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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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2023

FINANCIAL HIGHLIGHTS

(in million HK dollars, unless otherwise stated)

	Six months ended 30 June		Change
	2023	2022	
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	
Revenue	2,135.2	2,039.6	4.7%
Gross profit	271.6	272.4	(0.3%)
Gross profit margin	12.7%	13.4%	(0.7%)
Profit attributable to owners of the Company	113.6	96.1	18.2%
Basic and diluted earnings per share <i>(HK cents)</i>	5.26	4.45	18.2%
	30 June	31 December	
	2023	2022	
	<i>(Unaudited)</i>	<i>(Audited)</i>	Change
Equity attributable to owners of the Company	3,204.7	3,247.6	(1.3%)

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 2023 (the “**Period**”) together with the comparative figures for the six months ended 30 June 2022 (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 2023

	<i>Notes</i>	Six months ended 30 June	
		2023	2022
		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Revenue	3	2,135,173	2,039,646
Cost of sales		(1,863,565)	(1,767,277)
Gross profit		271,608	272,369
Other income, other gains and losses	5	20,538	10,787
Impairment losses under expected credit loss model, net of reversal		(12,401)	(21,445)
Selling expenses		(3,602)	(4,926)
Administrative expenses		(88,847)	(96,999)
Other expenses		(36,285)	(36,110)
Share of losses of associates		(3,932)	(5,807)
Finance costs		(440)	(557)
Profit before tax		146,639	117,312
Income tax expense	6	(33,058)	(21,260)
Profit for the period attributable to owners of the Company	7	113,581	96,052

**CONDENSED CONSOLIDATED STATEMENT OF
PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME** *(Continued)*
For the six months ended 30 June 2023

		Six months ended 30 June	
		2023	2022
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		<i>(Unaudited)</i>	<i>(Unaudited)</i>
Other comprehensive expenses			
<i>Item that will not be reclassified to profit or loss:</i>			
Gain on revaluation of properties transferred to investment properties		<u>9,810</u>	<u>–</u>
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		(36,486)	(59,769)
Share of other comprehensive expense of an associate		<u>(374)</u>	<u>(1,619)</u>
		<u>(36,860)</u>	<u>(61,388)</u>
Other comprehensive expenses for the period		<u>(27,050)</u>	<u>(61,388)</u>
Total comprehensive income for the period attributable to owners of the Company		<u>86,531</u>	<u>34,664</u>
Earnings per share			
Basic and diluted <i>(HK cents)</i>	9	<u>5.26</u>	<u>4.45</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2023

		At 30 June 2023 HK\$'000 (Unaudited)	At 31 December 2022 HK\$'000 (Audited)
Non-current assets			
Property, plant and equipment		234,817	322,992
Right-of-use assets		17,171	19,561
Investment properties		161,879	69,163
Goodwill		1,510	1,510
Interest in an associate		93,670	97,976
Financial assets at fair value through profit or loss		20,812	18,438
Other financial assets at amortised cost		9,603	9,608
Deferred tax assets		27,115	25,188
		566,577	564,436
Current assets			
Inventories		56,891	50,514
Trade and other receivables and bills receivable	10	2,800,659	2,994,340
Amounts due from related companies	11	2,464	1,571
Amounts due from fellow subsidiaries	12	2,958	1,069
Contract assets		1,449,903	1,309,737
Tax recoverable		12,452	15,882
Financial assets at fair value through profit or loss		87,800	115,866
Other financial assets at amortised cost		67,302	49,439
Pledged bank deposits		74,418	62,294
Bank balances and cash		1,150,065	1,527,653
		5,704,912	6,128,365
Current liabilities			
Trade and other payables	13	2,266,748	2,626,377
Bills payable	14	624,436	650,793
Amounts due to fellow subsidiaries		45	647
Tax payable		60,792	39,390
Bank borrowings		421	526
Lease liabilities		13,599	11,289
Contract liabilities		91,436	104,513
		3,057,477	3,433,535
Net current assets		2,647,435	2,694,830
Total assets less current liabilities		3,214,012	3,259,266

