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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 2023**

### **FINANCIAL HIGHLIGHTS**

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

	<b>2023</b>	2022	Change
Revenue	<b>5,461.3</b>	4,678.6	16.7%
Gross profit	<b>696.2</b>	663.7	4.9%
Gross profit margin	<b>12.7%</b>	14.2%	(1.5%)
Profit attributable to owners of the Company	<b>330.3</b>	287.5	14.9%
Equity attributable to owners of the Company	<b>3,442.3</b>	3,247.6	6.0%
Basic and diluted earnings per share <i>(HK cents)</i>	<b>15.30</b>	13.32	14.9%

### **FINAL DIVIDEND**

The Board did not recommend the payment of a final 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 audited consolidated annual results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2023 (the “**Year**”) together with the comparative figures for the year ended 31 December 2022 (the “**Previous Year**”) as set out below:

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

*For the year ended 31 December 2023*

	<i>Notes</i>	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Revenue	3	<b>5,461,344</b>	4,678,627
Cost of sales		<b>(4,765,129)</b>	(4,014,925)
Gross profit		<b>696,215</b>	663,702
Other income, other gains and losses	5	<b>22,139</b>	30,634
Impairment losses under expected credit loss model, net of reversal		<b>(17,013)</b>	(31,447)
Gain on disposal of a subsidiary		–	19,700
Selling expenses		<b>(8,253)</b>	(8,771)
Administrative expenses		<b>(218,829)</b>	(237,572)
Other expenses		<b>(83,500)</b>	(87,751)
Share of losses of associates		<b>(5,028)</b>	(10,998)
Finance costs	6	<b>(834)</b>	(1,118)
Profit before tax		<b>384,897</b>	336,379
Income tax expense	7	<b>(54,629)</b>	(48,849)
<b>Profit for the year attributable to owners of the Company</b>	8	<b>330,268</b>	287,530

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

*For the year ended 31 December 2023*

	<i>Note</i>	<b>2023</b> <b>HK\$'000</b>	2022 <i>HK\$'000</i>
<b>Other comprehensive expenses</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>9,810</u>	<u>3,006</u>
<b><i>Items that may be reclassified subsequently to profit or loss:</i></b>			
Exchange differences arising on translation of foreign operations		<u>(15,870)</u>	(115,239)
Share of other comprehensive expense of an associate		<u>(62)</u>	<u>(3,932)</u>
		<u>(15,932)</u>	<u>(119,171)</u>
Other comprehensive expenses for the year		<u>(6,122)</u>	<u>(116,165)</u>
<b>Total comprehensive income for the year attributable to owners of the Company</b>		<u><b>324,146</b></u>	<u>171,365</u>
<b>Earnings per share</b>			
Basic and diluted ( <i>HK cents</i> )	<i>10</i>	<u><b>15.30</b></u>	<u>13.32</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2023

	<i>Notes</i>	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i>
<b>Non-current assets</b>			
Property, plant and equipment		<b>231,240</b>	322,992
Right-of-use assets		<b>12,660</b>	19,561
Investment properties		<b>164,659</b>	69,163
Goodwill		<b>1,510</b>	1,510
Interest in an associate		<b>92,886</b>	97,976
Financial assets at fair value through profit or loss		<b>14,834</b>	18,438
Other financial assets at amortised cost		–	9,608
Deferred tax assets		<b>29,629</b>	25,188
		<hr/> <b>547,418</b>	<hr/> 564,436
<b>Current assets</b>			
Inventories		<b>65,156</b>	50,514
Trade and other receivables and bills receivable	<i>11</i>	<b>3,202,045</b>	2,994,340
Amounts due from related companies	<i>12</i>	<b>305</b>	1,571
Amounts due from fellow subsidiaries	<i>13</i>	<b>1,721</b>	1,069
Contract assets		<b>1,423,938</b>	1,309,737
Tax recoverable		<b>10,532</b>	15,882
Financial assets at fair value through profit or loss		<b>59,000</b>	115,866
Other financial assets at amortised cost		<b>9,533</b>	49,439
Pledged bank deposits		<b>52,186</b>	62,294
Bank balances and cash		<b>1,876,726</b>	1,527,653
		<hr/> <b>6,701,142</b>	<hr/> 6,128,365
<b>Current liabilities</b>			
Trade and other payables	<i>14</i>	<b>2,913,308</b>	2,626,377
Bills payable	<i>15</i>	<b>604,073</b>	650,793
Amounts due to fellow subsidiaries		<b>278</b>	647
Tax payable		<b>46,044</b>	39,390
Bank borrowings		<b>316</b>	526
Lease liabilities		<b>10,349</b>	11,289
Contract liabilities		<b>224,043</b>	104,513
		<hr/> <b>3,798,411</b>	<hr/> 3,433,535
<b>Net current assets</b>		<hr/> <b>2,902,731</b>	<hr/> 2,694,830
<b>Total assets less current liabilities</b>		<hr/> <b>3,450,149</b>	<hr/> 3,259,266

