30 June 2019 (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 2020

		Six months ended 30 June	
		2020	2019
	Notes	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited)
Revenue	*3A*		
Contract revenue from fitting-out works		**2,327,706**	1,871,842
Contract revenue from alteration and addition and construction works		**121,193**	559,819
Manufacturing, sourcing and distribution of interior decorative materials		**3,098**	4,490
Total revenue		**2,451,997**	2,436,151
Cost of sales		**(2,111,691)**	(2,154,212)
Gross profit		**340,306**	281,939
Other income, other gains and losses	*4*	**(35,742)**	11,502
Impairment losses under expected credit loss model		**(45,580)**	(16,783)
Selling expenses		**(3,671)**	(3,224)
Administrative expenses		**(99,960)**	(111,955)
Other expenses		**(2,383)**	(1,844)
Share of losses of associates		**–**	(2,609)
Finance costs		**(5,284)**	(5,181)
Profit before tax		**147,686**	151,845
Income tax expense	*5*	**(36,376)**	(24,605)
Profit for the period attributable to owners of the Company	*6*	**111,310**	127,240

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME *(Continued)*

For the six months ended 30 June 2020

	Notes	Six months ended 30 June **2020** ***HK$'000*** **(Unaudited)**	 2019 *HK$'000* (Unaudited)
Other comprehensive (expense) income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		**(11,983)**	(2,906)
Share of other comprehensive (expense) income of an associate		**(1,268)**	814
Other comprehensive expense for the period		**(13,251)**	(2,092)
Total comprehensive income for the period attributable to owners of the Company		**98,059**	125,148
Earnings per share			
Basic *(HK cents)*	*8*	**5.16**	5.90

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2020

	Notes	At 30 June 2020 HK$'000 (Unaudited)	At 31 December 2019 HK$'000 (Audited)
Non-current assets			
Property, plant and equipment	*9*	**395,325**	188,884
Right-of-use assets		**18,670**	21,318
Investment properties		**9,855**	10,001
Goodwill		**1,510**	1,510
Financial assets at fair value through profit or loss		**174,695**	216,539
Interests in associates		**131,526**	132,794
		731,581	571,046
Current assets			
Inventories		**41,391**	55,212
Trade and other receivables and bills receivable	*10*	**1,913,628**	2,168,051
Amount due from a related company		**–**	9,027
Contract assets		**1,853,592**	1,804,833
Tax recoverable		**1,242**	–
Pledged bank deposits		**47,109**	56,902
Bank balances and cash		**609,810**	1,078,103
		4,466,772	5,172,128
Current liabilities			
Trade and other payables	*11*	**1,893,241**	2,389,418
Bills payable	*11*	**271,034**	275,215
Amount due to a fellow subsidiary		**–**	153
Lease liabilities		**9,223**	8,329
Contract liabilities		**54,773**	77,931
Tax payable		**75,589**	68,347
Bank borrowings	*12*	**249,493**	373,333
		2,553,353	3,192,726
Net current assets		**1,913,419**	1,979,402
Total assets less current liabilities		**2,645,000**	2,550,448

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*
At 30 June 2020

	Notes	**At 30 June 2020** ***HK$'000*** **(Unaudited)**	At 31 December 2019 *HK$'000* (Audited)
Capital and reserves			
Share capital		**1,246,815**	1,246,815
Reserves		**1,386,564**	1,288,505
Equity attributable to owners of the Company		**2,633,379**	2,535,320
Non-current liabilities			
Deferred tax liabilities		**968**	987
Lease liabilities		**10,653**	14,141
		11,621	15,128
		2,645,000	2,550,448

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**").

1A. SIGNIFICANT EVENTS AND TRANSACTIONS IN THE CURRENT INTERIM PERIOD

The outbreak of the coronavirus disease 2019 (COVID-19) ("**Covid-19**") and the subsequent quarantine measures as well as the travel restrictions imposed by many countries have had negative impacts to the global economy, business environment and directly and indirectly affect the operations of the Group. The Group stopped its manufacturing activities and suspended several construction sites for a short period due to mandatory government quarantine measures in an effort to contain the spread of the pandemic. On the other hand, the government of Hong Kong (the "**Hong Kong Government**") and the government of Macau (the "**Macau Government**") have announced some financial measures and supports for corporates to overcome the negative impact arising from the pandemic and certain lessors have provided rent concessions to the Group.

