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Sundart

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 2022

FINANCIAL HIGHLIGHTS

(in million HK dollars, unless otherwise stated)

	Six months ended 30 June		
	2022	2021	
	(Unaudited)	*(Unaudited)*	Change
Revenue	**2,039.6**	2,458.3	(17.0%)
Gross profit	**272.4**	310.7	(12.3%)
Gross profit margin	**13.4%**	12.6%	0.8%
Profit attributable to owners of the Company	**96.1**	155.6	(38.2%)
Basic and diluted earnings per share *(HK cents)*	**4.45**	7.21	(38.3%)

	30 June 2022 ***(Unaudited)***	31 December 2021 *(Audited)*	Change
Equity attributable to owners of the Company	**3,110.9**	3,227.3	(3.6%)

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 2022 (the "**Period**") together with the comparative figures for the six months ended 30 June 2021 (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 2022

		Six months ended 30 June	
		2022	2021
	Notes	***HK$'000***	*HK$'000*
		(Unaudited)	*(Unaudited)*
Revenue	*3*	**2,039,646**	2,458,320
Cost of sales		**(1,767,277)**	(2,147,665)
Gross profit		**272,369**	310,655
Other income, other gains and losses	*5*	**10,787**	(3,836)
Impairment losses under expected credit loss model, net of reversal		**(21,445)**	(3,363)
Selling expenses		**(4,926)**	(3,131)
Administrative expenses		**(96,999)**	(81,480)
Other expenses		**(36,110)**	(26,500)
Share of losses of associates		**(5,807)**	(1,245)
Finance costs		**(557)**	(1,360)
Profit before tax		**117,312**	189,740
Income tax expense	*6*	**(21,260)**	(34,136)
Profit for the period attributable to owners of the Company	*7*	**96,052**	155,604

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

For the six months ended 30 June 2022

		Six months ended 30 June	
		2022	2021
	Note	***HK$'000***	*HK$'000*
		(Unaudited)	*(Unaudited)*
Other comprehensive (expense) income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**(59,769)**	9,448
Share of other comprehensive (expense) income of an associate		**(1,619)**	522
Other comprehensive (expense) income for the period		**(61,388)**	9,970
Total comprehensive income for the period attributable to owners of the Company		**34,664**	165,574
Earnings per share			
Basic and diluted *(HK cents)*	*9*	**4.45**	7.21

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2022

	Notes	**At 30 June 2022** *HK$'000* *(Unaudited)*	At 31 December 2021 *HK$'000* *(Audited)*
Non-current assets			
Property, plant and equipment		**348,974**	365,594
Right-of-use assets		**5,140**	8,688
Investment properties		**55,497**	57,939
Goodwill		**1,510**	1,510
Interests in associates		**105,445**	121,391
Financial assets at fair value through profit or loss		**110,645**	113,802
Other financial assets at amortised cost		**9,673**	16,125
Deferred tax assets		**27,128**	25,685
		664,012	710,734
Current assets			
Inventories		**22,585**	49,359
Trade and other receivables and bills receivable	*10*	**2,804,707**	3,082,112
Amounts due from related companies	*11*	**6,255**	5,436
Amount due from a fellow subsidiary	*12*	**961**	1,005
Contract assets		**1,240,467**	1,249,285
Tax recoverable		**2,607**	219
Financial assets at fair value through profit or loss		**29,918**	–
Other financial assets at amortised cost		**25,352**	4,940
Pledged bank deposits		**42,199**	132,000
Bank balances and cash		**1,270,439**	1,797,890
		5,445,490	6,322,246
Current liabilities			
Trade and other payables	*13*	**2,244,116**	2,682,913
Bills payable	*14*	**501,593**	839,859
Tax payable		**34,420**	38,983
Bank borrowings		**44,432**	84,537
Lease liabilities		**4,853**	8,186
Contract liabilities		**165,749**	147,212
		2,995,163	3,801,690
Net current assets		**2,450,327**	2,520,556
Total assets less current liabilities		**3,114,339**	3,231,290

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*
At 30 June 2022

	At 30 June 2022 HK$'000 (Unaudited)	At 31 December 2021 HK$'000 (Audited)
Capital and reserves		
Share capital	**1,246,815**	1,246,815
Reserves	**1,864,112**	1,980,523
Equity attributable to owners of the Company	**3,110,927**	3,227,338
Non-current liabilities		
Deferred tax liabilities	**2,058**	2,153
Lease liabilities	**1,354**	1,799
	3,412	3,952
	3,114,339	3,231,290

NOTES

1. BASIS OF PREPARATION

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

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis, except for investment properties and 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 Period are the same as those presented in the Group's annual consolidated financial statements for the year ended 31 December 2021.

