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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in doubt** as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in **Sundart International Holdings Limited**, you should at once hand this circular to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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**SUNDART INTERNATIONAL HOLDINGS LIMITED****承達國際控股有限公司***(Incorporated in the Cayman Islands with limited liability)***(Stock code: 2288)****MAJOR TRANSACTION – ACQUISITION OF PROPERTY**

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## DEFINITIONS

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*In this circular, the following expressions shall have the meanings stated below unless the context otherwise requires:*

“Acquisition”	the acquisition of the Property by the Purchaser from the Vendor pursuant to the Provisional S&P Agreement
“associates”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“BVI”	British Virgin Islands
“Company”	Sundart International Holdings Limited, an exempted company incorporated in the Cayman Islands with limited liability on 27 April 2009 and the shares of which are listed on the Stock Exchange (Stock Code: 2288)
“Completion”	completion of the Acquisition pursuant to the Provisional S&P Agreement and/or the formal agreement(s) to be entered into under its terms
“connected person”	shall have the meaning as ascribed to it under the Listing Rules
“controlling shareholder(s)”	shall have the meaning as ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company, including independent non-executive directors
“DSTP”	東莞承達木材制品有限公司 (Dongguan Sundart Timber Products Co., Ltd.), a wholly foreign-owned enterprise established in the PRC on 23 September 1992 and a wholly-owned subsidiary of Sundart Living, which in turn is a wholly-owned subsidiary of SPG. It is principally engaged in manufacturing of timber products, which principally include timber doors, wall panels and furniture
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

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## DEFINITIONS

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“JV Partners”	Mr. Jubin Kodinjiyl Thomas, Ms. Anastasia Chistyakova and Mr. Abdullatteeef Mohammed A Al-Kuwari, who are, to the best of the knowledge of the Directors, save for their relationship as being business partners, independent from each other, and save for their interest in Sundart Interior, independent from the Group
“Latest Practicable Date”	5 July 2010, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Chan”	Mr. Chan William, an executive Director and the Chairman of the Company
“Mr. Leung”	Mr. Leung Kai Ming, an executive Director and our Chief Operating Officer
“Mr. Li”	Mr. Li Chu Kwan, Ms. Li’s brother
“Mr. Ng”	Mr. Ng Tak Kwan, an executive Director, our Chief Executive Officer and a substantial shareholder of the Company
“Mr. Wong”	Mr. Wong Kim Hung, Patrick, an executive Director
“Ms. Li”	Ms. Li Wing Yin, Mr. Li’s sister
“Property”	Kwun Tong Inland Lot No. 526, Elite Industrial Building, 135 – 137 Hoi Bun Road, Kwun Tong, Kowloon, Hong Kong
“PRC”	People’s Republic of China
“Provisional S&P Agreement”	the provisional agreement for sale and purchase of the Property dated 31 May 2010 entered into between the Vendor and the Purchaser
“Purchaser”	Vital Success Development Limited, an indirect wholly-owned subsidiary of the Company incorporated in Hong Kong with limited liability, or its nominees
“Scenemay Holdings”	Scenemay Holdings Limited, an investment holding company incorporated in the BVI with limited liability on 18 December 2007, whose entire issued share capital is owned by Mr. Li and Ms. Li in equal shares

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## DEFINITIONS

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“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) of HK\$0.01 each in the capital of the Company or if there has been a subsequent sub-division, consolidation, reclassification or reconstruction of the share capital of the Company, shares forming part of the ordinary equity share capital of the Company
“Shareholder(s)”	the shareholder(s) of the Company, being holder(s) of the ordinary share(s) of HK\$0.01 each of the Company
“SI-JV Agreement”	the joint venture agreement dated 14 May 2009 and entered into between Sundart (Middle East) and the JV Partners relating to the establishment and operation of Sundart Interior and as amended by an amendment agreement dated 15 July 2009 entered into between the same parties
“SPG”	Sundart Products Group Limited (formerly known as Wenwick Group Limited), an investment holding company incorporated in the BVI with limited liability on 8 May 2006, whose entire issued share capital is owned by Mr. Leung
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Sundart (Beijing)”	北京承達創建裝飾工程有限公司 (Sundart Engineering & Contracting (Beijing) Limited), a wholly foreign-owned enterprise established in the PRC on 19 September 2003 and a wholly-owned subsidiary of Sundart Timber. It is principally engaged in interior fitting-out works
“Sundart (Middle East)”	Sundart Investments (Middle East) Limited, an investment holding company incorporated in Hong Kong with limited liability on 4 November 2002 and a wholly-owned subsidiary of Sundart Development
“Sundart Development”	Sundart Development Limited, an investment holding company incorporated in the BVI with limited liability on 21 May 2008 and a wholly-owned subsidiary of Sundart Holdings