Although the outbreak of Covid-19 has adversely impacted the global economic activities during the Period, there has been no apparent or serious impact on the business operation of the Group, as the Group has been working on several sizeable fitting-out projects. It is noted that the demand on residential and commercial buildings was picking up gradually in June 2020, nonetheless, the management of the Group will closely monitor the financial impact of Covid-19 to the Group.

2. PRINCIPAL ACCOUNTING POLICIES

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

Other than additional accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standards ("**HKFRSs**") and application of certain accounting policies which became relevant to the Group, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2020 are the same as those presented in the Group's annual financial statements for the year ended 31 December 2019.

Application of amendments to HKFRSs

In the current interim period, the Group has applied *the Amendments to References to the Conceptual Framework in HKFRS Standards* and the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2020 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

In addition, the Group has early applied the Amendment to HKFRS 16 "*Covid-19-Related Rent Concessions*".

Except as described below, the application of *the Amendments to References to the Conceptual Framework in HKFRS Standards* and the 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 of application on Amendments to HKAS 1 and HKAS 8 "*Definition of Material*"

The amendments provide a new definition of material that states "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments also clarify that materiality depends on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements taken as a whole.

The application of the amendments in the current period had no impact on the condensed consolidated financial statements. Changes in presentation and disclosures on the application of the amendments, if any, will be reflected on the consolidated financial statements for the year ending 31 December 2020.

2.2 Impacts and accounting policies on early application of Amendment to HKFRS 16 "*Covid-19-Related Rent Concessions*"

2.2.1 Accounting policies

Leases

Covid-19-related rent concessions

Rent concessions relating to lease contracts that occurred as a direct consequence of the Covid-19 pandemic, the Group has elected to apply the practical expedient not to assess whether the change is a lease modification if all of the following conditions are met:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

- any reduction in lease payments affects only payments originally due on or before 30 June 2021; and

- there is no substantive change to other terms and conditions of the lease.

A lease applying the practical expedient accounts for changes in lease payments resulting from rent concessions the same way it would account for the changes applying HKFRS 16 "*Leases*" if the changes were not a lease modification. Forgiveness or waiver of lease payments are accounted for as variable lease payments. The related lease liabilities are adjusted to reflect the amounts forgiven or waived with a corresponding adjustment recognised in the profit or loss in the period in which the event occurs.

2.2.2 Transition and summary of effects

The Group has early applied the amendment in the current interim period. The application has no impact to the opening retained profits at 1 January 2020. The Group recognised changes in lease payments that resulted from rent concessions of HK$339,000 due to Covid-19 in the profit or loss for the current interim period.

2.3 Accounting policies newly applied by the Group

In addition, the Group has applied the following accounting policies which became relevant to the Group in the current interim period.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

Government grants relate to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Such grants are presented under "other income, other gains and losses"

3A. REVENUE

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

	Six months ended 30 June	
	2020	2019
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Contract revenue from fitting-out works *(note a)*	**2,327,706**	1,871,842
Contract revenue from alteration and addition and construction works *(note a)*	**121,193**	559,819
Manufacturing, sourcing and distribution of interior decorative materials *(note b)*	**3,098**	4,490
	2,451,997	2,436,151

For the six months ended 30 June 2020

	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	**805,613**	**121,193**	**–**
Macau	**1,002,304**	**–**	**2,838**
The People's Republic of China (the "**PRC**")	**519,789**	**–**	**97**
The United Kingdom	**–**	**–**	**163**
Total	**2,327,706**	**121,193**	**3,098**
Timing of revenue recognition			
A point in time	**–**	**–**	**3,098**
Over time	**2,327,706**	**121,193**	**–**
Total	**2,327,706**	**121,193**	**3,098**

For the six months ended 30 June 2019

	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	637,755	559,819	–
Macau	469,938	–	989
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

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 30% 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. OPERATING SEGMENTS

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) 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:

Segment revenue and results

For the six months ended 30 June 2020

	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	805,613	1,002,304	519,789	121,193	3,098	2,451,997	-	2,451,997
Inter-segment revenue	1,803	-	-	-	131,332	133,135	(133,135)	-
Segment revenue	807,416	1,002,304	519,789	121,193	134,430	2,585,132	(133,135)	2,451,997
Segment profit (loss)	50,571	155,358	(6,689)	(1,361)	13,394	211,273	-	211,273
Corporate expenses								(60,761)
Corporate income								2,458
Finance costs								(5,284)
Profit before tax								147,686

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

Inter-segment revenue was charged at prevailing market rates.