Application of amendments to HKFRSs

The Group has applied the following amendments to HKFRSs issued by the HKICPA for the current accounting period:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRS 1, HKFRS 9, HKFRS 16 and HKAS 41	Annual Improvements to HKFRSs 2018-2020

None of the application of the amendments to HKFRSs in the current accounting period has material impact on the Group's performance and financial positions for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

Impacts on application of amendments

Amendments to HKFRS 3 *Reference to the Conceptual Framework*

The amendments update a reference in HKFRS 3 *Business Combinations* so that it refers to the *Conceptual Framework for Financial Reporting 2018* issued in June 2018 instead of the version issued in 2010. The amendments add to HKFRS 3 a requirement that, for obligations within the scope of HKAS 37, an acquirer applies HKAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of HK(IFRIC)-Int 21 *Levies*, the acquirer applies HK(IFRIC)-Int 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. The amendments also add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

These amendments had no impact on the interim unaudited condensed consolidated financial statements of the Group.

Amendments to HKAS 16 *Property, Plant and Equipment: Proceeds before Intended Use*

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, the proceeds from selling such items, and the cost of producing those items, is recognised in profit or loss.

These amendments had no impact on the interim unaudited condensed consolidated financial statements of the Group.

Amendments to HKAS 37 *Onerous Contracts – Cost of Fulfilling a Contract*

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (e.g. direct labour and materials) or an allocation of other costs that relate directly to fulfilling contracts (e.g. the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

These amendments had no impact on the interim unaudited condensed consolidated financial statements of the Group.

Annual Improvements to HKFRSs 2018-2020

The annual improvements make amendments to the following standards:

- HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards*, which permit a subsidiary that applies paragraph D16(a) of HKFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to HKFRSs.

- HKFRS 9 *Financial Instruments*, which clarify the fees included in the '10 per cent' test in paragraph B3.3.6 of HKFRS 9 in assessing whether to derecognise a financial liability, explaining that only fees paid or received between the entity and the lender, including fees paid or received by either the entity or the lender on other's behalf are included.

- HKFRS 16 *Leases*, which amend Illustrative Example 13 to remove the illustration of reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.

- HKAS 41 *Agriculture*, which remove the requirement to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.

These amendments had no impact on the interim unaudited condensed consolidated financial statements of the Group.

3. REVENUE

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

	Six months ended 30 June	
	2022	2021
	HK$'000	*HK$'000*
	(Unaudited)	*(Unaudited)*
Contract revenue from fitting-out works *(note a)*	**2,006,332**	2,409,531
Contract revenue from alteration and addition and construction works *(note a)*	**27,794**	35,962
Manufacturing, sourcing and distribution of interior decorative materials *(note b)*	**5,520**	12,827
	2,039,646	2,458,320

For the six months ended 30 June 2022

	Fitting-out works	**Alteration and addition and construction works**	**Manufacturing, sourcing and distribution of interior decorative materials**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
	(Unaudited)	***(Unaudited)***	***(Unaudited)***	***(Unaudited)***
Geographical markets				
Hong Kong	**565,075**	**27,794**	**–**	**592,869**
Macau	**461,003**	**–**	**–**	**461,003**
The People's Republic of China (the "**PRC**")	**980,254**	**–**	**5,520**	**985,774**
Total	**2,006,332**	**27,794**	**5,520**	**2,039,646**
Timing of revenue recognition				
A point in time	**–**	**–**	**5,520**	**5,520**
Over time	**2,006,332**	**27,794**	**–**	**2,034,126**
Total	**2,006,332**	**27,794**	**5,520**	**2,039,646**

For the six months ended 30 June 2021

	Fitting-out works *HK$'000* *(Unaudited)*	Alteration and addition and construction works *HK$'000* *(Unaudited)*	Manufacturing, sourcing and distribution of interior decorative materials *HK$'000* *(Unaudited)*	Total *HK$'000* *(Unaudited)*
Geographical markets				
Hong Kong	878,286	35,962	5,963	920,211
Macau	297,846	–	173	298,019
The PRC	1,233,399	–	6,689	1,240,088
The United Kingdom	–	–	2	2
Total	2,409,531	35,962	12,827	2,458,320
Timing of revenue recognition				
A point in time	–	–	12,827	12,827
Over time	2,409,531	35,962	–	2,445,493
Total	2,409,531	35,962	12,827	2,458,320

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 ranging from 5% to 30% of total contract sum. The deposit received by the Group before the project commences 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.

4. 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 2022

	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	565,075	461,003	980,254	27,794	5,520	2,039,646	–	2,039,646
Inter-segment revenue	(980)	–	–	–	104,596	103,616	(103,616)	–
Segment revenue	564,095	461,003	980,254	27,794	110,116	2,143,262	(103,616)	2,039,646
Segment profit (loss)	54,600	71,156	16,827	(1,883)	(2,890)	137,810	–	137,810
Share of losses of associates								(5,807)
Unallocated other income								8,921
Unallocated corporate expenses								(23,055)
Unallocated finance costs								(557)
Profit before tax								117,312

For the six months ended 30 June 2021

	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	878,286	297,846	1,233,399	35,962	12,827	2,458,320	–	2,458,320
Inter-segment revenue	589	–	–	–	83,439	84,028	(84,028)	–
Segment revenue	878,875	297,846	1,233,399	35,962	96,266	2,542,348	(84,028)	2,458,320
Segment profit (loss)	82,965	76,374	72,141	(18,702)	5,431	218,209	–	218,209
Share of losses of associates								(1,245)
Unallocated other income								7,691
Unallocated corporate expenses								(33,555)
Unallocated finance costs								(1,360)
Profit before tax								189,740

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 is the measure reported to the executive Directors for the purposes of resource allocation and performance assessment.