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## DEFINITIONS

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“Sundart Holdings”	Sundart Holdings Limited, an investment holding company incorporated in the BVI with limited liability on 21 May 2001 and a wholly-owned subsidiary of the Company
“Sundart Interior”	Sundart Interior Contracting (Middle East) L.L.C., a company incorporated in Qatar with limited liability on 17 May 2009, which Sundart (Middle East) holds 47% of its share capital and is entitled to share 51% of its profit pursuant to the SI-JV Agreement and its articles of association and which is a jointly-controlled entity of the Company. It is principally engaged in interior fitting-out works
“Sundart Investments”	Sundart Investments Limited, an investment holding company incorporated in Hong Kong with limited liability on 7 April 2005 and a wholly-owned subsidiary of Sundart Holdings
“Sundart Living”	Sundart Living Limited, a company incorporated in Hong Kong with limited liability on 11 August 1994, a wholly-owned subsidiary of SPG and a past member of the Group before we disposed of our interest in it in 2005
“Sundart Products”	Sundart Products Limited, an investment holding company incorporated in the BVI with limited liability on 11 November 2008 and a wholly-owned subsidiary of Sundart Holdings
“Sundart Timber”	Sundart Timber Products Company Limited, a company incorporated in Hong Kong with limited liability on 10 January 1995 and a wholly-owned subsidiary of Sundart Investments. It is principally engaged in investment holding and interior fitting-out works
“Tiger Crown”	Tiger Crown Limited, an investment holding company incorporated in the BVI with limited liability on 2 March 2004, the entire issued share capital of which is owned by Mr. Chan
“Valuer”	Savills Valuation and Professional Services Limited, an independent qualified valuer
“Vendor”	Malleson Limited, a limited liability company incorporated in Hong Kong
“%”	per cent.

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## LETTER FROM THE BOARD

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### SUNDART INTERNATIONAL HOLDINGS LIMITED

承達國際控股有限公司

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 2288)**

*Executive Directors:*

Mr. Chan William (*Chairman*)  
Mr. Ng Tak Kwan (*Chief Executive Officer*)  
Mr. Leung Kai Ming  
Mr. Wong Kim Hung, Patrick  
Mr. Yip Chun Kwok

*Registered Office:*

Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman, KY1-1111  
Cayman Islands

*Independent Non-executive Directors:*

Mr. To King Yan, Adam  
Mr. Wong Hoi Ki  
Mr. Ho Kwok Wah, George

*Principal Place of Business  
in Hong Kong:*

7/F, Millennium City 3  
370 Kwun Tong Road  
Kowloon  
Hong Kong

5 July 2010

*To the Shareholders*

Dear Sir or Madam,

### MAJOR TRANSACTION – ACQUISITION OF PROPERTY

#### 1. INTRODUCTION

Reference is made to the Company's announcements dated 1 June 2010 and 10 June 2010 in which the Board announced that on 31 May 2010, the Purchaser, an indirect wholly-owned subsidiary of the Company, entered into the Provisional S&P Agreement with the Vendor for the acquisition of the Property located at Kwun Tong Inland Lot No. 526, Elite Industrial Building, 135 – 137 Hoi Bun Road, Kwun Tong, Kowloon, Hong Kong at a consideration of HK\$315,000,000.

In respect of the Acquisition, the applicable percentage ratios, where appropriate, calculated by reference to Rule 14.07 of the Listing Rules, are 25% or more but less than 100%. Accordingly, the Acquisition constitutes a major transaction for the Company under Rule 14.06(3) of the Listing Rules.

The purpose of this circular is to provide you with further information regarding the Acquisition.

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## LETTER FROM THE BOARD

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### 2. INFORMATION ON THE ACQUISITION AND THE PROVISIONAL S&P AGREEMENT

#### Date

31 May 2010

#### Parties

- (1) Malleson Limited, as the Vendor; and
- (2) Vital Success Development Limited, an indirect wholly-owned subsidiary of the Company, or its nominees, as the Purchaser

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Vendor and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons. The principal business activity of the Vendor is property holding. There is no prior transaction and relationship between the Company and the Vendor and its associates in the last 12 months which would otherwise require aggregation under Rule 14.22 of the Listing Rules.

#### Information of the Property

Subject to the terms and conditions of the Provisional S&P Agreement, the Vendor shall sell and the Purchaser shall acquire the Property located at Kwun Tong Inland Lot No. 526, Elite Industrial Building, 135 – 137 Hoi Bun Road, Kwun Tong, Kowloon, Hong Kong. The Property, occupies a site area of approximately 16,500 square feet, is an 11-storey industrial building and has a gross floor area of approximately 150,172 square feet (excluding the car parking spaces). The Property was estimated to be approximately HK\$315,000,000 as at 31 May 2010 by the Valuer, in which the independent valuers report is set out in Appendix II to this circular.

#### Consideration and payment terms

The consideration for the Acquisition is HK\$315,000,000, which shall be payable to the Vendor in the following manner:–

- (i) an initial deposit in the sum of HK\$10,000,000 has been paid by the Purchaser upon signing of the Provisional S&P Agreement;
- (ii) a further deposit in the sum of HK\$21,500,000 has been paid by the Purchaser upon signing of the formal agreement for sale and purchase which was signed on 28 June 2010; and
- (iii) the remaining balance of the consideration amounting to HK\$283,500,000 shall be satisfied in full by the Purchaser upon Completion, which is expected to take place on or before 31 December 2010.

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## LETTER FROM THE BOARD

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The consideration for the Property has been determined after arm's length negotiations between the parties by reference to the prevailing market conditions. 40% of the consideration which equates to HK\$126,000,000 is to be financed by the internal resources of the Group and 60% of the consideration which equates to HK\$189,000,000 is to be financed by bank financing.