Segment profit/loss represented the profit earned by/loss from 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 of associates and finance costs. This was the measure reported to the 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	
	2020	2019
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Other income		
Dividends from financial assets at fair value through profit or loss ("**FVTPL**")	**1,140**	–
Interest income	**1,066**	5,150
Rent concessions	**339**	–
Government funding for anti-epidemic	**328**	–
Rental income	**252**	264
Consultancy fee and entrustment fee income	**156**	372
Others	**782**	449
	4,063	6,235
Other gains and losses		
Recovery of trade receivables written off	**3,864**	–
Net foreign exchange gains (losses)	**871**	(78)
Net (loss) gain from changes in fair value of financial assets at FVTPL	**(44,508)**	5,358
Loss on disposal of property, plant and equipment	**(32)**	(13)
	(39,805)	5,267
	(35,742)	11,502

5. INCOME TAX EXPENSE

	Six months ended 30 June	
	2020	2019
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Current tax		
Hong Kong Profits Tax	**5,230**	9,491
Macau Complementary Tax	**22,502**	4,673
PRC Enterprise Income Tax	**6,265**	9,068
	33,997	23,232
(Over) under provision in prior periods		
Hong Kong Profits Tax	**(97)**	–
PRC Enterprise Income Tax	**2,476**	1,373
	2,379	1,373
	36,376	24,605

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 subsidiaries 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%.

6. PROFIT FOR THE PERIOD

	Six months ended 30 June	
	2020	2019
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Profit for the period has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	**8,868**	5,289
Depreciation of right-of-use assets	**4,306**	3,482
	13,174	8,771
Gross rental income from investment property	**(252)**	(264)
Less: Direct operating expenses incurred for investment property that generated rental income during the Period	**29**	27
	(223)	(237)
Covid-19-related rent concessions	**(339)**	–
Cost of inventories recognised as expense	**2,595**	1,527
Allowance for inventories (included in contract costs and cost of sales)	**5,762**	91
Contract costs recognised as expense		
Fitting-out works	**1,984,977**	1,612,896
Alteration and addition and construction works	**118,357**	539,698
	2,103,334	2,152,594
Staff costs		
Gross staff costs (including Directors' emoluments)	**213,908**	208,883
Less: Staff costs capitalised to contract costs and inventories	**(157,875)**	(140,111)
	56,033	68,772

7. DIVIDENDS

	Six months ended 30 June	
	2020	2019
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Dividends for ordinary shareholders of the Company (the "**Shareholders**") recognised as distribution during the Period:		
Final dividend for the year ended 31 December 2019: nil (year ended 31 December 2018: HK5 cents) per share	**–**	107,911

Subsequent to the end of the current interim period, the Directors do not recommend the payment of an interim dividend for the Period (Previous Period: HK2.5 cents per share of the Company (the "**Share**", collectively, the "**Shares**"), in an aggregate amount of HK$53,955,000).

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	
	2020	2019
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Profit for the period attributable to owners of the Company for the purpose of basic earnings per share	**111,310**	127,240

	Number of shares Six months ended 30 June	
	2020	2019
	'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. PROPERTY, PLANT AND EQUIPMENT

In January 2020, the Group acquired a commercial building of HK$215,508,000 (Previous Period: nil), including deed tax, in the PRC from a related company in which Mr. Liu Zaiwang, the non-executive Director, and his spouse have in aggregate 60% beneficial interest, in order to accelerate the development of the Group in the PRC market.

10. 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 2020 *HK$'000* **(Unaudited)**	At 31 December 2019 *HK$'000* (Audited)
Trade receivables (gross carrying amount)		
– fitting-out works	**618,071**	682,790
– alteration and addition and construction works	**31,835**	102,006
– manufacturing, sourcing and distribution of interior decorative materials	**1,584**	994
	651,490	785,790
Unbilled receivables (gross carrying amount) *(note)*	**843,246**	833,479
Trade and unbilled receivables (gross carrying amount)	**1,494,736**	1,619,269
Less: Allowance for credit losses	**(78,015)**	(33,516)
Trade and unbilled receivables (net carrying amount)	**1,416,721**	1,585,753
Prepayments and deposits	**459,361**	568,648
Other receivables	**3,785**	3,704
Bills receivable	**33,761**	9,946
	1,913,628	2,168,051

