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**SUNDART HOLDINGS LIMITED**  
**承達集團有限公司**

*(incorporated under the laws of British Virgin Islands with limited liability)*

**(Stock Code: 1568)**

**ANNUAL RESULTS ANNOUNCEMENT**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

**FINANCIAL HIGHLIGHTS**

*(in million HK dollars, unless otherwise stated)*

	<b>2022</b>	2021	Year-on-year (decrease) increase
Revenue	<b>4,678.6</b>	5,689.9	(17.8%)
Gross profit	<b>663.7</b>	808.8	(17.9%)
Gross profit margin	<b>14.2%</b>	14.2%	–
Profit attributable to owners of the Company	<b>287.5</b>	371.3	(22.6%)
Equity attributable to owners of the Company	<b>3,247.6</b>	3,227.3	0.6%
Basic and diluted earnings per share <i>(HK cents)</i>	<b>13.32</b>	17.20	(22.6%)

**FINAL DIVIDEND**

The Board proposed a final dividend of HK6 cents per Share.

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 audited consolidated annual results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2022 (the “**Year**”) together with the comparative figures for the year ended 31 December 2021 (the “**Previous Year**”) as set out below:

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND  
OTHER COMPREHENSIVE INCOME**

*For the year ended 31 December 2022*

	<i>Notes</i>	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Revenue	3	<b>4,678,627</b>	5,689,948
Cost of sales		<b>(4,014,925)</b>	(4,881,178)
Gross profit		<b>663,702</b>	808,770
Other income, other gains and losses	5	<b>30,634</b>	(15,570)
Impairment losses under expected credit loss model, net of reversal		<b>(31,447)</b>	(29,903)
Gain on disposal of a subsidiary		<b>19,700</b>	–
Selling expenses		<b>(8,771)</b>	(8,108)
Administrative expenses		<b>(237,572)</b>	(204,829)
Other expenses		<b>(87,751)</b>	(113,121)
Share of losses of associates		<b>(10,998)</b>	(2,050)
Finance costs	6	<b>(1,118)</b>	(2,371)
Profit before tax		<b>336,379</b>	432,818
Income tax expense	7	<b>(48,849)</b>	(61,531)
<b>Profit for the year attributable to owners of the Company</b>	8	<b>287,530</b>	371,287

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

*For the year ended 31 December 2022*

	<i>Note</i>	<b>2022</b> <b>HK\$'000</b>	2021 <i>HK\$'000</i>
<b>Other comprehensive (expense) income</b>			
<b><i>Item that will not be reclassified to profit or loss:</i></b>			
Gain on revaluation of properties transferred to investment properties		<u>3,006</u>	<u>–</u>
<b><i>Items that may be reclassified subsequently to profit or loss:</i></b>			
Exchange differences arising on translation of foreign operations		(115,239)	30,842
Share of other comprehensive (expense) income of an associate		<u>(3,932)</u>	<u>1,015</u>
		<u>(119,171)</u>	<u>31,857</u>
Other comprehensive (expense) income for the year		<u>(116,165)</u>	<u>31,857</u>
<b>Total comprehensive income for the year attributable to owners of the Company</b>		<u><b>171,365</b></u>	<u><b>403,144</b></u>
<b>Earnings per share</b>			
Basic and diluted ( <i>HK cents</i> )	<i>10</i>	<u><b>13.32</b></u>	<u>17.20</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2022

	<i>Notes</i>	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Non-current assets</b>			
Property, plant and equipment		<b>322,992</b>	365,594
Right-of-use assets		<b>19,561</b>	8,688
Investment properties		<b>69,163</b>	57,939
Goodwill		<b>1,510</b>	1,510
Interests in associates		<b>97,976</b>	121,391
Financial assets at fair value through profit or loss		<b>18,438</b>	113,802
Other financial assets at amortised cost		<b>9,608</b>	16,125
Deferred tax assets		<b>25,188</b>	25,685
		<b>564,436</b>	710,734
<b>Current assets</b>			
Inventories		<b>50,514</b>	49,359
Trade and other receivables and bills receivable	<i>11</i>	<b>2,994,340</b>	3,082,112
Amounts due from related companies	<i>12</i>	<b>1,571</b>	5,436
Amounts due from fellow subsidiaries	<i>13</i>	<b>1,069</b>	1,005
Contract assets		<b>1,309,737</b>	1,249,285
Tax recoverable		<b>15,882</b>	219
Financial assets at fair value through profit or loss		<b>115,866</b>	–
Other financial assets at amortised cost		<b>49,439</b>	4,940
Pledged bank deposits		<b>62,294</b>	132,000
Bank balances and cash		<b>1,527,653</b>	1,797,890
		<b>6,128,365</b>	6,322,246
<b>Current liabilities</b>			
Trade and other payables	<i>14</i>	<b>2,626,377</b>	2,682,913
Bills payable	<i>15</i>	<b>650,793</b>	839,859
Amounts due to fellow subsidiaries		<b>647</b>	–
Tax payable		<b>39,390</b>	38,983
Bank borrowings		<b>526</b>	84,537
Lease liabilities		<b>11,289</b>	8,186
Contract liabilities		<b>104,513</b>	147,212
		<b>3,433,535</b>	3,801,690
<b>Net current assets</b>		<b>2,694,830</b>	2,520,556
<b>Total assets less current liabilities</b>		<b>3,259,266</b>	3,231,290