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION** (*Continued*)  
*At 31 December 2023*

	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i>
<b>Capital and reserves</b>		
Share capital	<b>1,246,815</b>	1,246,815
Reserves	<b>2,195,466</b>	2,000,813
	<hr/>	<hr/>
<b>Equity attributable to owners of the Company</b>	<b>3,442,281</b>	3,247,628
	<hr/>	<hr/>
<b>Non-current liabilities</b>		
Deferred tax liabilities	<b>5,186</b>	2,984
Lease liabilities	<b>2,682</b>	8,654
	<hr/>	<hr/>
	<b>7,868</b>	11,638
	<hr/>	<hr/>
	<b>3,450,149</b>	3,259,266
	<hr/>	<hr/>

## 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, the Hong Kong Special Administrative Region (“**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 NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“**HKFRSs**”)

#### **New and 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 for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2023 for the preparation of the consolidated financial statements:

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

The Group has not early applied any new or amended HKFRSs that are not yet effective for the current accounting period.

Except as stated below, new and amendments to HKFRSs listed above did not have any impact on the amounts recognised in the current and prior periods and are not expected to significantly affect the future periods.

### ***Impacts on application of Amendments to HKAS 1 and HKFRS Practice Statement 2 Disclosure of Accounting Policies***

The Group has applied the amendments for the first time in the current year. HKAS 1 *Presentation of Financial Statements* is amended to replace all instances of the term “Significant accounting policies” with “Material accounting policy information”. Accounting policy information is material if, when considered together with other information included in an entity’s consolidated financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose consolidated financial statements make on the basis of those consolidated financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 *Making Materiality Judgements* (the “**Practice Statement**”) is also amended to illustrate how an entity applies the “four-step materiality process” to accounting policy disclosures and to judge whether information about an accounting policy is material to its consolidated financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments has had no material impact on the Group’s financial positions and performance but has affected the disclosure of the Group’s accounting policies to the consolidated financial statements.

### ***Impact on application of Amendments to HKAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction***

Amendments to HKAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* narrow the scope of the initial recognition exception in HKAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for the temporary differences arising from these transactions.

The amendment had no impact on the Group’s consolidated financial statements as there were no transactions fallen within the scope of the amendment on or after the beginning of the earliest period presented.

### ***Impact on application of Amendments to HKAS 12 International Tax Reform – Pillar Two Model Rules***

The Group has adopted Amendments to HKAS 12 *International Tax Reform – Pillar Two Model Rules* for the first time in the current year. HKAS 12 is amended to add the exception to recognising and disclosing information about deferred tax assets and liabilities that are related to tax law enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development (the “**Pillar Two legislation**”). The amendments require that entities apply the amendments immediately upon issuance and retrospectively. The amendments also require that entities to disclose separately its current tax expense/income related to Pillar Two income taxes in periods which the Pillar Two legislation is in effect, and the qualitative and quantitative information about its exposure to Pillar Two income taxes in periods in which the Pillar Two legislation is enacted or substantially enacted but not yet in effect in annual reporting periods beginning on or after 1 January 2023.

The Group is yet to apply the temporary exception during the current year because the Group’s entities are operating in jurisdictions where the Pillar Two legislation has not yet been enacted or substantially enacted. The Group will disclose known or reasonably estimated information that helps users of consolidated financial statements to understand the Group’s exposure to Pillar Two income taxes in the Group’s consolidated financial statements when the Pillar Two legislation is enacted or substantially enacted and will disclose separately current tax expense/income related to Pillar Two income taxes when it is in effect.

### 3. REVENUE

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Contract revenue from fitting-out works	5,450,273	4,605,440
Contract revenue from alteration and addition and construction works	10,532	66,863
Manufacturing, sourcing and distribution of interior decorative materials	539	6,324
	<u>5,461,344</u>	<u>4,678,627</u>

#### For the year ended 31 December 2023

	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	1,883,415	10,532	–	1,893,947
The Macau Special Administrative Region ("Macau")	42,009	–	–	42,009
The Republic of Singapore ("Singapore")	1,157,365	–	–	1,157,365
The PRC	2,367,484	–	433	2,367,917
Others	–	–	106	106
	<u>5,450,273</u>	<u>10,532</u>	<u>539</u>	<u>5,461,344</u>
Total				
Timing of revenue recognition				
A point in time	–	–	539	539
Over time	5,450,273	10,532	–	5,460,805
	<u>5,450,273</u>	<u>10,532</u>	<u>539</u>	<u>5,461,344</u>
Total				