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

Trade receivables

The Group allows a credit period of 7 to 90 days to its trade customers. The following was an ageing 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 2020	At 31 December 2019
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
1–30 days	**411,405**	564,295
31–60 days	**97,856**	101,931
61–90 days	**21,175**	9,807
Over 90 days	**72,365**	94,135
	602,801	770,168

Bills receivable

As at 30 June 2020, total bills receivable amounting to HK$33,761,000 (31 December 2019: HK$9,946,000) 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 2020	At 31 December 2019
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
1–30 days	**5,211**	5,582
31–60 days	**–**	1,005
61–90 days	**2,190**	1,923
Over 90 days	**26,360**[(Note)]	1,436
	33,761	9,946

Note: As at 30 June 2020, the relevant bills receivable amounting to HK$8,853,000 was issued by a related company in which Mr. Liu Zaiwang and his spouse have in aggregate 95% beneficial interest.

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 credit period taken for trade purchase is 7 to 45 days.

	At 30 June 2020 *HK$'000* **(Unaudited)**	At 31 December 2019 *HK$'000* (Audited)
Contract creditors and suppliers	**1,299,659**	1,757,360
Retentions payable	**438,521**	443,262
	1,738,180	2,200,622
Other tax payable	**92,857**	84,684
Other payables and accruals	**62,204**	104,112
	1,893,241	2,389,418

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

	At 30 June 2020 *HK$'000* **(Unaudited)**	At 31 December 2019 *HK$'000* (Audited)
1–30 days	**928,170**	1,302,557
31–60 days	**72,953**	151,948
61–90 days	**27,352**	47,901
Over 90 days	**271,184**	254,954
	1,299,659	1,757,360

As at 30 June 2020, the Group's retentions payable of HK$153,809,000 (31 December 2019: HK$192,107,000) was expected to be paid after one year.

Bills payable

As at 30 June 2020 and 31 December 2019, certain bills payable were secured by pledged bank deposits and were repayable as follows:

	At 30 June 2020 *HK$'000* **(Unaudited)**	At 31 December 2019 *HK$'000* (Audited)
1–30 days	**109,170**	106,162
31–60 days	**4,313**	48,624
61–90 days	**14,583**	51,419
Over 90 days	**142,968**	69,010
	271,034	275,215

12. BANK BORROWINGS

	At 30 June 2020		At 31 December 2019	
	The ranges of effective interest rates	**Carrying amount**	The ranges of effective interest rates	Carrying amount
		HK$'000		*HK$'000*
	(Unaudited)		(Audited)	
Fixed-rate borrowings				
– unsecured	**5.20%**	**10,947**	–	–
Variable-rate borrowings				
– secured *(note a)*	**1.94%**	**38,546**	4.17%	42,400
– unsecured	**1.95% to 1.97%**	**200,000**	3.66% to 4.69%	330,933
		238,546		373,333
		249,493		373,333
Carrying amount of the above bank borrowings that contain a repayment on demand clause (shown under current liabilities) but repayable as follows *(note b)*:				
– within one year		**94,857**		209,042
– more than one year but not exceeding two years		**87,709**		72,509
– more than two years but not exceeding five years		**66,927**		87,927
– more than five years		**–**		3,855
		249,493		373,333

Notes:

(a) As at 30 June 2020, the secured bank borrowings were secured by a commercial property (included in property, plant and equipment) with carrying amount of HK$99,067,000 (31 December 2019: HK$100,902,000).

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

13. EVENTS AFTER THE REPORTING PERIOD

Subsequent to the reporting period, the Group had leased two floors of a commercial building in the PRC to a related company in which Mr. Liu Zaiwang and his spouse have in aggregate 95% beneficial interest as its office use for one year in exchange of rental. Thus, its respective carrying value of HK$40,094,000 was transferred to investment properties at fair value at the end of its own occupation. Such lease constituted de minimis connected transaction pursuant to Rule 14A.76(1) of the Listing Rules.