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION** (*Continued*)  
*At 31 December 2022*

	<b>2022</b>	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Capital and reserves</b>		
Share capital	<b>1,246,815</b>	1,246,815
Reserves	<b>2,000,813</b>	1,980,523
	<hr/>	<hr/>
<b>Equity attributable to owners of the Company</b>	<b>3,247,628</b>	3,227,338
	<hr/>	<hr/>
<b>Non-current liabilities</b>		
Deferred tax liabilities	<b>2,984</b>	2,153
Lease liabilities	<b>8,654</b>	1,799
	<hr/>	<hr/>
	<b>11,638</b>	3,952
	<hr/>	<hr/>
	<b>3,259,266</b>	3,231,290
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## NOTES

### 1. GENERAL INFORMATION

The Company is a public limited company incorporated in the British Virgin Islands (the “BVI”) on 21 May 2001 as an international business company, governed by the International Business Companies Act (Cap 291) and was automatically re-registered as a BVI business company with limited liability on 1 January 2007 under the BVI Companies Act, and its shares are listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The addresses of the registered office and principal place of business of the Company are Commerce House, Wickhams Cay 1, P.O. Box 3140, Road Town, Tortola, BVI, VG1110 and 19/F, Millennium City 3, 370 Kwun Tong Road, Kowloon, Hong Kong, respectively.

The ultimate holding company of the Company is 江河創建集團股份有限公司 (Jangho Group Company Limited\*) (“**Jangho Co**”), a joint stock company incorporated in the People’s Republic of China (the “**PRC**”) and listed on the Shanghai Stock Exchange. The Company’s ultimate controlling party is Mr. Liu Zaiwang (“**Mr. Liu**”), the chairman of Jangho Co.

The Company acts as an investment holding company and provides corporate management services. The principal activities of the Company’s subsidiaries are provision of fitting-out works and alteration and addition and construction works and manufacturing, sourcing and distribution of interior decorative materials.

The consolidated financial statements are presented in Hong Kong dollars (“**HK\$**” or “**HK dollars**”), which is also the functional currency of the Company.

### 2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“**HKFRSs**”)

#### **Amendments to HKFRSs that are mandatorily effective for the current year**

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2022 for the preparation of the consolidated financial statements:

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 year has material impact on the Group’s performance and financial positions for the current and prior years and/or on the disclosures in the consolidated financial statements.

#### ***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.

### ***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.

### ***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).

### ***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.

### 3. REVENUE

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Contract revenue from fitting-out works ( <i>note a</i> )	4,605,440	5,573,435
Contract revenue from alteration and addition and construction works ( <i>note a</i> )	66,863	94,084
Manufacturing, sourcing and distribution of interior decorative materials ( <i>note b</i> )	6,324	22,429
	<u>4,678,627</u>	<u>5,689,948</u>

#### For the year ended 31 December 2022

	Fitting-out works <i>HK\$'000</i>	Alteration and addition and construction works <i>HK\$'000</i>	Manufacturing, sourcing and distribution of interior decorative materials <i>HK\$'000</i>	Total <i>HK\$'000</i>
Geographical markets				
Hong Kong	1,158,063	66,863	–	1,224,926
Macau	832,230	–	–	832,230
Singapore	119,855	–	–	119,855
The PRC	2,495,292	–	6,324	2,501,616
	<u>4,605,440</u>	<u>66,863</u>	<u>6,324</u>	<u>4,678,627</u>
Total				
Timing of revenue recognition				
A point in time	–	–	6,324	6,324
Over time	4,605,440	66,863	–	4,672,303
	<u>4,605,440</u>	<u>66,863</u>	<u>6,324</u>	<u>4,678,627</u>
Total				



For the year ended 31 December 2021

	Fitting-out works <i>HK\$'000</i>	Alteration and addition and construction works <i>HK\$'000</i>	Manufacturing, sourcing and distribution of interior decorative materials <i>HK\$'000</i>	Total <i>HK\$'000</i>
Geographical markets				
Hong Kong	1,734,484	94,084	5,963	1,834,531
Macau	701,721	–	174	701,895
The PRC	3,137,230	–	16,292	3,153,522
Total	<u>5,573,435</u>	<u>94,084</u>	<u>22,429</u>	<u>5,689,948</u>
Timing of revenue recognition				
A point in time	–	–	22,429	22,429
Over time	5,573,435	94,084	–	5,667,519
Total	<u>5,573,435</u>	<u>94,084</u>	<u>22,429</u>	<u>5,689,948</u>

*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.
- (c) The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December 2022 and the expected timing of recognising revenue are as follows:

	<b>Construction contracts</b>	
	<b>2022</b>	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within one year	<b>4,790,425</b>	3,644,276
More than one year but not more than two years	<b>865,356</b>	554,016
Over two years	–	42,766
	<b><u>5,655,781</u></b>	<u>4,241,058</u>

Certain services are for periods of one year or less. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

#### 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 Singapore;
- (d) Fitting-out works in the PRC;
- (e) Alteration and addition and construction works in Hong Kong; and
- (f) Manufacturing, sourcing and distribution of interior decorative materials.