### **Completion**

Completion of the Acquisition shall be subject to obtaining of the approval of the Shareholders and the satisfaction of the requirements imposed by the Stock Exchange under the Listing Rules in relation to the Acquisition. The Property is also currently subject to mortgages which will be normally released before completion. Hence such mortgages would not have any impact on the transfer of property to the Company upon completion of the Acquisition. Subject to the satisfaction of the conditions to the Provisional S&P Agreement, completion of the Acquisition shall take place on or before 31 December 2010.

### **3. REASONS FOR THE ACQUISITION**

The Group is principally engaged in providing professional, up-market and cost-saving fitting-out contracting services for sizeable residential and hotel projects.

The Acquisition is a harbour side property in Kwun Tong which has tremendous development potential due to its location and its proximity to the government planning of the use of land of the former airport. The Group plans to acquire the Property for investment purposes and is considering the options for the final usage including: (i) to renovate or build a new building for resell purposes or (ii) to resell the Property when appropriate. Taking into account the above factors, the Directors consider that the terms of the Acquisition are fair and reasonable and the Acquisition is in the interests of the Shareholders and the Company as a whole.

### **4. FINANCIAL EFFECT OF THE ACQUISITION**

Upon Completion, the consideration for the Acquisition of HK\$315,000,000 will be paid to the Vendor in full, which will be funded by cash and new bank borrowings. Following the Acquisition, the total asset of the group is expected to increase by approximately HK\$189,000,000 for the consideration and capitalized expenses whereas the net asset value of the Group is expected to remain unchanged as the increase in investment properties will be offset by the decrease in cash balances and increase in liabilities of the Group. We expect to have property sales earnings according to the existing market conditions.

### **5. LISTING RULES APPLICATION**

In respect of the Acquisition, the applicable percentage ratios, where appropriate, calculated by reference to Rule 14.07 of the Listing Rules, are 25% or more but less than 100%. Accordingly, the Acquisition constitutes a major transaction for the Company under Rule 14.06(3) of the Listing Rules and is therefore subject to the announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

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## LETTER FROM THE BOARD

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Under Rule 14.44 of the Listing Rules, Shareholders' approval for the purchase of the Property may be obtained by written Shareholders' approval without the need of convening a general meeting if (i) no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Acquisition; and (ii) written approval has been obtained from a Shareholder or a closely allied group of Shareholders who together hold more than 50% in nominal value of the issued share capital of the Company giving the right to attend and vote at general meetings to approve the Acquisition.

Since no Shareholders or any of their associates (within the meaning of the Listing Rules) are required to abstain from voting if a general meeting is to be convened for the approval of the Acquisition, written shareholders' approval may be accepted for the Acquisition in lieu of holding a general meeting of the Company pursuant to Rule 14.44 of the Listing Rules. As at the Latest Practicable Date, Mr. Chan, through Tiger Crown and Mr. Li and Ms. Li through Scenemay Holdings are regarded as a group of controlling shareholders acting in concert to exercise their voting rights in the Company, pursuant to the provisions of the SFO, each of them is deemed to be interested in the 194,208,000 Shares beneficially or deemed to be owned by each other. Tiger Crown, Scenemay Holdings, Mr. Chan, Mr. Li and Ms. Li together are therefore interested in a total of 40.46% of the issued share capital of the Company. Mr. Leung, Mr. Ng and Mr. Wong are executive Directors who have no interest in the Acquisition other than their respective interests as Shareholders holds 34,272,000 Shares, 84,000,000 Shares and 23,520,000 Shares respectively. Each of Mr. Leung, Mr. Ng and Mr. Wong has been both a shareholder and director of the Company since its incorporation in April 2009. As Tiger Crown, Scenemay Holdings, Mr. Leung, Mr. Ng and Mr. Wong have formed the closely allied group of the Shareholders, who collectively hold an aggregate of 336,000,000 Shares (representing approximately 70% of the issued share capital of the Company), and have given their written approval of the Acquisition, accordingly no extraordinary general meeting of the Company will be convened for the purpose of approving the Acquisition.

### 6. RECOMMENDATIONS

The Board is of the view that the Acquisition is fair and reasonable and is in the interests of the Company and the Shareholders as a whole and, accordingly, the Board recommends that the Shareholders vote in favour of the resolutions proposed.

### 7. ADDITIONAL MATTERS

Your attention is drawn to the information set out in the appendices to this circular.

Yours faithfully,  
By Order of the Board  
**Sundart International Holdings Limited**  
承達國際控股有限公司  
**Chan William**  
*Chairman*

**1) FINANCIAL SUMMARY**

The following is a summary of the consolidated statement of comprehensive income of the Group for the three years ended 31 March 2007, 2008 and 2009 and the consolidated statement of financial position as at 31 March 2007, 2008 and 2009 as extracted from the published prospectus of the Company, and the consolidated statement of comprehensive income of the Group for the six-month period ended 30 September 2009 and 2008 and the consolidated statement of financial position as at 30 September 2009 as extracted from the published interim report of the Company.