In July 2020, certain employees of Kin Shing (Leung's) General Contractors Limited ("**Kin Shing**"), an indirect wholly-owned subsidiary of the Company, were confirmed infected with Covid-19. As a result, one construction site and its office had been closed for 14 days and 18 days, respectively. The Directors are of the view that there had been no material adverse impact on the overall business operation of the Group in this regard. Nonetheless, the management of the Group will closely monitor the financial impact of Covid-19 to the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

During the Period, Hong Kong's economy experienced serious disruptions by Sino-US trade dispute, local social unrest and outbreak of Covid-19. According to Census and Statistics Department ("**C&SD**") of the Hong Kong Government, Hong Kong's gross domestic product ("**GDP**") decreased drastically by 9.1% year-on-year in real terms in the first quarter of 2020, having its worst quarterly contraction on record.

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 carried out by the main contractors in Hong Kong decreased by 6.5% in nominal terms year-on-year to HK$52.3 billion in the first quarter of 2020, while the gross value of construction works carried out at private sector sites decreased by 7.8% in nominal terms year-on-year to HK$15.3 billion in the first quarter of 2020. The gross value of construction works carried out at residential building construction sites decreased by 19.0% in nominal terms year-on-year to HK$12.0 billion in the first quarter of 2020. Despite the aforesaid decreases, the Hong Kong Government continues to increase the supply of residential units, which will support the long-term development of both local construction and real estate markets, and hence sustaining a stable demand for the fitting-out industry in Hong Kong.

Although there was comparatively less of a serious outbreak of Covid-19 in Macau, the strict lockdown measures imposed around the world unavoidably hit its economy, which relies heavily on tourism and exports of services. Information from Statistics and Census Service of the Macau Government indicated that Macau's GDP decreased by 58.2% year-on-year in real terms in the first half of 2020. With the implementation of vigorous measures to limit inbound travel, the number of tourists decreased by 83.9% in the first half of 2020 in accordance with the information from Macao Government Tourism Office. Meanwhile, Gaming Inspection and Coordination Bureau of Macau indicated that revenue from the gambling sector decreased by 77.4% year-on-year to Macau Pataca ("**MOP**") 33.7 billion in the first half of 2020. Given the aforesaid decreases, the Macau Government launched several major schemes to boost the tourism and leisure industries and accelerate the development of the Guangdong-Macau intensive cooperation zone in Hengqin, all of which are expected to revitalise the tourism and gambling industries as well as stimulate the fitting-out sector in Macau.

The outbreak of Covid-19 had dragged the economy of the PRC into contraction. According to information from National Bureau of Statistics of China, the PRC's GDP decreased by 1.6% year-on-year to Renminbi ("**RMB**") 45,661.4 billion in the first half of 2020, while the gross output value of construction industry decreased by 1.9% year-on-year to RMB2,853.5 billion in the first half of 2020. During the first half of 2020, the investment in office buildings decreased by 3.1% year-on-year to RMB272.7 billion, and the investment in commercial buildings decreased by 5.4% year-on-year to RMB585.0 billion. However, business activities had gradually resumed as the outbreak of Covid-19 had appeared to be under control in the PRC. Some temporarily suspended real estate projects are expected to resume in the second half of 2020, boosting demand for the fitting-out industry.

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. The Group is also engaged in alteration and addition and construction business in Hong Kong and manufacturing, sourcing and distribution of interior decorative materials business internationally. During the Period, over 94.9% of the Group's revenue was derived from its fitting-out works.

Despite the far-reaching economic impact brought from the ongoing Sino-US trade dispute and the outbreak of Covid-19, the Group had managed to maintain its solid financial status and smooth business development during the Period. Leveraging its positive brand reputation, professional project management capabilities and scale advantages, the Group obtained several sizeable fitting-out projects during the Period. These new projects are expected to sustain stable development of 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 10 fitting-out projects, including four in Hong Kong, one in Macau and five in the PRC, with the individual contract sum being not less than HK$50.0 million. The total contract sum of such projects amounted to HK$3,050.8 million, out of which a total revenue of HK$504.6 million was recognised during the Period. As at 30 June 2020, the Group had 63 projects on hand (including contracts in progress and contracts signed but yet to commence), including 28 in Hong Kong, six in Macau and 29 in the PRC, with the individual contract sum being not less than HK$50.0 million. The total contract sum and value of the remaining works for such projects as at 30 June 2020 amounted to HK$8,605.3 million and HK$4,660.9 million, respectively.