Information regarding the above segments was reported below:

### Segment revenue and results

For the year ended 31 December 2022

	Fitting-out works in Hong Kong HK\$'000	Fitting-out works in Macau HK\$'000	Fitting-out works in Singapore HK\$'000	Fitting-out works in the PRC HK\$'000	Alteration and addition and construction works in Hong Kong HK\$'000	Manufacturing, sourcing and distribution of interior decorative materials HK\$'000	Segment total HK\$'000	Elimination HK\$'000	Consolidated HK\$'000
Revenue									
External revenue	1,158,063	832,230	119,855	2,495,292	66,863	6,324	4,678,627	-	4,678,627
Inter-segment revenue	(980)	-	-	-	-	165,366	164,386	(164,386)	-
Segment revenue	<u>1,157,083</u>	<u>832,230</u>	<u>119,855</u>	<u>2,495,292</u>	<u>66,863</u>	<u>171,690</u>	<u>4,843,013</u>	<u>(164,386)</u>	<u>4,678,627</u>
Segment profit (loss)	<u>96,364</u>	<u>263,777</u>	<u>20,489</u>	<u>16,997</u>	<u>(586)</u>	<u>(15,918)</u>	<u>381,123</u>	<u>-</u>	<u>381,123</u>
Share of losses of associates									(10,998)
Gain on disposal of a subsidiary									19,700
Unallocated other income									18,973
Unallocated corporate expenses									(71,301)
Unallocated finance costs									(1,118)
Profit before tax									<u>336,379</u>

For the year ended 31 December 2021

	Fitting-out works in Hong Kong <i>HK\$'000</i>	Fitting-out works in Macau <i>HK\$'000</i>	Fitting-out works in the PRC <i>HK\$'000</i>	Alteration and addition and construction works in Hong Kong <i>HK\$'000</i>	Manufacturing, sourcing and distribution of interior decorative materials <i>HK\$'000</i>	Segment total <i>HK\$'000</i>	Elimination <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Revenue								
External revenue	1,734,484	701,721	3,137,230	94,084	22,429	5,689,948	-	5,689,948
Inter-segment revenue	612	-	-	-	196,810	197,422	(197,422)	-
Segment revenue	<u>1,735,096</u>	<u>701,721</u>	<u>3,137,230</u>	<u>94,084</u>	<u>219,239</u>	<u>5,887,370</u>	<u>(197,422)</u>	<u>5,689,948</u>
Segment profit (loss)	<u>144,703</u>	<u>112,169</u>	<u>242,807</u>	<u>(17,766)</u>	<u>18,567</u>	<u>500,480</u>	<u>-</u>	<u>500,480</u>
Share of losses of associates								(2,050)
Unallocated other income								14,984
Unallocated corporate expenses								(78,225)
Unallocated finance costs								(2,371)
Profit before tax								<u>432,818</u>

Segment profit/loss represented the profit earned by/loss from each segment, excluding income and expenses of the corporate function, which included gain on disposal of a subsidiary, 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.

### Geographical information

The Group's operations are mainly located in Hong Kong, Macau, Singapore and the PRC.

Information about the Group's revenue from external customers is presented based on the location of the operations.

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Hong Kong	<b>1,224,926</b>	1,834,531
Macau	<b>832,230</b>	701,895
Singapore	<b>119,855</b>	-
The PRC	<b>2,501,616</b>	3,153,522
	<u><b>4,678,627</b></u>	<u>5,689,948</u>

## 5. OTHER INCOME, OTHER GAINS AND LOSSES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Other income		
Interest income	15,452	11,545
Government grants ( <i>note</i> )	6,807	–
Rental income	2,812	2,515
Entrustment fee income	329	341
Dividends from financial assets at fair value through profit or loss ("FVTPL")	–	724
Others	3,132	5,531
	<u>28,532</u>	<u>20,656</u>
Other gains and losses		
Net foreign exchange gains (losses)	10,087	(2,389)
Gain (loss) on disposal of property, plant and equipment	45	(232)
Net loss from fair value changes of financial assets at FVTPL	(8,030)	(33,605)
	<u>2,102</u>	<u>(36,226)</u>
	<u>30,634</u>	<u>(15,570)</u>

*Note:* During the year, 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. FINANCE COSTS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Interest on bank borrowings and overdraft	829	1,987
Interest on lease liabilities	289	384
	<u>1,118</u>	<u>2,371</u>

## 7. INCOME TAX EXPENSE

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Current tax		
Hong Kong Profits Tax	6,580	20,731
Macau Complementary Tax	34,918	12,978
Singapore Corporate Income Tax	3,478	–
PRC Enterprise Income Tax	932	33,295
	<u>45,908</u>	<u>67,004</u>
 (Over) under provision in prior years		
Hong Kong Profits Tax	(1,338)	(1)
Macau Complementary Tax	(370)	(2,792)
PRC Enterprise Income Tax	5,340	4,256
	<u>3,632</u>	<u>1,463</u>
 Deferred tax		
Current year	(691)	(6,936)
	<u>48,849</u>	<u>61,531</u>

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

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

Singapore Corporate Income Tax was calculated at 17% of the estimated assessable profits for both years.

Under the Law of the PRC on Enterprise Income Tax (the “**EIT Law**”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries was 25% for both years. 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%.