For the six-month period ended 30 September 2009, the Group adopted the new and revised HKFRSs which are effective for accounting periods commencing on or after 1 January 2009, resulting in changes to certain accounting policies of the Group.

For the purpose of this summary, the figures for the year ended 31 March 2007, 2008 and 2009 have not been restated to reflect the changes in accounting policies. The consolidated statement of comprehensive income for the year ended 31 March 2007, 2008 and 2009 have been presented for comparison purpose.

For the six-month period ended 30 September 2009, the Group has adopted the new HKFRSs and the figures for the six-month period ended 30 September 2008 have been restated only as required under the new and revised HKFRS. These restated figures have been adopted for the purpose of this summary.

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the six-month period ended 30 September		For the year ended 31 March		
	2009 HK\$'000 (Audited)	2008 HK\$'000 (Unaudited)	2009 HK\$'000 (Audited)	2008 HK\$'000 (Audited)	2007 HK\$'000 (Audited)
Revenue	1,212,237	593,816	1,465,230	1,443,742	921,334
Cost of sales	<u>(1,017,787)</u>	<u>(504,435)</u>	<u>(1,260,105)</u>	<u>(1,306,520)</u>	<u>(790,203)</u>
Gross profit	194,450	89,381	205,125	137,222	131,131
Other income	2,331	787	2,627	3,274	1,838
Gain on disposal of subsidiary	–	–	–	379	2,554
Administrative expenses	(33,276)	(17,233)	(35,659)	(36,050)	(40,366)
Other expenses	(909)	(302)	(1,656)	(1,266)	(4,920)
Listing expenses	(19,327)	–	–	–	–
Finance costs	<u>(393)</u>	<u>(1,893)</u>	<u>(2,920)</u>	<u>(10,984)</u>	<u>(7,413)</u>
Profit before taxation	142,876	70,740	167,517	92,575	82,824
Income tax expenses	<u>(23,325)</u>	<u>(9,512)</u>	<u>(23,810)</u>	<u>(12,071)</u>	<u>(12,382)</u>
Profit for the period attributable to owners of the Company	<u>119,551</u>	<u>61,228</u>	<u>143,707</u>	<u>80,504</u>	<u>70,442</u>
Other comprehensive income					
Exchange differences arising on translation of foreign operations	<u>65</u>	<u>1,052</u>	<u>–</u>	<u>–</u>	<u>–</u>
Total comprehensive income for the period attributable to the owners of the Company	<u>119,616</u>	<u>62,280</u>	<u>143,707</u>	<u>80,504</u>	<u>70,442</u>
Earnings per share					
Basic (HKD)	<u>0.31</u>	<u>0.17</u>	<u>0.40</u>	<u>0.30</u>	<u>9.98</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<b>As at 30</b>	<b>As at 31 March</b>		
	<b>September</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Audited)	(Audited)	(Audited)	(Audited)
<b>Non-current assets</b>				
Investment properties	–	–	–	4,010
Property, plant and equipment	6,322	6,000	5,135	1,192
Goodwill	746	746	746	746
Other intangible assets	7,596	–	–	–
	<u>14,664</u>	<u>6,746</u>	<u>5,881</u>	<u>5,948</u>
<b>Current assets</b>				
Inventories	1,417	–	–	–
Amounts due from related companies	22,276	5,128	–	–
Trade and other receivables	383,836	314,919	285,540	163,205
Amounts due from customers for contract work	72,813	70,056	141,287	171,496
Retentions receivable	145,912	114,914	111,673	83,755
Tax recoverable	40	43	1,293	3,083
Available-for-sale investment	–	–	–	5,000
Pledged bank deposits	–	809	70,790	5,506
Bank balances and cash	592,178	191,074	81,064	25,144
	<u>1,218,472</u>	<u>696,943</u>	<u>691,647</u>	<u>457,189</u>
<b>Current liabilities</b>				
Trade and other payables	376,845	353,520	271,766	130,347
Bills payable	238	2,291	370	996
Amounts due to related companies	16,807	5,181	–	–
Amount due to jointly controlled entity	7,955	–	–	–
Amounts due to customers for contract work	18,049	15,512	10,302	6,474
Tax payable	51,559	35,017	22,653	12,365
Bank borrowings	5,000	26,667	148,362	122,326
	<u>476,453</u>	<u>438,188</u>	<u>453,453</u>	<u>272,508</u>
<b>Net current assets</b>	<u>742,019</u>	<u>258,755</u>	<u>238,194</u>	<u>184,681</u>
<b>Total assets less current liabilities</b>	<u><u>756,683</u></u>	<u><u>265,501</u></u>	<u><u>244,075</u></u>	<u><u>190,629</u></u>

	<b>As at 30 September 2009</b>	<b>As at 31 March</b>		
	<b>2009</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Audited)	(Audited)	(Audited)	(Audited)
<b>Capital and reserves</b>				
Share capital	4,800	40	40	1
Reserves	<u>751,524</u>	<u>263,437</u>	<u>231,924</u>	<u>173,845</u>
	<u>756,324</u>	<u>263,477</u>	<u>231,964</u>	<u>173,846</u>
<b>Non-current liabilities</b>				
Bank borrowings	–	1,667	11,666	16,500
Deferred taxation	<u>359</u>	<u>357</u>	<u>445</u>	<u>283</u>
	<u>359</u>	<u>2,024</u>	<u>12,111</u>	<u>16,783</u>
<b>Total equity and non-current liabilities</b>	<u><u>756,683</u></u>	<u><u>265,501</u></u>	<u><u>244,075</u></u>	<u><u>190,629</u></u>

**2) FINANCIAL STATEMENTS OF THE GROUP**

Shareholders may refer to the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) for the financial statements of the Group. The Shareholders may refer to Appendix 1 to the listing document of the Group published on the above website on 11 August 2009 for the combined income statements of the Company for the three years ended 31 March 2009 (page 4), combined balance sheets of the Company as at 31 March 2007, 2008 and 2009 (page 5), and the notes to the financial information (pages 9 to 45).