Inter-segment revenue was charged at prevailing market rates.

5. OTHER INCOME, OTHER GAINS AND LOSSES

	Six months ended 30 June	
	2022	2021
	HK$'000	*HK$'000*
	(Unaudited)	*(Unaudited)*
Other income		
Interest income	**7,047**	5,657
Government grants *(note)*	**4,568**	–
Rental income	**1,263**	1,265
Entrustment fee income	**171**	171
Dividends from financial assets at fair value through profit or loss ("**FVTPL**")	**–**	724
Others	**1,117**	1,532
	14,166	9,349
Other gains and losses		
Net loss from fair value changes of financial assets at FVTPL	**(3,099)**	(13,821)
Net foreign exchange (losses) gains	**(277)**	580
(Loss) gain on disposal of property, plant and equipment	**(3)**	56
	(3,379)	(13,185)
	10,787	(3,836)

Note: During the Period, the government grants represented subsidies from the 2022 Employment Support Scheme under the Anti-epidemic Fund launched by the government of the Hong Kong Special Administrative Region (the "**Hong Kong Government**").

6. INCOME TAX EXPENSE

	Six months ended 30 June	
	2022	2021
	HK$'000	*HK$'000*
	(Unaudited)	*(Unaudited)*
Current tax		
Hong Kong Profits Tax	**5,630**	13,598
Macau Complementary Tax	**10,281**	9,209
PRC Enterprise Income Tax	**2,997**	12,119
	18,908	34,926
(Over) under provision in prior periods		
Hong Kong Profits Tax	**(30)**	1,016
Macau Complementary Tax	**–**	(2,415)
PRC Enterprise Income Tax	**5,042**	3,032
	5,012	1,633
Deferred tax		
Current period	**(2,660)**	(2,423)
	21,260	34,136

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%.

7. PROFIT FOR THE PERIOD

	Six months ended 30 June	
	2022	2021
	HK$'000	*HK$'000*
	(Unaudited)	*(Unaudited)*
Profit for the period has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	**9,217**	9,556
Depreciation of right-of-use assets	**5,038**	5,137
	14,255	14,693
Cost of inventories recognised as expenses in respect of		
External revenue	**4,177**	10,680
Inter-segment revenue	**84,581**	58,510
	88,758	69,190
Allowance for inventories (included in cost of sales)	**519**	585
Contract costs recognised as expenses		
Fitting-out works *(note)*	**1,733,914**	2,084,844
Alteration and addition and construction works	**28,667**	51,556
	1,762,581	2,136,400
Research and development expenses (included in other expenses)	**35,866**	26,194
Staff costs		
Gross staff costs (including Directors' emoluments)	**229,686**	200,037
Less: Staff costs capitalised to contract costs and inventories	**(150,730)**	(146,522)
	78,956	53,515
Gross rental income from investment properties	**(1,263)**	(1,265)
Less: Direct operating expenses incurred for investment properties that generated rental income during the Period	**179**	214
	(1,084)	(1,051)

Note: Contract costs of fitting-out works recognised as expenses included cost of inventories recognised as expenses of HK$84,581,000 (Previous Period: HK$58,510,000).

8. DIVIDENDS

	Six months ended 30 June	
	2022	2021
	HK$'000	*HK$'000*
	(Unaudited)	*(Unaudited)*
Dividends for ordinary shareholders of the Company (the "**Shareholders**") recognised as distribution during the Period:		
2021 final dividend – HK7 cents per share (Previous Period: 2020 final dividend – HK8 cents per share)	**151,075**	172,657

The Directors do not recommend the payment of an interim dividend for the Period and the Previous Period.

9. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2022	2021
	HK$'000	*HK$'000*
	(Unaudited)	*(Unaudited)*
Profit for the period attributable to owners of the Company for the purpose of basic and diluted earnings per share	**96,052**	155,604

	Six months ended 30 June	
	2022	2021
	'000	*'000*
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	**2,158,210**	2,158,210

Diluted earnings per share are the same as the basic earnings per share as the Company had no dilutive potential ordinary shares of the Company in existence for both periods.