## 8. PROFIT FOR THE YEAR

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Profit for the year has been arrived at after charging (crediting):		
Auditor's remuneration		
Audit service fee	1,300	1,300
Non-audit service fee	738	347
	<b>2,038</b>	1,647
Depreciation of property, plant and equipment	18,819	19,010
Depreciation of right-of-use assets	10,370	10,233
	<b>29,189</b>	29,243
Cost of inventories recognised as expenses in respect of		
External revenue	7,360	18,941
Inter-segment revenue	132,207	133,059
	<b>139,567</b>	152,000
(Reversal of) allowance for inventories (included in cost of sales)	<b>(2,924)</b>	209
Contract costs recognised as expenses		
Fitting-out works ( <i>note</i> )	3,943,722	4,753,192
Alteration and addition and construction works	66,767	108,836
	<b>4,010,489</b>	4,862,028
Research and development expenses (included in other expenses)	<b>87,155</b>	112,520
Staff costs		
Gross staff costs (including directors' emoluments)	513,518	488,443
Less: Staff costs capitalised to contract costs and inventories	(316,458)	(340,242)
	<b>197,060</b>	148,201
Gross rental income from investment properties	(2,812)	(2,515)
Less: Direct operating expenses incurred for investment properties that generated rental income during the year	350	423
	<b>(2,462)</b>	(2,092)

*Note:* Contract costs of fitting-out works recognised as expenses included cost of inventories recognised as expenses of HK\$132,207,000 (Previous Year: HK\$133,059,000).

## 9. DIVIDENDS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Dividends for ordinary shareholders of the Company (the “Shareholders”) recognised as distribution during the Year:		
2021 final dividend – HK7 cents per share (Previous Year: 2020 final dividend – HK8 cents per share)	<u>151,075</u>	<u>172,657</u>

Subsequent to the end of the reporting period, a final dividend in respect of the Year of HK6 cents (Previous Year: final dividend in respect of the Previous Year of HK7 cents) per ordinary share of the Company (the “Share”, collectively, the “Shares”), in an aggregate amount of HK\$129,493,000 (Previous Year: HK\$151,075,000), has been proposed by the Directors and is subject to approval by the Shareholders in the forthcoming annual general meeting of the Company to be held at 10:00 a.m. on Thursday, 1 June 2023 at 19/F, Millennium City 3, 370 Kwun Tong Road, Kowloon, Hong Kong or any adjournment thereof (the “AGM”).

## 10. 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:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Profit for the year attributable to owners of the Company for the purpose of basic and diluted earnings per share	<u>287,530</u>	<u>371,287</u>
	2022 <i>'000</i>	2021 <i>'000</i>
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	<u>2,158,210</u>	<u>2,158,210</u>

Diluted earnings per share are the same as the basic earnings per share as the Company had no dilutive potential Shares in existence for both years.



## 11. 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:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade receivables (gross carrying amount)		
Fitting-out works	952,492	1,143,763
Alteration and addition and construction works	23,327	32,304
Manufacturing, sourcing and distribution of interior decorative materials	1,665	5,737
	<u>977,484</u>	<u>1,181,804</u>
Less: Allowance for credit losses	(56,183)	(59,450)
	<u>921,301</u>	<u>1,122,354</u>
Trade receivables (net carrying amount)		
Unbilled receivables (gross carrying amount) ( <i>note</i> )	1,556,644	1,434,524
Less: Allowance for credit losses	(103,884)	(104,696)
	<u>1,452,760</u>	<u>1,329,828</u>
Unbilled receivables (net carrying amount)		
Other receivables (gross carrying amount)	164,959	184,448
Less: Allowance for credit losses	(11,361)	(9,216)
	<u>153,598</u>	<u>175,232</u>
Other receivables (net carrying amount)		
Bills receivable (gross carrying amount)	29,898	120,725
Less: Allowance for credit losses	(3,470)	(5,871)
	<u>26,428</u>	<u>114,854</u>
Bills receivable (net carrying amount)		
Prepayments and deposits	440,253	339,844
	<u>2,994,340</u>	<u>3,082,112</u>

*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.

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
1–30 days	421,285	611,588
31–60 days	100,243	314,137
61–90 days	28,925	30,803
Over 90 days	370,848	165,826
	<u>921,301</u>	<u>1,122,354</u>

## Bills receivable

As at 31 December 2022, the carrying amount of bills receivable amounting to HK\$26,428,000 (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:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
1-30 days ( <i>note</i> )	19,149	61,737
31-60 days	–	6,426
61-90 days	–	4,481
Over 90 days	7,279	42,210
	<u>26,428</u>	<u>114,854</u>

*Note:* As at 31 December 2022, the relevant bills receivable amounting to HK\$3,729,000 (31 December 2021: HK\$24,179,000) were issued by a related company in which Mr. Liu and his spouse have beneficial interest.

## 12. AMOUNTS DUE FROM RELATED COMPANIES

The amounts due from related companies, in which Mr. Liu and his spouse have beneficial interest, represented trade receivables.

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

### 13. AMOUNTS DUE FROM FELLOW SUBSIDIARIES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade receivables	920	1,005
Other receivables	149	–
	<u>1,069</u>	<u>1,005</u>

#### Trade receivables from a fellow subsidiary

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

#### Other receivables from fellow subsidiaries

As at 31 December 2022, the other receivables represented deposits paid to a fellow subsidiary and rent receivables from a fellow subsidiary.