**3) SUFFICIENCY OF WORKING CAPITAL**

In the absence of unforeseen circumstances and taking into account the Acquisition and the financial resources available to the Group, including the internally generated funds, the Directors are of the opinion that the Group will have sufficient working capital for its present requirement, that is for at least the next 12 months from the date of this circular.

**4) INDEBTEDNESS OF THE GROUP**

At the close of business on 15 June 2010, the Group did not have any bank borrowings. Save as disclosed above and otherwise mentioned herein, and apart from any intra-group liabilities, none of the members of the Group had, at the close of business on 15 June 2010, any outstanding mortgages, charges, debenture, loan capital issued and outstanding or agreed to be issued, bank loan and overdraft or other similar indebtedness, finance leases or hire purchase commitments, liabilities under acceptances or acceptance credits or any guarantee or other material contingent liabilities.



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The Directors  
Sundart International Holdings Limited  
7th Floor  
Millennium City 3  
370 Kwun Tong Road  
Kwun Tong  
Kowloon

5 July 2010

Dear Sirs

**RE: ELITE INDUSTRIAL BUILDING, 135-137 HOI BUN ROAD, KWUN TONG,  
KOWLOON**

In accordance with your instructions for us to value the captioned property to be acquired by Sundart International Holdings Limited (the “Company”) and its subsidiaries (hereinafter together referred to as the “Group”) for investment purposes including (i) to resell or (ii) to renovate or build a new building for resell purpose, we confirm that we have carried out inspection, made relevant searches and enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of this property as at 31 May 2010 for public circular purposes.

Our valuation is our opinion of the market value of the property concerned which we would define as intended to mean “the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion”.

The market value is the best price reasonably obtainable in the market by the seller and the most advantageous price reasonably obtainable in the market by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, joint ventures,

management agreements, special considerations or concessions granted by anyone associated with the sale, or any element of special value. The market value of a property is also estimated without regard to costs of sale and purchase, and without offset for any associated taxes.

Our valuation is prepared in accordance with The HKIS Valuation Standards on Properties (1st Edition 2005) published by The Hong Kong Institute of Surveyors and in compliance with the requirements of Chapter 5 of Listing Rules published by the Stock Exchange of Hong Kong Limited.

We have valued the property by reference to sales evidence as available on the market assuming vacant possession of the property would be readily available upon completion of a sale.

We have not been provided with any title documents relating to the property but we have caused searches to be made at the Land Registry. We have not, however, searched the original documents to verify ownership or to ascertain the existence of any amendment which does not appear on the copies handed to us. We do not accept a liability for any interpretation which we have placed on such information which is more properly the sphere of your legal advisers.

We have relied to a very considerable extent on information obtained by us from relevant Government departments and have accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenure, floor areas, approved building plans and all other relevant matters. Dimensions, measurements and areas included in the valuation certificate are based on information contained in the documents and leases provided to us and are therefore only approximations.

We have inspected the exterior of the property valued and, where possible, we have also inspected the interior of the premises. However, no structural survey has been made, but in the course of our inspection, we did not note any serious defect. We are not, however, able to report that the property is free of rot, infestation or any other structural defect. No tests were carried out to any of the services.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the property nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property is free from encumbrances, restrictions, and outgoings of an onerous nature which could affect its value.

We enclose herewith our valuation certificate.

Yours faithfully  
For and on behalf of  
**Savills Valuation and Professional Services Limited**  
**Charles C K Chan**  
*MSc FRICS FHKIS MCI Arb RPS (GP)*  
*Managing Director*

Enc

*Note:* Mr Charles C K Chan, Chartered Estate Surveyor, MSc, FRICS, FHKIS, MCI Arb, RPS(GP), has been a qualified valuer since 1987 and has about 25 years' experience in the valuation of properties in Hong Kong.

## VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2010																														
Elite Industrial Building, 135-137 Hoi Bun Road, Kwun Tong, Kowloon	The property comprises an 11-storey industrial building (“Main Block”) together with a 4-storey extension building (“Extension Block”) erected on a site with a registered site area of approximately 16,500 sq ft (1,532.89 sq m). The Main Block was completed in 1965 whilst the Extension Block was completed in 1986.	As instructed, we have valued the property on vacant possession basis.	HK\$315,000,000																														
Kwun Tong Inland Lot No. 526.	According to the approved building plans, the total gross floor area of the property is 150,172 sq ft (13,951.32 sq m). The floor area breakdown and the uses of the building are as follows:–																																
	<table border="1"> <thead> <tr> <th rowspan="2">Floor</th> <th rowspan="2">Use</th> <th colspan="2">Gross Floor Area</th> </tr> <tr> <th>sq ft</th> <th>sq m</th> </tr> </thead> <tbody> <tr> <td>G/F</td> <td>Carpark / workshops</td> <td>11,272</td> <td>1,047.19</td> </tr> <tr> <td>1/F-3/F</td> <td>Factory</td> <td>46,917</td> <td>4,358.70</td> </tr> <tr> <td>4/F</td> <td>Canteen/ flat roof</td> <td>15,639</td> <td>1,452.90</td> </tr> <tr> <td>5/F-9/F</td> <td>Factory</td> <td>63,620</td> <td>5,910.44</td> </tr> <tr> <td>10/F</td> <td>Ancillary office</td> <td>12,724</td> <td>1,182.09</td> </tr> <tr> <td></td> <td></td> <td><u>150,172</u></td> <td><u>13,951.32</u></td> </tr> </tbody> </table>	Floor	Use	Gross Floor Area		sq ft	sq m	G/F	Carpark / workshops	11,272	1,047.19	1/F-3/F	Factory	46,917	4,358.70	4/F	Canteen/ flat roof	15,639	1,452.90	5/F-9/F	Factory	63,620	5,910.44	10/F	Ancillary office	12,724	1,182.09			<u>150,172</u>	<u>13,951.32</u>		
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Kwun Tong Inland Lot No. 526 is held under a Government Lease for a term which expired on 27 June 1997 and had been extended upon expiry to 30 June 2047 without premium but at a revised annual government rent of three percent of the rateable value for the time being of the property.

## Notes:

- (1) The registered owner of the property is Malleison Limited.
- (2) The property is subject to a mortgage to secure all moneys in respect of general banking facilities and a rent assignment both in favour of Hang Seng Bank Limited.
- (3) The property is also subject to a second mortgage to secure all moneys in respect of general banking facilities in favour of Hang Seng Bank Limited.
- (4) According to the information published by the Town Planning Board, the property lies within an area zoned “Other Specified Uses (Business)” under Kwun Tong South Outline Zoning Plan No. S/K14S/16 dated 15 July 2008. The information can be found on the website of the Statutory Planning Portal WTT of the Town Planning Board. ([www.ozp.tpb.gov.hk](http://www.ozp.tpb.gov.hk))
- (5) Pursuant to the Government Lease of Kwun Tong Inland Lot No. 526, use and development of the subject site are restricted for industrial/godown purpose and the height of the building erected/or to be erected on the site is restricted to one hundred and seventy feet above principal datum.

## 1. RESPONSIBILITY STATEMENT

This document, for which the directors of the issuer collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the issuer. The directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this document is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this document misleading.

## 2. DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at the Latest Practicable Date, the interests and short positions in the Shares and underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) of the Directors and the chief executives of the Company which were required to be (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors or chief executives of the Company were taken or deemed to have under such provisions of the SFO); or (ii) entered in the register kept by the Company pursuant to section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, are as follows:

### (i) Long position in Shares of the Company

Name	Type of interest	Number of ordinary shares in the Company	Approximate percentage of the Company's issued share capital
Mr. Chan	Interest in a controlled corporation <sup>(2)</sup>	97,104,000	20.23
	Other <sup>(1)</sup>	97,104,000	20.23
Mr. Ng	Beneficial owner	84,000,000	17.50
Mr. Leung	Beneficial owner	34,272,000	7.14
Mr. Wong	Beneficial owner	23,520,000	4.90

Notes:

- Since Tiger Crown, Scenemay Holdings, Mr. Chan, Mr. Li, Ms. Li are regarded as a group of controlling shareholders acting in concert to exercise their voting right in the Company, pursuant to the provisions of the SFO, each of them is deemed to be interested in the 97,104,000 Shares beneficially or deemed to be owned by each other. Tiger Crown, Scenemay Holdings, Mr. Chan, Mr. Li and Ms. Li together are therefore interested in a total of 40.46% of the issued share capital of the Company.

2. The entire issued share capital of Tiger Crown is owned by Mr. Chan. As Mr. Chan controls more than one-third of the voting power in general meetings of Tiger Crown, he is deemed to be interested in the 97,104,000 Shares which is owned by Tiger Crown.

Save as disclosed above, none of the Directors or chief executive of the Company had, as at the Latest Practicable Date, any interests or short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors or chief executives of the Company are taken or deemed to have under such provisions of the SFO); or (ii) entered in the register kept by the Company pursuant to section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies.

### **3. DIRECTORS' INTERESTS IN ASSETS, CONTRACTS OR ARRANGEMENTS SIGNIFICANT TO THE GROUP**

None of the Directors had any interest, direct or indirect, in any assets which have been acquired or disposed of by, or leased to any member of the Group, or were proposed to be acquired or disposed of by, or leased to any member of the Group since 30 September 2009, the date to which the latest published audited financial statement of the Group was made up.

None of the Directors was materially interested in any contract or arrangement entered into by the Company or any of its subsidiaries which contract or arrangement was subsisting at the Latest Practicable Date and which was significant in relation to the business of the Group taken as a whole.