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 2022	At 31 December 2021
	HK$'000	*HK$'000*
	(Unaudited)	*(Audited)*
Trade receivables (gross carrying amount)		
Fitting-out works	**908,267**	1,143,763
Alteration and addition and construction works	**11,717**	32,304
Manufacturing, sourcing and distribution of interior decorative materials	**5,208**	5,737
	925,192	1,181,804
Less: Allowance for credit losses	**(59,930)**	(59,450)
Trade receivables (net carrying amount)	**865,262**	1,122,354
Unbilled receivables (gross carrying amount) *(note)*	**1,485,655**	1,434,524
Less: Allowance for credit losses	**(111,085)**	(104,696)
Unbilled receivables (net carrying amount)	**1,374,570**	1,329,828
Other receivables (gross carrying amount)	**138,047**	184,448
Less: Allowance for credit losses	**(8,437)**	(9,216)
Other receivables (net carrying amount)	**129,610**	175,232
Bills receivable (gross carrying amount)	**70,020**	120,725
Less: Allowance for credit losses	**(1,286)**	(5,871)
Bills receivable (net carrying amount)	**68,734**	114,854
Prepayments and deposits	**366,531**	339,844
	2,804,707	3,082,112

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 60 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 2022 *HK$'000* ***(Unaudited)***	At 31 December 2021 *HK$'000* *(Audited)*
1–30 days	**276,234**	611,588
31–60 days	**167,443**	314,137
61–90 days	**40,564**	30,803
Over 90 days	**381,021**	165,826
	865,262	1,122,354

Bills receivable

As at 30 June 2022, the carrying amount of bills receivable amounting to HK$68,734,000 (31 December 2021: HK$114,854,000) were held by the Group for settlement. All bills receivable held by the Group were with a maturity period of less than one year.

Ageing of bills receivable, net of allowance for credit losses, was as follows:

	At 30 June 2022 *HK$'000* ***(Unaudited)***	At 31 December 2021 *HK$'000* *(Audited)*
1–30 days *(note a)*	**3,040**	61,737
31–60 days	**–**	6,426
61–90 days	**5,802**	4,481
Over 90 days *(note b)*	**59,892**	42,210
	68,734	114,854

Notes:

(a) As at 30 June 2022, the relevant bills receivable amounting to HK$2,560,000 (31 December 2021: nil) were issued by a fellow subsidiary.

(b) As at 30 June 2022, the relevant bills receivable amounting to HK$23,700,000 (31 December 2021: HK$24,179,000) were issued by a related company in which Mr. Liu Zaiwang ("**Mr. Liu**"), the non-executive Director and a controlling shareholder of the Company, and his spouse have beneficial interest.

11. AMOUNTS DUE FROM RELATED COMPANIES

Related companies are companies in which Mr. Liu and his spouse have beneficial interest.

	At 30 June 2022	At 31 December 2021
	HK$'000	*HK$'000*
	(Unaudited)	*(Audited)*
Trade receivables	**5,197**	5,436
Other receivables	**1,058**	–
	6,255	5,436

Trade receivables from related companies

The Group allows a credit period of 30 days to its trade receivables due from related companies. As at 30 June 2022, the trade receivables due from the related companies were aged over 90 days (31 December 2021: within 30 days) based on invoice date.

Other receivables from a related company

As at 30 June 2022, the other receivables represented rent receivables from a related company.

12. AMOUNT DUE FROM A FELLOW SUBSIDIARY

The Group allows a credit period of 30 days to its trade receivables due from a fellow subsidiary. As at 30 June 2022 and 31 December 2021, the trade receivables due from the fellow subsidiary were aged within 30 days based on invoice date.

13. 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 2022	At 31 December 2021
	HK$'000	*HK$'000*
	(Unaudited)	*(Audited)*
Contract creditors and suppliers	**1,522,606**	1,879,861
Retentions payable	**470,785**	494,510
	1,993,391	2,374,371
Other tax payable	**165,179**	163,410
Other payables and accruals	**85,546**	145,132
	2,244,116	2,682,913

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

	At 30 June 2022 *HK$'000* *(Unaudited)*	At 31 December 2021 *HK$'000* *(Audited)*
1–30 days	**798,058**	1,223,058
31–60 days	**73,901**	165,199
61–90 days	**25,844**	77,457
Over 90 days	**624,803**	414,147
	1,522,606	1,879,861

As at 30 June 2022, the Group's retentions payable of HK$248,177,000 (31 December 2021: HK$248,025,000) was expected to be paid after one year.

14. BILLS PAYABLE

As at 30 June 2022 and 31 December 2021, certain bills payable were secured by certain pledged bank deposits and were repayable as follows:

	At 30 June 2022 *HK$'000* *(Unaudited)*	At 31 December 2021 *HK$'000* *(Audited)*
1–30 days	**176,080**	147,733
31–60 days	**40,996**	143,321
61–90 days	**59,281**	108,920
Over 90 days	**225,236**	439,885
	501,593	839,859

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

During the Period, Hong Kong's economy was adversely affected by the fifth wave of the coronavirus disease 2019 (COVID-19) ("**Covid-19**") with the subsequent stringent social distancing measures. According to Census and Statistics Department ("**C&SD**") of the Hong Kong Government, Hong Kong's gross domestic product ("**GDP**") contracted by 4.0% year-on-year in real terms in the first quarter of 2022, reversing the growth trend of the previous four quarters.