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*
At 30 June 2023

	At 30 June 2023 <i>HK\$'000</i> <i>(Unaudited)</i>	At 31 December 2022 <i>HK\$'000</i> <i>(Audited)</i>
Capital and reserves		
Share capital	1,246,815	1,246,815
Reserves	<u>1,957,851</u>	<u>2,000,813</u>
Equity attributable to owners of the Company	<u>3,204,666</u>	<u>3,247,628</u>
Non-current liabilities		
Deferred tax liabilities	5,423	2,984
Lease liabilities	<u>3,923</u>	<u>8,654</u>
	<u>9,346</u>	<u>11,638</u>
	<u>3,214,012</u>	<u>3,259,266</u>

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 new and amendments to Hong Kong Financial Reporting Standards (“HKFRSs”), the accounting policies and methods of computation used in the condensed consolidated financial statements for the Period are the same as those presented in the Group’s annual consolidated financial statements for the year ended 31 December 2022.

Application of new and amendments to HKFRSs

The Group has applied the following new and amendments to HKFRSs issued by the HKICPA to this interim financial report for the current accounting period:

HKFRS 17	Insurance Contracts
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred tax related to assets and liabilities arising from a single transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules

None of the application of the new and 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 the condensed consolidated financial statements.

3. REVENUE

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

	Six months ended 30 June	
	2023	2022
	HK\$’000	HK\$’000
	(Unaudited)	(Unaudited)
Contract revenue from fitting-out works (<i>note a</i>)	2,123,795	2,006,332
Contract revenue from alteration and addition and construction works (<i>note a</i>)	11,041	27,794
Manufacturing, sourcing and distribution of interior decorative materials (<i>note b</i>)	337	5,520
	<u>2,135,173</u>	<u>2,039,646</u>

For the six months ended 30 June 2023

	Fitting-out works <i>HK\$'000</i> <i>(Unaudited)</i>	Alteration and addition and construction works <i>HK\$'000</i> <i>(Unaudited)</i>	Manufacturing, sourcing and distribution of interior decorative materials <i>HK\$'000</i> <i>(Unaudited)</i>	Total <i>HK\$'000</i> <i>(Unaudited)</i>
Geographical markets				
Hong Kong	738,506	11,041	–	749,547
Macau	18,434	–	–	18,434
The Republic of Singapore (the “Singapore”)	473,992	–	–	473,992
The People’s Republic of China (the “PRC”)	892,863	–	231	893,094
United Kingdom	–	–	106	106
Total	<u>2,123,795</u>	<u>11,041</u>	<u>337</u>	<u>2,135,173</u>
Timing of revenue recognition				
A point in time	–	–	337	337
Over time	2,123,795	11,041	–	2,134,836
Total	<u>2,123,795</u>	<u>11,041</u>	<u>337</u>	<u>2,135,173</u>

For the six months ended 30 June 2022

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

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 six months ended 30 June 2023

	Fitting-out works in Hong Kong HK\$'000 (Unaudited)	Fitting-out works in Macau HK\$'000 (Unaudited)	Fitting-out works in Singapore 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	738,506	18,434	473,992	892,863	11,041	337	2,135,173	-	2,135,173
Inter-segment revenue	-	-	-	-	-	120,777	120,777	(120,777)	-
Segment revenue	<u>738,506</u>	<u>18,434</u>	<u>473,992</u>	<u>892,863</u>	<u>11,041</u>	<u>121,114</u>	<u>2,255,950</u>	<u>(120,777)</u>	<u>2,135,173</u>
Segment profit (loss)	<u>68,433</u>	<u>78,149</u>	<u>51,758</u>	<u>(67,877)</u>	<u>(968)</u>	<u>14,597</u>	<u>144,092</u>	<u>-</u>	<u>144,092</u>
Share of loss of an associate									(3,932)
Unallocated other income									25,335
Unallocated corporate expenses									(18,416)
Unallocated finance costs									(440)
Profit before tax									<u>146,639</u>