### **4. COMPETING INTERESTS**

As at the Latest Practicable Date, none of the Directors or the controlling Shareholders of the Company and their respective associates had any interest in a business, apart from the business of the Company, which competes or may compete with the business of the Company or has any other conflict of interest with the Company which would be required to be disclosed under Rule 8.10 of the Listing Rules.

### **5. EXPERTS AND CONSENTS**

The following is the qualification of the experts who have been named in this circular and have given opinions and advices in relation to this circular:

<b>Name</b>	<b>Qualification</b>
Savills Valuation and Professional Services Limited	Property valuer

As at the Latest Practicable Date, Savills Valuation and Professional Services Limited was not beneficially interested in the share capital of any member of the Group nor had any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

Savills Valuation and Professional Services Limited has given and has not withdrawn their written consents to the issue of this circular with the reference to its name or its letters in the form and context in which it appears.

The letter and recommendation given by the Savills Valuation and Professional Services Limited are given as of 5 July 2010 for incorporation herein.

Savills Valuation and Professional Services Limited has, or has had, no direct or indirect interest in any assets which have been acquired or disposed of by, or leased to, any member of the Group or are proposed to be acquired of by, or leased to, any member of the Group since 30 September 2009, the date to which the latest published audited financial statement of the Group was made up.

## **6. SERVICE CONTRACTS**

Each of the Directors has entered into a service agreement with the Company for a term of three years which may be terminated by either party by giving 6 months' written notice.

Other than as disclosed above, none of the Directors has a service agreement with the Company, which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

## **7. MATERIAL CONTRACTS**

The following contracts (not being contracts in the ordinary course of business of the Group) have been entered into by members of the Group within the two years immediately preceding the date of this circular and are or may be material:

- (a) the assignment dated 14 March 2009 entered into between DSTP (as assignor) and Sundart Products (as assignee) pursuant to which DSTP assigned, among others, certain patents registered in the PRC, South Korea, Malaysia, Indonesia, Vietnam and Taiwan to Sundart Products at a consideration of HK\$9.00;
- (b) the instrument of transfer and the bought and sold notes, all dated 16 March 2009 executed by Anastasia Chistyakova and Sundart Development pursuant to which Anastasia Chistyakova transferred 1,400 shares of HK\$1.00 each in Sundart (Middle East) to Sundart Development at a cash consideration of HK\$1,400;
- (c) the instrument of transfer and the bought and sold notes, all dated 16 March 2009 executed by Jubin Kodinjyil Thomas and Sundart Development pursuant to which Jubin Kodinjyil Thomas transferred 1,400 shares of HK\$1.00 each in Sundart (Middle East) to Sundart Development at a cash consideration of HK\$1,400;

- (d) the SI-JV Agreement dated 14 May 2009 entered into between Sundart (Middle East) and the JV Partners relating to the establishment and operation of Sundart Interior;
- (e) the re-assignment dated 20 May 2009 entered into between Sundart Products (as re-assignor) and DSTP (as re-assignee) pursuant to which Sundart Products reassigned the patents registered in the PRC to DSTP at a consideration of HK\$2.00;
- (f) two assignments all dated 20 May 2009 and entered into between DSTP (as assignor) and Sundart (Beijing) (as assignee) pursuant to which DSTP assigned the patents registered in the PRC to Sundart (Beijing) for a total consideration of HK\$2.00;
- (g) the licence agreement dated 20 May 2009 entered into between DSTP (as licensor) and Sundart (Beijing) (as licensee) pursuant to which DSTP granted a licence to Sundart (Beijing), any of its holding companies, subsidiaries and associated companies, any subsidiaries and associated companies of its holding companies and any other persons or entities designated by Sundart (Beijing), to use the patents registered in the PRC free of royalty until the occurrence of any of the following events, namely, the recordal of assignment of such patents is completed in the PRC, the revocation or termination of such patents or the parties agree to terminate the agreement at nil consideration;
- (h) the amendment agreement dated 15 July 2009 entered into between Sundart (Middle East) and the JV Partners pursuant to which the number of directors of Sundart Interior has been reduced from 5 to 4 and the number of directors which Sundart (Middle East) is entitled to nominate and appoint has been correspondingly reduced from 3 to 2;
- (i) the memorandum dated 3 August 2009 setting out particulars of an oral agreement made on 14 March 2009 between SPG, DSTP and Sundart Products pursuant to which (i) each of SPG and DSTP agreed to sell, and SPG agreed to procure DSTP to sell the certificates, authorisations and approvals granted to SPG and DSTP by UL, Intertek Testing Services NA, Inc., CERTIFIRE and FM Approvals and (ii) DSTP agreed to sell, among others, certain patents registered in the PRC, South Korea, Malaysia, Indonesia, Vietnam and Taiwan to Sundart Products, at a total consideration of HK\$1,800,000;
- (j) the memorandum dated 3 August 2009 setting out particulars of an oral agreement made on 26 May 2009 between SPG, DSTP and Sundart Products pursuant to which each of SPG, DSTP and Sundart Products agreed to amend the oral agreement made on 14 March 2009 between them as mentioned in paragraph (i) above to the effect that (i) the certificate, authorisation and approval granted by FM Approvals to DSTP bearing the registration number of 3032230 and (ii) the patent registered in the European Community and the patent in respect of which