According to the provisional results of the "Report on the Quarterly Survey of Construction Output" published by C&SD, the total gross value of construction works carried out by the main contractors in Hong Kong decreased by 1.1% in nominal terms year-on-year to HK$55.9 billion in the first quarter of 2022, whilst the gross value of construction works carried out at private sector sites decreased by 12.0% in nominal terms year-on-year to HK$13.5 billion in the first quarter of 2022. Meanwhile, the gross value of construction works carried out at residential buildings sites decreased by 24.6% in nominal terms year-on-year to HK$9.6 billion in the first quarter of 2022. It is noted that there is a decrease in the demand for fitting-out works in Hong Kong as a result of the decrease in gross value of construction works in Hong Kong.

Macau was continuously affected by the Covid-19 pandemic. According to the Statistics and Census Service of the government of Macau Special Administrative Region (the "**Macau Government**"), Macau's GDP contracted by 8.9% year-on-year in real terms in the first quarter of 2022 as a result of the weakening total demand. The visitor composition has also changed. Despite the number of visitor arrivals increased by 8.0% year-on-year to 1,876,847 in the first quarter of 2022, the average lengths of stay for visitors decreased by 0.4 day to 1.3 days. The average occupancy rate of guest rooms decreased by 4.1% year-on-year to 40.8%, and the number of guests also decreased by 5.4% year-on-year to 1,375,136. In the first quarter of 2022, per-capita spending of visitors decreased by 1.2% year-on-year to Macau Pataca ("**MOP**") 3,514, mainly due to the increase in same-day visitors with relatively low spending. Meanwhile, Gaming Inspection and Coordination Bureau of Macau indicated that revenue from the gambling sector decreased by 24.8% year-on-year to MOP17.8 billion in the first quarter of 2022. As the tourism industry and the gambling industry have been affected by Covid-19, the fitting-out industry was inevitably affected in Macau.

According to National Bureau of Statistics of China, the PRC's GDP increased by 4.8% year-on-year to Renminbi ("**RMB**") 27,017.8 billion in the first quarter of 2022, whilst the gross output value of construction industry increased by 9.2% year-on-year to RMB5,170.9 billion in the first quarter of 2022. In the first quarter of 2022, investments in national real estate development increased by 0.7% year-on-year to RMB2,776.5 billion, among which, investments in residential buildings increased by 0.7% year-on-year to RMB2,076.1 billion. The total floor area under construction by the PRC's real estate developers increased by 1.0% year-on-year to 8.1 billion square meters ("**m²**") in the first quarter of 2022. The lockdown in some areas of the PRC due to Covid-19 hindered normalisation of economic growth in the PRC. Hence, the fitting-out industry was also affected in the PRC.

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, commercial building and hotel projects. The Group is also engaged in the provision of alteration and addition and construction works in Hong Kong and the provision of manufacturing, sourcing and distribution services of interior decorative materials internationally. During the Period, around 98.4% of the Group's revenue was derived from its fitting-out works business.

Although the fifth wave of Covid-19 posed uncertainties and challenges to the Group in the first half of 2022, the Group managed to maintain a stable financial structure and business development during the Period. Leveraging on the Group's positive brand image and reputation, flexible adjustment of operational strategies addressing market demands and prudent risk management strategies, the Group obtained several sizeable and high-end fitting-out projects during the Period. Such sufficient high-quality orders are expected to lay a solid foundation for the Group's sustainable and stable growth in the future.

Fitting-out works

The Group's fitting-out business primarily comprises the fitting-out works carried out for residential properties, commercial buildings, hotels, serviced apartments and other properties in Hong Kong, Macau and the PRC. During the Period, the fitting-out business remained as a key contributor to the Group's revenue and profit.

During the Period, the Group completed a total of six fitting-out projects, including three in Hong Kong and three in the PRC, with an individual contract sum of not less than HK$50.0 million. The total contract sum of such projects amounted to HK$599.0 million, out of which HK$67.3 million was recognised as revenue during the Period. As at 30 June 2022, the Group had 65 projects on hand (including contracts in progress and contracts signed but yet to commence), including 25 in Hong Kong, two in Macau, 37 in the PRC and one in Singapore, with an individual contract sum of not less than HK$50.0 million. The total contract sum and the value of the outstanding works of such projects as at 30 June 2022 amounted to HK$9,728.8 million and HK$6,037.8 million, respectively.

During the Period, the Group's revenue derived from its fitting-out business decreased by HK$403.2 million or 16.7% year-on-year to HK$2,006.3 million (Previous Period: HK$2,409.5 million). Such decrease was mainly attributable to the outbreak of Covid-19, resulted in a delay in the progress of the Group's fitting-out projects during the Period.