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

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	
	2023 <i>HK\$'000</i> <i>(Unaudited)</i>	2022 <i>HK\$'000</i> <i>(Unaudited)</i>
Other income		
Interest income	18,294	7,047
Rental income	3,358	1,263
Entrustment fee income	160	171
Government grants (<i>note</i>)	–	4,568
Others	1,828	1,117
	<u>23,640</u>	<u>14,166</u>
Other gains and losses		
Net gain (loss) from fair value changes of financial assets at fair value through profit or loss (“FVTPL”)	3,118	(3,099)
Gain (loss) on disposal of property, plant and equipment	93	(3)
Net foreign exchange losses	(2,249)	(277)
Loss from fair value changes of investment properties	(4,064)	–
	<u>(3,102)</u>	<u>(3,379)</u>
	<u>20,538</u>	<u>10,787</u>

Note: During the prior 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	
	2023 <i>HK\$'000</i> <i>(Unaudited)</i>	2022 <i>HK\$'000</i> <i>(Unaudited)</i>
Current tax		
Hong Kong Profits Tax	9,578	5,630
Macau Complementary Tax	14,646	10,281
Singapore Corporate Income Tax	8,793	–
PRC Enterprise Income Tax	434	2,997
	<u>33,451</u>	<u>18,908</u>
 (Over) under provision in prior periods		
Hong Kong Profits Tax	–	(30)
PRC Enterprise Income Tax	(206)	5,042
	<u>(206)</u>	<u>5,012</u>
 Deferred tax		
Current period	(187)	(2,660)
	<u>33,058</u>	<u>21,260</u>

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.

Singapore Corporate Income Tax was calculated at 17% 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	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Profit for the period has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	8,701	9,217
Depreciation of right-of-use assets	8,532	5,038
	17,233	14,255
Cost of inventories recognised as expenses in respect of		
External revenue	292	4,177
Inter-segment revenue	82,228	84,581
	82,520	88,758
Allowance for inventories (included in cost of sales)	482	519
Contract costs recognised as expenses		
Fitting-out works (<i>note</i>)	1,852,369	1,733,914
Alteration and addition and construction works	10,422	28,667
	1,862,791	1,762,581
Research and development expenses (included in other expenses)	36,159	35,866
Staff costs		
Gross staff costs (including Directors' emoluments)	211,584	229,686
Less: Staff costs capitalised to contract costs and inventories	(144,370)	(150,730)
	67,214	78,956
Gross rental income from investment properties	(3,358)	(1,263)
Less: Direct operating expenses incurred for investment properties that generated rental income during the Period	431	179
	(2,927)	(1,084)

Note: Contract costs of fitting-out works recognised as expenses included cost of inventories recognised as expenses of HK\$82,228,000 (Previous Period: HK\$84,581,000).

8. DIVIDENDS

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Dividends for ordinary shareholders of the Company (the “Shareholders”) recognised as distribution during the Period:		
2022 final dividend – HK6 cents per share (Previous Period: 2021 final dividend – HK7 cents per share)	<u>129,493</u>	<u>151,075</u>

The Directors do not recommend the payment of an interim dividend for both periods.