DSTP has submitted application for registration in Thailand, which were intended to be covered but were omitted from the said oral agreement made on 14 March 2009, should also be transferred by DSTP to Sundart Products;

- (k) the deed for sale and purchase dated 3 August 2009 entered into between Tiger Crown, Scenemay Holdings, Mr. Ng, Mr. Leung and Mr. Wong (as vendors and warrantors), Mr. Chan (as warrantor) and the Company (as purchaser) pursuant to which Tiger Crown, Scenemay Holdings, Mr. Ng, Mr. Leung and Mr. Wong agreed to transfer 1,474 shares, 1,474 shares, 1,275 shares, 520 shares and 357 shares of US\$1.00 each in Sundart Holdings to the Company in consideration of the Company issuing and allotting credited as fully paid 20,227,110 Shares, 20,227,110 Shares, 17,497,500 Shares, 7,138,980 Shares and 4,899,300 Shares to Tiger Crown, Scenemay Holdings, Mr. Ng, Mr. Leung and Mr. Wong respectively;
- (l) the deed of non-competition dated 3 August 2009 and executed by Tiger Crown, Mr. Chan, Scenemay Holdings, Mr. Li, Ms. Li, Mr. Ng, Mr. Leung and Mr. Wong in favour of the Company;
- (m) the underwriting agreement dated 10 August 2009 in relation to the conditional offering by the Company of the 14,400,000 new Shares initially being offered for subscription by the public in Hong Kong, entered into between the Company our executive Directors, Tiger Crown, Mr. Chan, Scenemay Holdings, Mr. Li, Ms. Li, ICBC International Securities Limited, Daiwa Securities SMBC Hong Kong Limited, Mega Capital (Asia) Company Limited, Ever-Long Securities Company Limited, Get Nice Securities Limited, Oversea-Chinese Banking Corporation Limited and ICBC International Capital Limited;
- (n) the deed of indemnity dated 10 August 2009 and executed by Tiger Crown, Mr. Chan, Scenemay Holdings, Mr. Li, Ms. Li, Mr. Ng, Mr. Leung and Mr. Wong in favour of the Company; and
- (o) the Provisional S&P Agreement.

## 8. FINANCIAL AND TRADING PROSPECTS

The Group is principally engaged in providing professional, up-market and cost-saving fitting-out contracting services for sizeable residential and hotel projects in Hong Kong, Macau and China.

Looking into 2010, the overall market conditions in the Hong Kong and Macau have improved as the Hong Kong government continues to promote the “adaptive-reuse” of old industrial buildings and several suspended projects are being resumed at Cotai in Macau. The PRC will be the key market offering enormous opportunities for developers, and hence, the Group.

With strong market recognition, the Group is well positioned to capitalize on these business opportunities. The Group is confident that its growth momentum can be sustained in 2010 and endeavours to deliver satisfactory returns to the Shareholders.

**9. MATERIAL ADVERSE CHANGE**

As at the Latest Practicable Date, the Directors were not aware of any material adverse changes in the financial or trading position of the Group since 30 September 2009, being the date to which the latest published audited financial statement of the Group was made up.

**10. LITIGATION**

So far as the Directors are aware, neither the Company nor any of its subsidiaries was engaged in any litigation or arbitration or claims which is in the opinion of the Directors of material importance and no litigation or claims which is in the opinion of the Directors of material importance was known to the Directors to be pending or threatened by or against any member of the Group as at the Latest Practicable Date.

**11. GENERAL**

- (i) The Company Secretary of the Company is Mr. Yip Chun Kwok. He is a fellow of the Association of Chartered Certified Accountants, an associate of the Hong Kong Institute of Certified Public Accountants, a member of each of the Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators and a CFA charterholder of the CFA Institute.
- (ii) The registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The headquarters and principal place of business in Hong Kong is 7/F, Millenium City, 370 Kwun Tong Road, Kowloon, Hong Kong.
- (iii) The Hong Kong branch share registrar and transfer office of the Company is Tricor Investor Services Limited, 26/F Tesbury Centre, 28 Queen's Road East, Hong Kong.
- (iv) In the event of inconsistency, the English text shall prevail over the Chinese text.

**12. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection at the principal place of business of the Company in Hong Kong at 7/F, Millennium City 3, 370 Kwun Tong Road, Kowloon, Hong Kong during normal business hours on any weekday (except public holidays) for a period of 14 days from the date hereof:

- (i) the memorandum and articles of association of the Company;
- (ii) the prospectus of the Company for the three financial years ended 31 March 2007, 31 March 2008 and 31 March 2009 and the interim report of the Company for the six-month period ended 30 September 2009;

- (iii) the valuation report from the Valuer on the Property, the text of which is set out in Appendix II to this circular;
- (iv) the written consent referred to in the paragraph headed “Experts and Consents” in this Appendix;
- (v) any service contracts referred to in the paragraph headed “Service Contracts” in this Appendix;
- (vi) any material contracts referred to in the paragraph headed “Material Contracts” in this Appendix;
- (vii) the Provisional S&P Agreement; and
- (viii) this circular.