The Group's gross profit derived from its fitting-out business during the Period decreased by HK$52.3 million or 16.1% year-on-year to HK$271.9 million (Previous Period: HK$324.2 million), in line with the aforesaid decrease in revenue. Notwithstanding the decrease in revenue and gross profit, the Group's gross profit margin for its fitting-out business slightly increased to 13.6% (Previous Period: 13.5%).

Alteration and addition and construction works

The Group carries out its alteration and addition and construction business in Hong Kong through Kin Shing (Leung's) General Contractors Limited ("**Kin Shing**"), a registered general building contractor in Hong Kong. Kin Shing's principal scope of services include construction, interior decoration, repair, maintenance and alteration and addition works for residential properties, commercial buildings, hotels and factories in Hong Kong.

During the Period, Kin Shing completed an alteration and addition project, with a contract sum of HK$0.7 million, out of which HK$0.4 million was recognised as revenue during the Period. As at 30 June 2022, Kin Shing had two on-going projects with a total contract sum of HK$194.6 million. The value of the outstanding works of such projects as at 30 June 2022 amounted to HK$13.9 million.

During the Period, the Group's revenue derived from its alteration and addition and construction business decreased by HK$8.2 million or 22.8% year-on-year to HK$27.8 million (Previous Period: HK$36.0 million). Such decrease was primarily attributable to the decrease in the number of projects awarded to the Group in the past year.

The Group's gross loss derived from its alteration and addition and construction business decreased by HK$14.8 million or 94.9% year-on-year to HK$0.8 million (Previous Period: HK$15.6 million), whilst the gross loss margin decreased from 43.3% for the Previous Period to 2.9% for the Period. Such gross loss and gross loss margin were primarily attributable to the additional overheads and/or cost incurred for several construction projects of commercial and residential buildings due to the extension of the respective construction periods and the rectification of work defects.

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 the Group's 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, the aggregate gross floor area of which is over 40,000 m^2. Dongguan Sundart manufactures interior decorative timber products including 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$7.3 million or 57.0% year-on-year to HK$5.5 million (Previous Period: HK$12.8 million). Such decrease was primarily attributable to the decrease in indent sales during the Period, as compared to the Previous Period.

In addition, the Group's gross profit derived from its manufacturing, sourcing and distribution of interior decorative materials business during the Period decreased by HK$0.8 million or 38.1% year-on-year to HK$1.3 million (Previous Period: HK$2.1 million), in line with the aforesaid decrease in revenue. However, the gross profit margin for its manufacturing, sourcing and distribution of interior decorative materials business increased from 16.4% for the Previous Period to 23.6% for the Period. Such increase was attributable to the orders from the PRC with relatively high gross profit margin during the Period.

FINANCIAL REVIEW

Revenue, gross profit and gross profit margin

During the Period, the Group's revenue decreased by HK$418.7 million or 17.0% year-on-year to HK$2,039.6 million (Previous Period: HK$2,458.3 million) and the Group's gross profit decreased by HK$38.3 million or 12.3% year-on-year to HK$272.4 million (Previous Period: HK$310.7 million). Such decreases were primarily due to the decrease in its fitting-out business as discussed under the paragraph headed "Business review – Fitting-out works" in this announcement. However, during the Period, the Group's gross profit margin slightly increased to 13.4% (Previous Period: 12.6%). Such increase was primarily due to the decrease in gross loss for its alteration and addition and construction business as discussed under the paragraph headed "Business review – Alteration and addition and construction works" in this announcement.

Other income, other gains and losses

The Group recorded net other income of HK$10.8 million for the Period (Previous Period: net other losses of HK$3.8 million), primarily due to the decrease in net loss from fair value changes of financial assets at FVTPL by HK$10.7 million as compared to the Previous Period. Details of other income, other gains and losses are set out in note 5 to the Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income in this announcement.

Profit for the period

The Group's profit for the period decreased by HK$59.5 million or 38.2% year-on-year to HK$96.1 million (Previous Period: HK$155.6 million) as a result of the decrease in gross profit as discussed above.

Basic and diluted earnings per share

The Company's basic and diluted earnings per share for the Period was HK4.45 cents (Previous Period: HK7.21 cents), decreased by HK2.76 cents or 38.3% year-on-year, in line with the decrease in profit for the period. Details of earnings per share are set out in note 9 to the Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income in this announcement.

Material acquisition and disposal

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

Investments

Financial assets at FVTPL

As at 30 June 2022, the Group's financial assets at FVTPL comprised HK$22.6 million, HK$29.9 million and HK$88.0 million (31 December 2021: HK$23.8 million, nil and HK$90.0 million) of listed equity securities, unlisted fund investments and unlisted equity fund, respectively.

During the Period, the Group purchased HK$40.8 million of unlisted fund investments and disposed of HK$9.7 million of unlisted fund investments. Further, the Group recognised a fair value loss of HK$3.1 million in profit or loss in respect of the listed equity securities and unlisted equity fund, primarily as a result of a decrease on the market prices of listed equity securities and unlisted equity fund.