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	
	2023	2022
	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	<u>113,581</u>	<u>96,052</u>
	2023	2022
	'000	'000
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 ordinary shares 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 2023 <i>HK\$'000</i> <i>(Unaudited)</i>	At 31 December 2022 <i>HK\$'000</i> <i>(Audited)</i>
Trade receivables (gross carrying amount)		
Fitting-out works	824,792	952,492
Alteration and addition and construction works	10,970	23,327
Manufacturing, sourcing and distribution of interior decorative materials	1,501	1,665
	<u>837,263</u>	<u>977,484</u>
Less: Allowance for credit losses	(56,890)	(56,183)
	<u>780,373</u>	<u>921,301</u>
Trade receivables (net carrying amount)		
Unbilled receivables (gross carrying amount) <i>(note)</i>	1,457,556	1,556,644
Less: Allowance for credit losses	(104,338)	(103,884)
	<u>1,353,218</u>	<u>1,452,760</u>
Unbilled receivables (net carrying amount)		
Other receivables (gross carrying amount)	152,216	164,959
Less: Allowance for credit losses	(17,429)	(11,361)
	<u>134,787</u>	<u>153,598</u>
Other receivables (net carrying amount)		
Bills receivable (gross carrying amount)	19,242	29,898
Less: Allowance for credit losses	(542)	(3,470)
	<u>18,700</u>	<u>26,428</u>
Bills receivable (net carrying amount)		
Prepayments and deposits	513,581	440,253
	<u>2,800,659</u>	<u>2,994,340</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.

	At 30 June 2023 <i>HK\$'000</i> <i>(Unaudited)</i>	At 31 December 2022 <i>HK\$'000</i> <i>(Audited)</i>
1–30 days	310,781	421,285
31–60 days	142,178	100,243
61–90 days	41,405	28,925
Over 90 days	286,009	370,848
	<u>780,373</u>	<u>921,301</u>

Bills receivable

As at 30 June 2023, the carrying amount of bills receivable amounting to HK\$18,700,000 (31 December 2022: HK\$26,428,000) 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 2023 <i>HK\$'000</i> <i>(Unaudited)</i>	At 31 December 2022 <i>HK\$'000</i> <i>(Audited)</i>
1–30 days	–	19,149 ^(Note)
31–60 days	304	–
61–90 days	320	–
Over 90 days	18,076 ^(Note)	7,279
	<u>18,700</u>	<u>26,428</u>

Note: As at 30 June 2023, the relevant bills receivable amounting to HK\$3,283,000 which was included in the “Over 90 days” band (31 December 2022: HK\$3,729,000 included in the “1-30 days” band) 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

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

	At 30 June 2023 <i>HK\$'000</i> <i>(Unaudited)</i>	At 31 December 2022 <i>HK\$'000</i> <i>(Audited)</i>
Trade receivables	1,483	1,571
Other receivables	981	–
	<u>2,464</u>	<u>1,571</u>

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 2023 and 31 December 2022, the trade receivables due from the related companies were aged over 90 days based on invoice date.

Other receivables from a related company

As at 30 June 2023, the other receivables represented rent receivables from a related company.

12. AMOUNTS DUE FROM FELLOW SUBSIDIARIES

	At 30 June 2023 <i>HK\$'000</i> <i>(Unaudited)</i>	At 31 December 2022 <i>HK\$'000</i> <i>(Audited)</i>
Trade receivables	2,421	920
Other receivables	537	149
	<u>2,958</u>	<u>1,069</u>

Trade receivables from fellow subsidiaries

The Group allows a credit period of 30 days to its trade receivables due from fellow subsidiaries. As at 30 June 2023 and 31 December 2022, the trade receivables due from the fellow subsidiaries were aged within 30 days based on invoice date.

Other receivables from fellow subsidiaries

As at 30 June 2023 and 31 December 2022, the other receivables represented deposits paid to and rent receivables from fellow subsidiaries.

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 2023 <i>HK\$'000</i> <i>(Unaudited)</i>	At 31 December 2022 <i>HK\$'000</i> <i>(Audited)</i>
Contract creditors and suppliers	1,556,737	1,863,600
Retentions payable	480,299	462,624
	<u>2,037,036</u>	<u>2,326,224</u>
Other tax payables	156,362	151,863
Other payables and accruals	73,350	148,290
	<u>2,266,748</u>	<u>2,626,377</u>

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

	At 30 June 2023 <i>HK\$'000</i> <i>(Unaudited)</i>	At 31 December 2022 <i>HK\$'000</i> <i>(Audited)</i>
1–30 days	728,989	945,569
31–60 days	121,195	219,278
61–90 days	77,316	84,760
Over 90 days	629,237	613,993
	<u>1,556,737</u>	<u>1,863,600</u>

As at 30 June 2023, the Group's retentions payable of HK\$198,881,000 (31 December 2022: HK\$229,056,000) was expected to be paid after one year.