During the Period, the Group's revenue derived from its fitting-out business increased by HK$455.9 million or 24.4% year-on-year to HK$2,327.7 million (Previous Period: HK$1,871.8 million). Although the outbreak of Covid-19 had adversely impacted the global economic activities, there had been no apparent or serious impact on the business operation of the Group, as the Group has been working on several sizeable fitting-out projects, which were delayed and/or at early stage in the Previous Period. As a result, the Group's revenue derived from its fitting-out business in Hong Kong and Macau increased by HK$167.9 million and HK$532.4 million, respectively, as compared to the Previous Period.

The Group's gross profit derived from its fitting-out business during the Period increased by HK$78.1 million or 30.2% year-on-year to HK$337.0 million (Previous Period: HK$258.9 million). The increase in gross profit was mainly attributable to the increase in revenue and the slight increase of gross profit margin for its fitting-out business from 13.8% for the Previous Period to 14.5% for the Period.

Alteration and addition and construction works

The Group carries out alteration and addition and construction business in Hong Kong through Kin Shing, a registered general building contractor in Hong Kong. Kin Shing's principal services scope 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 four alteration and addition and construction projects, with a total contract sum of HK$1,189.0 million, out of which a total revenue of HK$10.4 million was recognised during the Period. As at 30 June 2020, Kin Shing had four projects on hand with a total contract sum of HK$756.2 million. The value of the remaining works for such projects as at 30 June 2020 amounted to HK$204.8 million.

During the Period, the Group's revenue derived from its alteration and addition and construction business decreased by HK$438.6 million or 78.3% year-on-year to HK$121.2 million (Previous Period: HK$559.8 million). Such decrease was primarily attributable to the fact that the Group undertook four sizable projects in the Previous Period but only undertook two sizeable projects during the Period.

The Group's gross profit derived from its alteration and addition and construction business decreased by HK$17.3 million or 86.1% year-on-year to HK$2.8 million (Previous Period: HK$20.1 million), in line with the aforesaid decrease in revenue. The Group's gross profit margin for its alteration and addition and construction business decreased from 3.6% for the Previous Period to 2.3% for the Period. Such decrease was primarily attributable to the additional overheads incurred for several commercial and residential projects due to the extension of construction period of the projects.

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, Dongguan Sundart Home Furnishing Co., Ltd. (東莞承達家居有限公司) ("**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 square meters. 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$1.4 million or 31.1% year-on-year to HK$3.1 million (Previous Period: HK$4.5 million). Such decrease was primarily attributable to the decrease in acceptance of orders from external customers due to the reservation 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 decreased by HK$2.4 million or 82.8% year-on-year to HK$0.5 million (Previous Period: HK$2.9 million), whilst the gross profit margin decreased to 16.1% (Previous Period: 64.4%). Such decrease was primarily due to the completion of an order from the PRC with a relatively high gross profit margin during the Previous Period.

FINANCIAL REVIEW

Revenue, gross profit and gross profit margin

During the Period, the Group's revenue increased by HK$15.8 million or 0.6% year-on-year to HK$2,452.0 million (Previous Period: HK$2,436.2 million). The Group's gross profit increased by HK$58.4 million or 20.7% year-on-year to HK$340.3 million (Previous Period: HK$281.9 million). The Group's gross profit margin increased to 13.9% (Previous Period: 11.6%). Such increase in revenue, gross profit and gross profit margin were primarily due to the increase in its fitting-out business as discussed under the paragraph headed "Business review" above.

Other income, other gains and losses

The Group recorded net other losses of HK$35.7 million for the Period (Previous Period: net other income of HK$11.5 million), primarily derived from a loss of HK$44.5 million from changes in fair value of financial assets at FVTPL, as the market price of the listed equity securities and unlisted equity fund held by the Group decreased during the Period, which was partially offset by HK$3.9 million of recovery of trade receivables written off. Details of other income, other gains and losses are set out in note 4 to the Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income of this announcement.

Profit for the period

The Group's profit for the period decreased by HK$15.9 million or 12.5% year-on-year to HK$111.3 million (Previous Period: HK$127.2 million) as a result of the increase in net other losses as discussed above and 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 HK5.16 cents (Previous Period: HK5.90 cents), decreased by HK0.74 cents or 12.5% year-on-year, 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 of this announcement.

Material acquisition and disposal

No material acquisition and disposal of subsidiaries was carried out by the Group during the Period.