### 14. 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.

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Contract creditors and suppliers	1,863,600	1,879,861
Retentions payable	462,624	494,510
	<u>2,326,224</u>	<u>2,374,371</u>
Other tax payable	151,863	163,410
Other payables and accruals	148,290	145,132
	<u>2,626,377</u>	<u>2,682,913</u>

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
1–30 days	945,569	1,223,058
31–60 days	219,278	165,199
61–90 days	84,760	77,457
Over 90 days	613,993	414,147
	<u>1,863,600</u>	<u>1,879,861</u>

As at 31 December 2022, the Group's retentions payable of HK\$229,056,000 (31 December 2021: HK\$248,025,000) was expected to be paid after one year.

## 15. BILLS PAYABLE

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
1–30 days	128,331	147,733
31–60 days	81,431	143,321
61–90 days	92,953	108,920
Over 90 days	348,078	439,885
	<u>650,793</u>	<u>839,859</u>

## MANAGEMENT DISCUSSION AND ANALYSIS

### MARKET REVIEW

In 2022, given the ongoing coronavirus disease 2019 (COVID-19) (“**Covid-19**”) pandemic, unstable global supply chain, energy crisis and inflation triggered by the Russia-Ukraine conflict, and tightened monetary policies caused by major central banks, the global economic growth slowed down significantly. According to the Census and Statistics Department (the “**C&SD**”) of the Hong Kong Government, Hong Kong’s gross domestic product (“**GDP**”) contracted by 3.5% year-on-year in real terms in 2022.

The property sales in Hong Kong decreased by 38% year-on-year in 2022 according to the Land Registry. Nevertheless, according to the provisional results of the “Report on the Quarterly Survey of Construction Output” published by the C&SD, the total gross value of construction works carried out by the main contractors in Hong Kong increased by 5.7% in nominal terms year-on-year to HK\$247.1 billion in 2022, whilst the gross value of construction works carried out at private sector sites increased by 7.2% in nominal terms year-on-year to HK\$66.7 billion in 2022. Despite the fluctuating pandemic situation in Hong Kong during the Year, it did not adversely affect the number of construction projects in Hong Kong, and the demand for fitting-out works in Hong Kong remained stable.

Under the impact of the Covid-19 pandemic and global economic slowdown, according to the Statistics and Census Service of the government of the Macau Special Administrative Region (the “**Macau Government**”), Macau’s GDP contracted by 26.8% year-on-year in real terms to Macau Pataca (“**MOP**”) 177.3 billion in 2022. The number of visitors also continuously decreased. In 2022, the number of visitors decreased by 26% year-on-year to 5.7 million, and the occupancy rate of hotels decreased by 11.8% year-on-year to 38.3%. Furthermore, the Gaming Inspection and Coordination Bureau of Macau indicated that gross gambling revenue decreased by 51.4% year-on-year to MOP42.2 billion in 2022. The number of visitor arrivals in Macau has not recovered from the impact of the Covid-19 pandemic, and thus the decline of tourist arrivals adversely affected the performance of the hotel and gambling industries, and the fitting-out industry was also inevitably affected in Macau.

According to the preliminary estimates of the National Bureau of Statistics of China, the PRC’s GDP increased by 3.0% year-on-year to Renminbi (“**RMB**”) 121,020.7 billion in 2022. Nevertheless, in 2022, investments in real estate development decreased by 10.0% year-on-year to RMB13,289.5 billion, among which, investments in residential buildings decreased by 9.5% year-on-year to RMB10,064.6 billion. The floor space of newly started area of houses decreased by 39.4% year-on-year to 1,205.9 million square meters (“**m<sup>2</sup>**”), of which the floor space of newly started residential area decreased by 39.8% year-on-year to 881.4 million m<sup>2</sup>. The Covid-19 pandemic severely affected the sales, investments and construction activities of the PRC’s real estate, and the fitting-out industry was also inevitably 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 hotel, commercial building and residential property projects. It further expanded its fitting-out business to Singapore in 2021. The Group is also engaged in the provision of alteration and addition and construction works in Hong Kong, and in the manufacturing, sourcing and distribution of interior decorative materials business internationally. During the Year, around 98.4% of the Group's revenue was derived from its fitting-out business.

Despite the challenging operating environment, the Group's experienced management team is committed to maintaining stable business development by flexibly adjusting its business strategy, integrating the resources, optimising the business layout, and prudently controlling the project risks and costs for different market needs. With its distinguished brand reputation, stringent quality control and technical advantages, the Group gained customer trust and support and obtained a number of large-scale and high-end fitting-out projects during the Year. Such high-quality orders have laid a solid foundation for the Group's long-term development.

### **Fitting-out works**

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

During the Year, the Group completed a total of 24 fitting-out projects, including 7 in Hong Kong, 2 in Macau and 15 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\$3,618.0 million, out of which HK\$1,437.8 million was recognised as revenue during the Year. As at 31 December 2022, the Group had 52 projects on hand (including contracts in progress and contracts signed but yet to commence), including 24 in Hong Kong, 1 in Singapore and 27 in the PRC, with an individual contract sum of not less than HK\$50.0 million. The total contract sum and value of the outstanding works of such projects as at 31 December 2022 amounted to HK\$7,704.7 million and HK\$5,466.4 million, respectively.