14. BILLS PAYABLE

As at 30 June 2023 and 31 December 2022, certain bills payable were secured by certain pledged bank deposits and were repayable as follows:

	At 30 June 2023 <i>HK\$'000</i> <i>(Unaudited)</i>	At 31 December 2022 <i>HK\$'000</i> <i>(Audited)</i>
1–30 days	217,436	128,331
31–60 days	50,390	81,431
61–90 days	93,459	92,953
Over 90 days	263,151	348,078
	<u>624,436</u>	<u>650,793</u>

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

During the Period, Hong Kong's economy has improved significantly, led by the strong recovery of inbound tourism and domestic demand. According to the Census and Statistics Department (the "C&SD") of the Hong Kong Government, Hong Kong's real gross domestic product ("GDP") increased by 2.7% year-on-year in the first quarter of 2023, ending the decline of the previous four consecutive quarters.

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 7.4% in nominal terms year-on-year to HK\$62.6 billion in the first quarter of 2023, whilst the gross value of construction works carried out at private sector sites increased by 18.2% in nominal terms year-on-year to HK\$17.0 billion in the first quarter of 2023. Meanwhile, the gross value of construction works carried out at construction sites in respect of residential buildings projects increased by 16.4% in nominal terms year-on-year to HK\$12.5 billion in the first quarter of 2023. It is noted that there is an increase in the demand for fitting-out works in Hong Kong as a result of the increase in gross value of construction works in Hong Kong.

With the relaxation of various anti-epidemic measures for inbound travellers in Macau from 8 January 2023, Macau's economy has recovered steadily. According to the Statistics and Census Service of the government of the Macau Special Administrative Region (the "Macau Government"), Macau's GDP increased by 38.8% year-on-year in real terms in the first quarter of 2023, benefitting from the relaxation of border control measures, the full resumption of personnel exchanges between Hong Kong and Macau, and the resumption of group tours from the PRC to Macau. In the first quarter of 2023, visitor arrivals increased by 163.7% year-on-year to 5.0 million; exports of gaming services and other tourism services increased by 100.0% and 72.9%, respectively. Furthermore, the Gaming Inspection and Coordination Bureau of Macau indicated that gross gaming revenue increased by 95% year-on-year to Macau Pataca ("MOP") 34.6 billion in the first quarter of 2023. Driven by the recovery and rapid growth of the tourism and gaming industries, the demand for fitting-out works in Macau also increased.

According to the National Bureau of Statistics of China, the PRC's GDP increased by 5.5% year-on-year to Renminbi ("RMB") 59,303.4 billion in the first half year of 2023, whilst the gross output value of construction industry increased by 5.9% year-on-year to RMB13,226.1 billion in the first half year of 2023. Nevertheless, in the first half year of 2023, investments in real estate development decreased by 7.9% year-on-year to RMB5,855.0 billion, among which, investments in residential buildings decreased by 7.3% year-on-year to RMB4,443.9 billion. The floor space of buildings under construction by the PRC's real estate developers decreased by 6.6% year-on-year to 7,915.5 million square meters ("m²"), of which the floor space of residential buildings under construction decreased by 6.9% year-on-year to 5,570.8 million m². The relatively sluggish real estate development and construction in the PRC have led to a slowdown in demand for fitting-out works.

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 Period, around 99.5% of the Group's revenue was derived from its fitting-out business.

Despite the challenging economic environment, the Group continuously improves its business model and maintains prudent cost control by leveraging the expertise and management skills of its management team to enhance its operational efficiency and productivity, and builds long-term business resilience. A long-standing commitment to project quality has further consolidated the Group's brand value and leading position in the industry. The Group obtained a number of large-scale fitting-out projects during the Period. Such projects have laid a solid foundation for the Group's sustainable growth.