Financial assets at FVTPL

As at 30 June 2020, the Group's financial assets at FVTPL comprised of HK$64.7 million and HK$110.0 million (31 December 2019: HK$92.9 million and HK$123.6 million) of listed equity securities and unlisted equity fund, respectively.

During the Period, the Group further injected HK$2.7 million to the unlisted equity fund to fulfill capital commitment in capacity as a limited partner. Further, the Group recognised a fair value loss of HK$44.5 million in profit or loss, as discussed above, compared to that as at 31 December 2019. 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 had decreased. In terms of prospects of the Group's financial assets at FVTPL, the performance of the listed equity securities and unlisted equity fund held will be subject to the performances of the relevant financial and property markets which may change rapidly and unpredictably in the future. The Group will continuously adopt a prudent investment strategy and assess the performance of its portfolio of investments to make timely and appropriate adjustments on its investments holding in order to generating favorable returns to the Shareholders.

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 plan 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.

During the Period, the Group continued to maintain a solid financial and cash position. As at 30 June 2020, the Group's working capital stood at HK$1,913.4 million, representing a decrease of HK$66.0 million from HK$1,979.4 million as recorded as at 31 December 2019, whilst bank balances and cash in total amounted to HK$609.8 million, representing a decrease of HK$468.3 million from HK$1,078.1 million as recorded as at 31 December 2019. Such decrease was mainly resulting from the use of funds for the operating activities, purchase of property, plant and equipment and repayment of bank borrowings.

As at 30 June 2020, the Group had bank borrowings of HK$249.5 million (31 December 2019: HK$373.3 million), and its repayment schedule is set out in note 12 to the Condensed Consolidated Statement of Financial Position of this announcement. There is no seasonality on the Group's borrowings.

During the Period, the Group continued to maintain a healthy liquidity position. As at 30 June 2020, the Group's current assets and current liabilities amounted to HK$4,466.8 million and HK$2,553.4 million, respectively (31 December 2019: HK$5,172.1 million and HK$3,192.7 million, respectively). The Group's current ratio increased to 1.7 times (31 December 2019: 1.6 times) and it has maintained sufficient liquid assets to finance its operations.

As at 30 June 2020, the Group's gearing ratio of total debts (bank borrowings) divided by total equity was 9.5% (31 December 2019: 14.7%). The decrease in gearing ratio was primarily due to the decrease in the Group's bank borrowings.

As at 30 June 2020, the share capital and equity attributable to owners of the Company amounted to HK$1,246.8 million and HK$2,633.4 million, respectively (31 December 2019: HK$1,246.8 million and HK$2,535.3 million, respectively).

Charge on the Group's assets

As at 30 June 2020, the Group pledged a commercial property and bank deposits of HK$99.1 million and HK$47.1 million, respectively (31 December 2019: HK$100.9 million and HK$56.9 million, respectively) to secure certain bank borrowings, certain bills payable, certain performance 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 2020 and 31 December 2019, respectively.

As at 30 June 2020, the Group had capital commitments of HK$2.4 million (31 December 2019: HK$1.7 million) in relation to acquisition of property, plant and equipment and HK$28.9 million (31 December 2019: HK$9.4 million) in relation to contribution to the capital of unlisted equity fund.

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

The Group operates in various regions with different foreign currencies including MOP, Euro, RMB and United States Dollars. All of the Group's bank borrowings were made in Hong Kong dollars ("**HK dollars**") and RMB at floating rates and fixed rates, respectively, and, cash and cash equivalents held were mainly in HK dollars, MOP and RMB. As at the date of this announcement, the Group did not implement 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 2019 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 four instalments of payment during 2019. On 24 June 2020, the Main Contractor and Sundart Macau signed the final account statements and the Main Contractor settled the payment in accordance with the payment schedule stated on the final account statements up to the date of this announcement. The Directors are of the opinion that the aforesaid trade receivables will not materially affect the Group's operating and financial performance.

EVENTS AFTER THE REPORTING PERIOD

Subsequent to the reporting period, the Group had leased two floors of a commercial building in the PRC to a related company in which Mr. Liu Zaiwang and his spouse have in aggregate 95% beneficial interest as its office use for one year in exchange of rental. Thus, its respective carrying value of HK$40.1 million was transferred to investment properties at fair value at the end of its own occupation. Such lease constituted de minimis connected transaction pursuant to Rule 14A.76(1) of the Listing Rules.