During the Year, the Group's revenue derived from its fitting-out business decreased by HK\$968.0 million or 17.4% year-on-year to HK\$4,605.4 million (Previous Year: HK\$5,573.4 million). Such decrease was mainly attributable to the outbreak of the Covid-19 pandemic, which resulted in a delay in the progress of the Group's fitting-out projects during the Year.

The Group's gross profit derived from its fitting-out business during the Year decreased by HK\$155.4 million or 19.0% year-on-year to HK\$664.6 million (Previous Year: HK\$820.0 million). The decrease in gross profit was mainly attributable to the decrease in revenue and the slight decrease of gross profit margin of its fitting-out business from 14.7% for the Previous Year to 14.4% for the Year.

## **Alteration and addition and construction works**

The Group carried out alteration and addition and construction business in Hong Kong through Kin Shing (Leung's) General Contractors Limited ("**Kin Shing**"), a registered general building contractor in Hong Kong. Kin Shing's principal scope of services include construction, interior decoration, repair, maintenance and alteration and addition works for hotels, commercial buildings, residential properties and factories in Hong Kong. In order to realise the Group's investment in Kin Shing, the Group disposed its entire equity interests in Kin Shing at a consideration of HK\$37.8 million on 17 November 2022. For details, please refer to the announcement of the Company on the same day.

During the Year, the Group completed 3 alteration and addition and construction projects, with a total contract sum of HK\$270.3 million, out of which HK\$33.4 million was recognised as revenue during the Year. As at 31 December 2022, the Group did not have any on-going alteration and addition and construction projects.

During the Year, the Group's revenue derived from its alteration and addition and construction business decreased by HK\$27.2 million or 28.9% year-on-year to HK\$66.9 million (Previous Year: HK\$94.1 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 profit derived from its alteration and addition and construction business was HK\$0.1 million during the Year (Previous Year: gross loss of HK\$14.8 million), whilst the gross profit margin was 0.1% (Previous Year: gross loss margin of 15.7%). Such gross profit and gross profit margin for the Year were primarily attributable to completion of the aforesaid 3 projects.

## **Manufacturing, sourcing and distribution of interior decorative materials**

One of the Group's core competencies lies in its manufacturing base and research and development centre in the PRC. Through 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<sup>2</sup>. 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 Year, the Group's revenue derived from external customers of its manufacturing, sourcing and distribution of interior decorative materials business decreased by HK\$16.1 million or 71.9% year-on-year to HK\$6.3 million (Previous Year: HK\$22.4 million). Such decrease was primarily attributable to the decrease in acceptance of orders from external customers and indent sales during the Year, as compared to the Previous Year.

In addition, the Group's gross loss derived from its manufacturing, sourcing and distribution of interior decorative materials business was HK\$1.0 million during the Year (Previous Year: gross profit of HK\$3.5 million), whilst the gross loss margin was 15.9% (Previous Year: gross profit margin of 15.6%). Such gross loss and gross loss margin for the Year were primarily due to the additional repair and modification works which the Group performed at its own cost.

## **Principal risks**

As at 31 December 2022, the Group was principally engaged in integrated fitting-out works in Hong Kong, Macau, Singapore and the PRC and manufacturing, sourcing and distribution of interior decorative materials business internationally. Under the ever-changing business environment, the Group faces various business risks, challenges and uncertainties, including but not limited to: (i) the economy of Macau may adversely affect the Group's performance and financial condition; (ii) the Group's contracts are not recurring in nature and its business prospects heavily depend on its continuing success on project tenders; (iii) if the Group cannot effectively adapt to market conditions and customer preferences, or fails to provide competitive pricing, its success rate on project tenders may be adversely affected; (iv) the business strategies and performance of the Group's major customers may affect its business; and (v) the Group's estimated time and costs to determine the tender price and its failure to make accurate estimates may lead to cost overruns or even losses in its projects.

## **FINANCIAL REVIEW**

### **Revenue, gross profit and gross profit margin**

During the Year, the Group's revenue decreased by HK\$1,011.3 million or 17.8% year-on-year to HK\$4,678.6 million (Previous Year: HK\$5,689.9 million) and its gross profit decreased by HK\$145.1 million or 17.9% year-on-year to HK\$663.7 million (Previous Year: HK\$808.8 million). The Group's gross profit margin remained stable at 14.2% (Previous Year: 14.2%). Such decreases in revenue and gross profit were primarily due to the decreases in its fitting-out business as discussed under the paragraph headed "Business Review – Fitting-out works" in this announcement.

### **Other income, other gains and losses**

The Group recorded net other income of HK\$30.6 million for the Year (Previous Year: other net losses of HK\$15.6 million) which is primarily due to the decrease in net loss from fair value changes of financial assets at FVTPL by HK\$25.6 million as compared to the Previous Year. Furthermore, net foreign exchange gains were HK\$10.1 million for the Year (Previous Year: net foreign exchange losses of HK\$2.4 million). Details of other income, other gains and losses are set out in note 5 to the Consolidated Statement of Profit or Loss and Other Comprehensive Income in this announcement.

### **Profit for the year**

The Group's profit for the year decreased by HK\$83.8 million or 22.6% year-on-year to HK\$287.5 million (Previous Year: HK\$371.3 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 Year was HK13.32 cents (Previous Year: HK17.20 cents), decreased by HK3.88 cents or 22.6% year-on-year, which is in line with the decrease in profit for the year. Details of earnings per share are set out in note 10 to the Consolidated Statement of Profit or Loss and Other Comprehensive Income in this announcement.