Fitting-out works

The Group's fitting-out business primarily comprises the 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 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 8 fitting-out projects, including 2 in Hong Kong and 6 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\$605.8 million, out of which HK\$80.0 million was recognised as revenue during the Period. As at 30 June 2023, the Group had 57 projects on hand (including contracts in progress and contracts signed but yet to commence), including 30 in Hong Kong, 2 in Singapore and 25 in the PRC, 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 2023 amounted to HK\$8,802.3 million and HK\$5,845.3 million, respectively.

During the Period, the Group's revenue derived from its fitting-out business increased by HK\$117.5 million or 5.9% year-on-year to HK\$2,123.8 million (Previous Period: HK\$2,006.3 million). Such increase was mainly attributable to a number of sizeable fitting-out projects carried out in Hong Kong and Singapore during the Period. As a result, the Group's revenue derived from its fitting-out business in Hong Kong and Singapore increased by HK\$647.4 million, as compared to the Previous Period. Such positive effect was offset by the decrease in the revenue derived from its fitting-out projects in Macau as most of the Group's works in Macau were completed during 2022.

The Group's gross profit derived from its fitting-out business during the Period decreased by HK\$1.0 million or 0.4% year-on-year to HK\$270.9 million (Previous Period: HK\$271.9 million). The decrease in gross profit was mainly attributable to the slight decrease of gross profit margin of its fitting-out business from 13.6% for the Previous Period to 12.8% for the Period.

Alteration and addition and construction works

The Group carried out alteration and addition and construction business including construction, interior decoration, repair, maintenance and alteration and addition works in Hong Kong.

During the Period, the Group did not complete any alteration and addition and construction projects. As at 30 June 2023, the Group did not have any on-going alteration and addition and construction projects.

During the Period, the Group's revenue derived from its alteration and addition and construction business decreased by HK\$16.8 million or 60.4% year-on-year to HK\$11.0 million (Previous Period: HK\$27.8 million). Such decrease was primarily attributable to the Group not having tendered for any alteration and addition and construction projects in the past year.

The Group's gross profit derived from its alteration and addition and construction business was HK\$0.6 million during the Period (Previous Period: gross loss of HK\$0.8 million), whilst the gross profit margin was 5.5% (Previous Period: gross loss margin of 2.9%). Such gross profit and gross profit margin for the Period were primarily attributable to variation orders claimed from two completed 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 m². 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\$5.2 million or 94.5% year-on-year to HK\$0.3 million (Previous Period: HK\$5.5 million). Such decrease was primarily attributable to the decrease in acceptance of orders from external customers and 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\$1.25 million or 96.2% year-on-year to HK\$0.05 million (Previous Period: HK\$1.3 million), in line with the aforesaid decrease in revenue. Meanwhile, the gross profit margin for its manufacturing, sourcing and distribution of interior decorative materials business decreased from 23.6% for the Previous Period to 16.7% for the Period. Such decrease was attributable to the orders from the PRC with relatively high gross profit margin during the Previous Period.

FINANCIAL REVIEW

Revenue, gross profit and gross profit margin

During the Period, the Group's revenue increased by HK\$95.6 million or 4.7% year-on-year to HK\$2,135.2 million (Previous Period: HK\$2,039.6 million). Such increase in revenue was primarily due to the increase 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 decreased by HK\$0.8 million or 0.3% year-on-year to HK\$271.6 million (Previous Period: HK\$272.4 million). The decrease in gross profit was mainly attributable to the slight decrease of gross profit margin from 13.4% for the Previous Period to 12.7% for the Period.

Other income, other gains and losses

The Group recorded net other income of HK\$20.5 million for the Period (Previous Period: HK\$10.8 million) which is primarily due to the increase in interest income from bank deposits 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 increased by HK\$17.5 million or 18.2% year-on-year to HK\$113.6 million (Previous Period: HK\$96.1 million) as a result of the increase in interest income from bank deposits and the decrease in impairment losses on contract assets.