In July 2020, certain employees of Kin Shing were confirmed infected with Covid-19. As a result, one construction site and its office had been closed for 14 days and 18 days, respectively. The Directors are of the view that there had been no material adverse impact on the overall business operation of the Group in this regard. Nonetheless, the management of the Group will closely monitor the financial impact of Covid-19 to the Group.

Save as disclosed herein, there were no other significant events subsequent to the Period and up to the date of this announcement which may materially affect the Group's operating and financial performance.

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 2020, the Group employed 1,735 full-time employees (31 December 2019: 1,632). The Group's gross staff costs (including the Directors' emoluments) increased by HK$5.0 million or 2.4% year-on-year to HK$213.9 million for the Period (Previous Period: HK$208.9 million). Despite the average number of full-time employees increased by 9.0% year-on-year, staff costs only increased by 2.4% was primarily attributable to no bonus was provided for the management of the Group during the Period due to the outbreak of Covid-19.

PROSPECTS AND STRATEGIES

Hong Kong's economy has come to a standstill and consumer confidence has declined as a result of the uncertainty caused by Sino-US trade dispute and continued social unrest. While the outbreak of Covid-19 is expected to continue, many countries maintain the imposition of travel restrictions and border controls, and it is expected that Hong Kong's core industries, including hotels, tourism, catering and retailing, will take time to recover. To stimulate domestic consumption, the Hong Kong Government announced a "HK$10,000 Cash Payout Scheme", under which approximately HK$70 billion will be distributed to all eligible residents. On the other hand, the Hong Kong Government will continue to increase the land supply, along with the continuation of a low interest rate environment in Hong Kong. Given the persistent housing shortage and strong demand for residential properties, it is expected to have a steady demand for fitting-out works in Hong Kong.

The outbreak of Covid-19 has left Macau in a state of uncertainty. The Macau Government has released border restrictions to a limited extent. To revitalise Macau's economy, Macao Government Tourism Office announced a three-phase recovery plan for Macau's tourism industry, which includes a free half-day tour for overnight visitors. The Macau Government also announced that it would spend MOP280 million for a programme "Macao Ready Go! Local Tours", which dedicated to all Macau residents, in an effort to revitalise the tourism industry. Meanwhile, several casino operators expressed their plans to increase investment in hotels and integrated resorts in terms of expansion, renovation and remodeling to prepare for the long-term demands of tourism and leisure services, and hence benefitting the development of construction and fitting-out industries in Macau.

The government of the PRC released the "2020 Government Work Report", which stated that priority will be given to stabilising employment, ensuring living standards, enhancing consumers' confidence, and supporting the recovery of several service industries, including food and beverage, brick and mortar shopping and tourism, in the second half of 2020. Also, the National Development and Reform Commission of the PRC issued the "Implementation Opinions on Promoting Consumption Expansion and Quality Improvement and Accelerating the Creation of a Strong Domestic Market", which focuses on improving the consumption environment, promoting a strong domestic market, upgrading cultural and tourism consumption, and building consumption centers in accordance with the regional development layout. With the gradual control of the outbreak of Covid-19, the PRC's economy and social order are gradually returning to normal, and the demand for tourism, catering and retail services is slowly breaking free from Covid-19. The Group will adapt to the latest market and policy trends in the PRC in order to capitalise on business opportunities presented by high-end and large-scale fitting-out projects for shopping malls and hotels.

Looking ahead, considering the fact that the global economy is still teetering and another wave of the outbreak of Covid-19 is looming, the Group will continue to take heed of the latest developments in the global economy as well as pandemic outbreaks, and manage its operations and finances in the most prudent manner. Meanwhile, the Group will leverage its vast business networks in Hong Kong, Macau and the PRC and take advantage of the opportunities presented by the Guangdong-Hong Kong-Macao Greater Bay Area scheme and the Belt and Road Initiative. The Group will continue to develop its fitting-out business in the PRC, and hold fast to its market share in Hong Kong and Macau, while making good use of scale and synergistic advantages to maximise its profit margin, paving the way for healthy development in the long term.

CORPORATE GOVERNANCE AND OTHER INFORMATION

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the Period.

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 interests 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 2020 due to travel restrictions imposed as the outbreak of Covid-19.

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. To the best knowledge of the Directors, there was no incident of non-compliance with the Model Code by the relevant employees 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, 27 August 2020

As at 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.