Other financial assets at amortised cost

As at 30 June 2022, the Group's other financial assets at amortised cost included HK$19.9 million of three corporate bonds traded in the secondary market, the last of which will mature on 15 November 2024, with fixed interest rates ranging from 5.75% to 8.50% per annum.

In terms of the prospects of the Group's financial assets at FVTPL, the performance of the listed equity securities, unlisted fund investments and unlisted equity fund held by the Group will be subject to the performance of the relevant financial and property markets which may change rapidly and unpredictably in the future. As to other financial assets at amortised cost, the Group will achieve a steady investment return until the redemption by their respective issuers.

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

The Group will continuously adopt a prudent investment strategy and assess the performance of its portfolio of investments so as to make timely and appropriate adjustments on its investments for the maximisation of returns to the Shareholders. In addition, as 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 take appropriate risk management actions.

Future plans for material investments or capital assets

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

CORPORATE FINANCE AND RISK MANAGEMENT

Liquidity and financial resources and capital structure

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

During the Period, the Group continued to maintain solid financial and cash positions. As at 30 June 2022, the Group's net current assets amounted to HK$2,450.3 million, representing a decrease of HK$70.3 million from HK$2,520.6 million as recorded as at 31 December 2021. The Group's bank balances and cash in total amounted to HK$1,270.4 million, representing a decrease of HK$527.5 million from HK$1,797.9 million as recorded as at 31 December 2021. Such decrease was mainly resulting from the use of funds for the operating activities and dividend payment.

As at 30 June 2022, the bank borrowings of the Group amounted to HK$44.4 million (31 December 2021: HK$84.5 million), out of which HK$44.0 million, HK$0.2 million and HK$0.2 million (31 December 2021: HK$80.2 million, HK$4.0 million and HK$0.3 million) will be repayable within one year, more than one year but not exceeding two years and more than two years but not exceeding five years, respectively. There is no seasonality on the Group's bank borrowings.

During the Period, the Group continued to maintain a healthy liquidity position. As at 30 June 2022, the Group's current assets and current liabilities amounted to HK$5,445.5 million and HK$2,995.2 million, respectively (31 December 2021: HK$6,322.2 million and HK$3,801.7 million, respectively). The Group's current ratio as at 30 June 2022 increased to 1.8 times (31 December 2021: 1.7 times) and the Group maintained sufficient liquid assets to finance its business operations during the Period.

As at 30 June 2022, the Group's gearing ratio of total debts (bank borrowings) divided by total equity was 1.4% (31 December 2021: 2.6%). The decrease in gearing ratio was primarily due to the decrease in the Group's bank borrowings.

As at 30 June 2022, the share capital and equity attributable to owners of the Company amounted to HK$1,246.8 million and HK$3,110.9 million, respectively (31 December 2021: HK$1,246.8 million and HK$3,227.3 million, respectively).

Charge on the Group's assets

The Group's assets pledged for securing certain bank borrowings, certain bills payable, certain performance bonds and certain tender bonds comprised a commercial property and pledged bank deposits, which amounted to HK$91.7 million and HK$42.2 million, respectively as at 30 June 2022 (31 December 2021: HK$93.6 million and HK$132.0 million, respectively).

Contingent liabilities and capital commitments

The Group did not have any significant contingent liabilities as at 30 June 2022 and 31 December 2021, respectively.

As at 30 June 2022, the Group had capital commitments of HK$46,000 (31 December 2021: HK$29,000) in relation to acquisition of property, plant and equipment.

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. As at 30 June 2022, all of the Group's bank borrowings were made in Hong Kong dollars ("**HK$**" or "**HK dollars**") at floating rates, 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. 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

Though the Group's major customers are reputable property developers, hotel owners and main contractors, during the Period, the Group experienced delay in settlement of its PRC's projects involving property developers in the PRC, many of which have their credit ratings being downgraded by international credit rating agencies. Based on the Group's historical credit losses, combined with consideration of current and forecasts of economic conditions, consideration of forward-looking factors and prospects of the real estate industry, and taking into account the credit risk characteristics of different projects, the Group has determined to increase the individual's expected credit loss rate as well as the impairment losses under expected credit loss model during the Period. Nonetheless, the Group will continue to monitor and strengthen its collection measures, and continue to adopt prudent credit policies to mitigate credit risk exposure. Save as disclosed herein, the Group was not exposed to any significant credit risk during the Period. The Group's management reviews the recoverability of trade receivables and closely monitors the financial position of the customers from time to time with a view of keeping the Group's credit risk exposure at a reasonably low level.

EVENTS AFTER THE REPORTING PERIOD

There were no significant events subsequent to the Period and up to the date of this announcement which had materially affected 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 2022, the Group had 2,048 employees (31 December 2021: 2,147). The Group's gross staff costs (including the Directors' emoluments) increased by HK$29.7 million or 14.9% year-on-year to HK$229.7 million for the Period (Previous Period: HK$200.0 million). Such increase was mainly attributable to the increase in average number of employees by 13.8%.