## **Final dividend**

The Board proposed a final dividend of HK6 cents per Share (the “**Final Dividend**”) for the Year, subject to the approval of the Shareholders at the AGM, representing approximately 45% of the profit available for distribution for the Year, which is in line with the Company's dividend policy.

## **Material acquisition and disposal**

On 17 November 2022, the Group disposed its entire equity interests in Kin Shing to AIM FAR INTERNATIONAL LIMITED at a consideration of HK\$37.8 million. For details, please refer to the announcement of the Company on the same day.

Save as disclosed above, no other material acquisition and disposal of subsidiaries, associates and joint ventures was carried out by the Group during the Year.

## **Investments**

### ***Financial assets at FVTPL***

As at 31 December 2022, the Group's financial assets at FVTPL comprised HK\$18.4 million, HK\$28.9 million and HK\$87.0 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 Year, the Group purchased HK\$50.1 million of unlisted fund investments, out of which HK\$18.7 million was disposed. Further, the Group recognised net fair value loss of HK\$8.0 million in profit or loss in respect of the financial assets at FVTPL, 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 31 December 2022, the Group's other financial assets at amortised cost comprised (i) a loan in the amount of HK\$48.2 million to a subsidiary of the aforesaid unlisted equity fund, an independent third party, for its working capital purpose, which will mature on 31 December 2023, with a fixed interest rate at 8% per annum; and (ii) three corporate bonds traded in the secondary market in the amount of HK\$10.8 million, 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 the 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.

None of the above financial assets at FVTPL and other financial assets at amortised cost held by the Group had a value of 5% or more of the total assets of the Group, and the Group did not hold any significant investments during the Year.

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 Year, the Group mainly relied on internally generated funds to finance its business operations.

During the Year, the Group continued to maintain solid financial and cash positions. As at 31 December 2022, the Group's net current assets amounted to HK\$2,694.8 million, representing an increase of HK\$174.2 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\$1,527.7 million, representing a decrease of HK\$270.2 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 dividend payment and repayments of bank borrowings.

As at 31 December 2022, the bank borrowings of the Group amounted to HK\$0.5 million (31 December 2021: HK\$84.5 million), out of which HK\$0.2 million, HK\$0.2 million and HK\$0.1 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 Year, the Group continued to maintain a healthy liquidity position. As at 31 December 2022, the Group's current assets and current liabilities amounted to HK\$6,128.4 million and HK\$3,433.5 million, respectively (31 December 2021: HK\$6,322.2 million and HK\$3,801.7 million, respectively). The Group's current ratio as at 31 December 2022 increased to 1.8 (31 December 2021: 1.7) and the Group maintained sufficient liquid assets to finance its business operations during the Year.

As at 31 December 2022, the Group's gearing ratio of total debts (bank borrowings) divided by total equity was 0.02% (31 December 2021: 2.6%). The decrease in gearing ratio was primarily due to the decrease in the Group's bank borrowings.

As at 31 December 2022, the share capital and equity attributable to owners of the Company amounted to HK\$1,246.8 million and HK\$3,247.6 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\$89.9 million and HK\$62.3 million, respectively as at 31 December 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 31 December 2022 and 31 December 2021, respectively.

As at 31 December 2022, the Group had capital commitments of HK\$50,000 (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 Euro, MOP, RMB, Singapore Dollars and United States Dollars. As at 31 December 2022, all of the Group's bank borrowings were made in 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 Year, the Group experienced delay in settlement of its PRC's projects by property developers of the PRC, many of which have their credit ratings being downgraded by international credit rating agencies. Considering the Group's historical credit losses, the current and forecasts of economic conditions of the PRC, forward-looking factors and prospects of the real estate industry of the PRC, 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 its expected credit loss model during the Year. 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 Year. 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 Year 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 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 31 December 2022, the Group had 1,987 employees (31 December 2021: 2,147). The Group's gross staff costs (including the Directors' emoluments) increased by HK\$25.1 million or 5.1% year-on-year to HK\$513.5 million for the Year (Previous Year: HK\$488.4 million). Such increase was mainly attributable to the increase in average number of employees by 2.7%.

## PROSPECTS AND STRATEGIES

Looking ahead to 2023, with the gradual global resumption of normal travel and the relaxation of quarantine requirements in the PRC, Hong Kong reopened its border with the PRC in phases at the beginning of 2023. It is expected that the number of visitors to Hong Kong will rebound significantly, providing the sufficient momentum for recovery in Hong Kong's tourism, retail, catering and hotel industries, as well as boosting confidence in the investment of the commercial and housing markets of Hong Kong. Meanwhile, the reopening of the border creates job opportunities. Employers expect to increase recruitment in the future, and the overall employment situation in Hong Kong is expected to improve. On the other hand, the U.S. rate hikes are expected to slow down, and it is expected that the accumulated purchasing power of local housing will be released. Moreover, the Hong Kong Government has proposed new measures for talent attraction, intending to attract at least 35,000 talents to work in Hong Kong annually in the next three years, injecting impetus into the Hong Kong real estate market. The strong housing demand will create opportunities for the local construction and fitting-out industries. The Group will promptly respond to government policies and closely monitor market developments to seize development opportunities.