Basic and diluted earnings per share

The Company's basic and diluted earnings per share for the Period was HK5.26 cents (Previous Period: HK4.45 cents), increased by HK0.81 cents or 18.2% year-on-year, which is in line with the increase 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 2023, the Group's financial assets at FVTPL comprised HK\$20.8 million, nil and HK\$87.8 million (31 December 2022: HK\$18.4 million, HK\$28.9 million and HK\$87.0 million) of listed equity securities, unlisted fund investments and unlisted equity fund, respectively.

During the Period, the Group purchased HK\$11.4 million of unlisted fund investments and disposed all unlisted fund investments of HK\$40.3 million. Further, the Group recognised net fair value gain of HK\$3.1 million in profit or loss in respect of the financial assets at FVTPL, primarily as a result of an increase in the market prices of listed equity securities and unlisted equity fund.

Other financial assets at amortised cost

As at 30 June 2023, the Group's other financial assets at amortised cost comprised (i) two loans in the total amount of HK\$67.3 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% and 15% per annum, respectively; and (ii) three corporate bonds traded in the secondary market in the total amount of HK\$9.6 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 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.

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 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 2023, the Group's net current assets amounted to HK\$2,647.4 million, representing a decrease of HK\$47.4 million from HK\$2,694.8 million as recorded as at 31 December 2022. The Group's bank balances and cash in total amounted to HK\$1,150.1 million, representing a decrease of HK\$377.6 million from HK\$1,527.7 million as recorded as at 31 December 2022. Such decrease mainly resulted from the use of funds for the operating activities and dividend payment.

As at 30 June 2023, the bank borrowings of the Group amounted to HK\$0.4 million (31 December 2022: HK\$0.5 million), out of which HK\$0.2 million, HK\$0.2 million and nil (31 December 2022: HK\$0.2 million, HK\$0.2 million and HK\$0.1 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 2023, the Group's current assets and current liabilities amounted to HK\$5,704.9 million and HK\$3,057.5 million, respectively (31 December 2022: HK\$6,128.4 million and HK\$3,433.5 million, respectively). The Group's current ratio as at 30 June 2023 increased to 1.9 (31 December 2022: 1.8). The Group maintained sufficient liquid assets to finance its business operations during the Period.

As at 30 June 2023, the Group's gearing ratio of total debts (bank borrowings) divided by total equity was 0.01% (31 December 2022: 0.02%). The decrease in gearing ratio was primarily due to the decrease in the Group's bank borrowings.

As at 30 June 2023, the share capital and equity attributable to owners of the Company amounted to HK\$1,246.8 million and HK\$3,204.7 million, respectively (31 December 2022: HK\$1,246.8 million and HK\$3,247.6 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\$88.1 million and HK\$74.4 million, respectively as at 30 June 2023 (31 December 2022: HK\$89.9 million and HK\$62.3 million, respectively).

Contingent liabilities and capital commitments

The Group did not have any significant contingent liabilities as at 30 June 2023 and 31 December 2022, respectively.

As at 30 June 2023, the Group had capital commitments of HK\$151,000 (31 December 2022: HK\$50,000) in relation to purchases 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 30 June 2023, 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, RMB and Singapore dollars. 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, since 2020, the Group experienced delay in settlement of its PRC's projects by property developers of the PRC, many of which experienced downgrading of credit ratings 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. Nonetheless, the Group will continue to monitor and strengthen its collection measures and 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 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 2023, the Group had 1,844 employees (31 December 2022: 1,987 employees). The Group's gross staff costs (including the Directors' emoluments) decreased by HK\$18.1 million or 7.9% year-on-year to HK\$211.6 million for the Period (Previous Period: HK\$229.7 million). Such decrease was mainly attributable to the decrease in the average number of employees by 10.2%.