PROSPECTS AND STRATEGIES

With the stabilisation of the fifth wave of Covid-19 and the gradual easing of social distancing measures in Hong Kong, Hong Kong's economy are expected to resume in the second half of 2022. The second instalment of HK$5,000 consumption vouchers of the 2022 (Phase II) Consumption Voucher Scheme will be disbursed in phases starting from August 2022, which is expected to stimulate consumption and boost the retail industry and the economy in Hong Kong. Further, housing demand in Hong Kong is expected to remain strong despite the US Federal Reserve raised interest rates. The sixth-term Hong Kong Government has clearly stated that it will speed up the increase in land and housing supply in order to meet the long-term housing demand. It will also support the development of both local construction and real estate markets, sustaining a stable demand for the fitting-out industry in Hong Kong. Therefore, the Group will continue to closely monitor the housing policies of the new Hong Kong Government and market trends to capture the development opportunities for the fitting-out industry in Hong Kong.

Macao Government Tourism Office ("**MGTO**") stated that it will make efforts to promote moderate diversification of the industrial structure. It will also pursue deepen integration across the sectors of "tourism +" and concerted development between tourism and related industries such as meetings, conferences and exhibitions, health and wellness, sports, e-commerce as well as culture and creativity to turn Macau into a world centre of tourism and leisure, and enhance the all-rounded competitiveness of Macau's economy. In order to accelerate the recovery of the tourism industry in the second half of 2022, MGTO will focus on deploying a number of grand events, including Macao Light Festival 2022. As for promotion, MGTO will successively hold events in a number of cities in the PRC to promote travel to Macau and boost the confidence of tourists to visit Macau. Moreover, the Macau Government has been actively participating in the construction of the Guangdong-Macao In-Depth Cooperation Zone in Hengqin, of which the second phase of the Hengqin Port is expected to be completed by the end of 2022. The customs clearance capability is expected to improve and give a new impetus into the long-term development of Macau. The Group will pay close attention to the policy development of the Macau Government and adjust its operating policies and resources in a timely manner.

The State Council of the PRC released a set of 33 measures in a circular named "Policy Measure Package to Stabilise the Economy" which aims to stabilise the PRC's economy, and held a nationwide video teleconference to urge and ensure local government officials in the PRC will implement such policies properly. Along with the implementation of such policies and the stabilisation of Covid-19, the PRC's economy is expected to rebound in the second half of 2022. In addition, the Political Bureau held a meeting in relation of the real estate market to assist local governments in improving real estate policies in light of local realities, supporting housing demand and promoting the stable and healthy development of the real estate market. Travel restrictions on international travels have been imposed in the PRC since 2020. It is expected that overseas consumption, which accounted for more than 70% of the total sales of high-end consumer goods before Covid-19, will return to the PRC, bringing development opportunities to high-end shopping malls in the PRC. The Group will continue to cooperate with well-known Hong Kong-funded real estate developers to provide fitting-out services for their high-end shopping malls, commercial buildings and hotels in the PRC. Meanwhile, the Group will adapt to the market as well as policy trends to strive for more sizeable and high-end fitting-out projects.

Looking ahead, given the outbreak of Covid-19, complex economic environment and fierce market competition, the Group will continue to pay close attention the impact on pandemic and market development in Hong Kong, Macau and the PRC. The Group will also grasp the opportunities arising from the development and construction works associated with Guangdong-Hong Kong-Macao Greater Bay Area as well as Belt and Road Initiative. Furthermore, the Group will allocate resources flexibly, and plan and expand its businesses prudently. Leveraging on sufficient high-quality orders awarded to the Group, the Group will achieve economies of scale and enhance its operational efficiency. As a result, the Group is confident in boosting its profitability and market share, as well as continuing to create value for the Shareholders.

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

Paragraph C.1.6 in Part 2 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 an independent non-executive Director were absent from the last annual general meeting of the Company held on 6 June 2022 due to their other business commitments.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "**Model Code**") as its own code of conduct regarding Directors' securities transactions. Specific enquiry has been made with all the Directors and all of them confirmed that they have complied with the required standard of dealings as set out in the Model Code throughout the Period. The Company has adopted the same Model Code for securities transactions by employees who are likely to be in possession of inside information of the Company. 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 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 consolidated interim results of the Group for the Period with the Group's management.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This announcement is 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 of the Company for the Period containing all the information required by the Listing Rules will 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, 28 July 2022

As of the date of this announcement, the executive Directors are Mr. Ng Tak Kwan, Mr. Leung Kai Ming, Mr. Xie Jianyu and Mr. Ng Chi Hang; the non-executive Director is Mr. Liu Zaiwang; and the independent non-executive Directors are Mr. Tam Anthony Chun Hung, Mr. Huang Pu and Mr. Li Zheng.