The Macau Government announced the continuation of the “Wealth Partaking Scheme” to distribute MOP10,000 in cash to each permanent resident, which is expected to stimulate local consumption and boost Macau’s economy. Furthermore, in line with the goal of building a world centre of tourism and leisure, the Macau Government will continue to promote the diversified development of tourism and leisure, deepen integration across the sectors of “tourism +”, and create a diversified city integrating tourism and entertainment, culture and sports, conferences and exhibitions, health and wellness, scientific and technological experiences, and events and activities, so as to enhance Macau’s overall tourism attractiveness and tourist consumption level. The Macau Government will also set aside MOP650 million to provide preferential transportation and accommodation to attract more visitors. On the other hand, six gaming operators have been given a new ten-year licences to operate casinos in Macau, with a total committed investment of MOP118.8 billion, of which MOP108.7 billion will be used for non-gaming projects and foreign markets development. It is expected that the number of investment and construction projects will be bumped up, and the Group will actively look for opportunities to participate in large-scale and high-end fitting-out projects.

The PRC Government held the Central Economic Work Conference (the “**Conference**”) earlier to decide priorities for the economic work in 2023. The Conference emphasised on the work of stabilising growth, employment, and prices to maintain a stable economic performance and prioritising the recovery and expansion of domestic demand. Furthermore, the PRC Government continues to adhere the principle that “houses are for living in, not for speculation” to ensure the stable development of the real estate market. On the other hand, with the relaxation of quarantine requirements for inbound travellers in the PRC, China Tourism Academy estimates that there will be around 20 million inbound trips in the PRC by the end of 2023, thereby stimulating consumption in accommodation, catering, shopping and entertainment. In addition, the 2023 McKinsey China Consumer Report stated that the growth of upper-middle and high-income households is powering robust consumption growth. The Group will flexibly deploy resources to meet national policies and market trends. Meanwhile, it will continue to expand its cooperation with well-known foreign and local real estate developers, and prudently undertake large-scale and high-end fitting-out projects to maintain steady growth in the PRC.

Looking forward, the impact of the Covid-19 pandemic on the global economy remains uncertain, the geopolitical situation is complicated and volatile, and the market competition is intensive. The Group will pay close attention to the market development in Hong Kong, Macau and the PRC, actively integrate the Group’s market development plan into the national and regional development strategy, and seize the opportunities brought by the Guangdong-Hong Kong-Macao Greater Bay Area and the Belt and Road Initiative. Meanwhile, the Group will also prudently expand its business layout to overseas markets such as Singapore, with a view to expanding its market share gradually and orderly. Besides, the Group will continue to improve management and operational efficiency and project quality, to strive for more premium customers and new contracts, to strengthen its leadership position and reputation in the industry, and to create more profitable growth for the Group.

## **FINAL DIVIDEND AND AGM**

The Board proposed the Final Dividend of approximately HK\$129.5 million for the Year. The payment of such dividend will be subject to the approval of the Shareholders at the AGM and is payable to the Shareholders whose names appear on the register of members of the Company at the close of business on 9 June 2023. Subject to the approval of the Shareholders at the AGM, it is expected that the proposed Final Dividend will be paid on 23 June 2023. Notice of the AGM will be published on the Company's website and despatched to the Shareholders in the manner required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") in due course.

## **CLOSURE OF REGISTER OF MEMBERS**

In order to establish entitlement to attend and vote at the AGM, the register of members of the Company will be closed from 29 May 2023 to 1 June 2023, both days inclusive, during which no transfer of Shares will be registered. All transfers of Shares accompanied by the relevant share certificates and properly completed transfer forms must be lodged with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, for registration not later than 4:30 p.m. on Thursday, 25 May 2023.

For determining the entitlement to the proposed Final Dividend, the register of members of the Company will be closed from 7 June 2023 to 9 June 2023, both days inclusive, during which no transfer of Shares will be registered. In order to qualify for the entitlement to the proposed Final Dividend, all transfers of Shares accompanied by the relevant share certificates and properly completed transfer forms must be lodged with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, for registration not later than 4:30 p.m. on Tuesday, 6 June 2023.

## **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 Year.

## **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, policies 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 Year, 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 Year. 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 Year.

## **AUDIT COMMITTEE**

As at the date of this announcement, the audit committee of the Board (the “**Audit Committee**”) comprised three independent non-executive Directors, namely, Mr. Tam Anthony Chun Hung (chairman of the Audit Committee), Mr. Huang Pu and Mr. Li Zheng.

The Audit Committee has reviewed and discussed the accounting principles and policies adopted by the Group, the financial information of the Group and the consolidated annual results of the Group for the Year with the Group’s management and auditor, BDO Limited.

## **SCOPE OF WORK OF BDO LIMITED**

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

## **PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT**

This announcement is published on the respective websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.sundart.com](http://www.sundart.com)). The annual report of the Company for the Year 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 Year.

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

Hong Kong, 28 March 2023

*As of the date of this announcement, the executive Directors are Mr. Ng Tak Kwan, Mr. Ng Chi Hang, Mr. Ding Jingyong, Mr. Guan Yihe and Mr. Xie Jianyu; 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.*

\* *for identification purpose only*