PROSPECTS AND STRATEGIES

Hong Kong lifted the anti-epidemic travel restrictions and fully resumed customs clearance with the PRC at the beginning of 2023. The Hong Kong Government has launched various promotional activities to drive up the momentum of Hong Kong's economic recovery. Domestically, the disbursement of the second instalment of the 2023 Consumption Voucher Scheme injected about HK\$13 billion of purchasing power into the market; and events launched under the "Happy Hong Kong" campaign aims to provide a series of diversified and enjoyable activities to the public, in order to stimulate local consumption and boost the economy. Overseas, the "Hello Hong Kong" campaign will distribute 500,000 free air tickets as well as various special offers, cash vouchers and other rewards to visitors from around the world. The campaign is expected to bring Hong Kong over 1.5 million or more visitors from the world to Hong Kong, thereby benefitting tourism, retail, catering, business, and exhibitions. On the other hand, the low unemployment rate in Hong Kong, coupled with the expected slowdown in the pace of interest rate hikes in the United States, will enhance public confidence in the real estate market. In addition, the Hong Kong Government has launched the "Top Talent Pass Scheme" to proactively attract PRC and overseas talents, and it is expected that the new population will support the demand for housing and create opportunities for Hong Kong's fitting-out industry. The Group will closely monitor market trends and seize development opportunities.

In order to promote the moderate diversification and sustainable development of Macau's economy, the Macau Government has unveiled the "Development Plan for Appropriate Economic Diversification of the Macao Special Administrative Region (2024-2028)", which provides more detailed development plans for tourism and leisure, convention and exhibition, commerce and trade, and continues to actively participate in the construction of the Guangdong-Macao In-depth Cooperation Zone in Hengqin. In addition, the Macao Government Tourism Office launched the "Experience Macao, Unlimited" campaign, which highlights different tourism themes every month to attract tourists to spend their holidays in Macau throughout the year, promotes the recovery of Macau's tourism, and deepens integration across the sectors of "tourism +" to accelerate the interactive development of tourism and other related industries. On the other hand, gaming operators and the Macau Government have entered a new 10-year gaming concession contracts. Gaming operators committed to investing in tourism and entertainment sectors over the span of the new gaming concession contracts to support the Macau Government's objectives to further diversify Macau's economy and increase overseas visitors. It is expected that the number of investment and construction projects in Macau will grow continuously, and the Group will actively look for opportunities to participate in large-scale and high-end fitting-out projects.

This year, the focus of the government of the PRC's work is to expand domestic demand and prioritise the recovery and expansion of consumption. In order to implement the policy deployment, the Ministry of Culture and Tourism and China UnionPay have announced an action plan for the 2023 national cultural and tourism consumption promotion activities to stimulate the vitality of cultural and tourism consumption through financial support and accelerate the recovery of consumption. These promotion activities become the economic momentum. Moreover, the National Development and Reform Commission stated that policies will be promptly formulated to restore and expand consumption, improve the consumption environment, and release the potential of service consumption. On the other hand, the Political Bureau of the Central Committee of the Communist Party of China previously held a meeting and stated that it will adapt to significant changes in the demand-supply dynamics in the real-estate market. It will also adjust and optimise real-estate policies in a timely manner, with city-specific measures to meet residents' essential housing demand and their needs for better housing, and advance the stable and healthy development of the real estate market. The Group will closely monitor the policy development in the PRC and operate its business in a prudent manner.

Looking ahead, under the uncertain global economic environment, the Group aims to integrate its resource advantages, deepen its operation and management and control models for different market characteristics, optimise business deployment, and further develop Hong Kong and Macau markets. Meanwhile, the Group will closely follow the national development strategy, seize the business opportunities brought by the Guangdong-Hong Kong-Macao Greater Bay Area and the Belt and Road Initiative, and prudently operate in the PRC market. The Group will also expand its business layout to overseas markets such as Singapore in an orderly manner. Besides, the Group will continue to strictly control project risks, maintain a desired level of profitability, gain market confidence with premium brands, obtain high-quality projects, and strive for more high-quality customers and new contracts, so as to provide sustainable growth momentum for the Group.

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 was absent from the last annual general meeting of the Company held on 1 June 2023 due to his 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 August 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.