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
Total	<u>4,605,440</u>	<u>66,863</u>	<u>6,324</u>	<u>4,678,627</u>
Timing of revenue recognition				
A point in time	–	–	6,324	6,324
Over time	<u>4,605,440</u>	<u>66,863</u>	<u>–</u>	<u>4,672,303</u>
Total	<u>4,605,440</u>	<u>66,863</u>	<u>6,324</u>	<u>4,678,627</u>

*Note:* The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December 2023 and the expected timing of recognising revenue are as follows:

	<b>Construction contracts</b>	
	<b>2023</b>	<b>2022</b>
	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
Within one year	<b>4,193,885</b>	4,790,425
More than one year but not more than two years	<b>430,575</b>	865,356
Over two years	<b>9,169</b>	–
	<u><b>4,633,629</b></u>	<u>5,655,781</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 2023

	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	1,883,415	42,009	1,157,365	2,367,484	10,532	539	5,461,344	-	5,461,344
Inter-segment revenue	(780)	-	-	-	-	329,406	328,626	(328,626)	-
Segment revenue	<u>1,882,635</u>	<u>42,009</u>	<u>1,157,365</u>	<u>2,367,484</u>	<u>10,532</u>	<u>329,945</u>	<u>5,789,970</u>	<u>(328,626)</u>	<u>5,461,344</u>
Segment profit (loss)	<u>153,800</u>	<u>76,190</u>	<u>136,340</u>	<u>(19,268)</u>	<u>(2,083)</u>	<u>86,040</u>	<u>431,019</u>	<u>-</u>	<u>431,019</u>
Share of loss of an associate									(5,028)
Unallocated other income									44,910
Unallocated corporate expenses									(85,170)
Unallocated finance costs									(834)
Profit before tax									<u>384,897</u>

For the year ended 31 December 2022

	Fitting-out works in Hong Kong <i>HK\$'000</i>	Fitting-out works in Macau <i>HK\$'000</i>	Fitting-out works in Singapore <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	1,158,063	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>

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.

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Hong Kong	<b>1,893,947</b>	1,224,926
Macau	<b>42,009</b>	832,230
Singapore	<b>1,157,365</b>	119,855
The PRC	<b>2,368,023</b>	2,501,616
	<u><b>5,461,344</b></u>	<u>4,678,627</u>

## 5. OTHER INCOME, OTHER GAINS AND LOSSES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Other income		
Interest income	36,288	15,452
Rental income	7,892	2,812
Entrustment fee income	322	329
Government grants ( <i>note</i> )	–	6,807
Others	4,929	3,132
	<u>49,431</u>	<u>28,532</u>
Other gains and losses		
Net foreign exchange gains	8,372	10,087
Gain on disposal of property, plant and equipment	59	45
Loss from fair value changes of investment properties	(4,064)	–
Net loss from fair value changes of financial assets at fair value through profit or loss (“FVTPL”)	(31,659)	(8,030)
	<u>(27,292)</u>	<u>2,102</u>
	<u>22,139</u>	<u>30,634</u>

*Note:* During the Previous Year, the government grants represented subsidies from the 2022 Employment Support Scheme under the Anti-epidemic Fund launched by the government of Hong Kong (the “Hong Kong Government”).

## 6. FINANCE COSTS

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Interest on bank borrowings	99	829
Interest on lease liabilities	788	289
	<u>887</u>	<u>1,118</u>
Less: Interest on lease liabilities included in contract costs	(53)	–
	<u>834</u>	<u>1,118</u>

## 7. INCOME TAX EXPENSE

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Current tax		
Hong Kong Profits Tax	18,051	6,580
Macau Complementary Tax	15,519	34,918
Singapore Corporate Income Tax	23,968	3,478
PRC Enterprise Income Tax	969	932
	<u>58,507</u>	<u>45,908</u>
(Over) under provision in prior years		
Hong Kong Profits Tax	(34)	(1,338)
Macau Complementary Tax	(902)	(370)
Singapore Corporate Income Tax	(69)	–
PRC Enterprise Income Tax	(300)	5,340
	<u>(1,305)</u>	<u>3,632</u>
Deferred tax		
Current year	(2,573)	(691)
	<u>54,629</u>	<u>48,849</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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Profit for the year has been arrived at after charging (crediting):		
Auditor's remuneration		
Audit service fee	1,400	1,300
Non-audit service fee	570	738
	1,970	2,038
Depreciation of property, plant and equipment	16,715	18,819
Depreciation of right-of-use assets	15,869	10,370
	32,584	29,189
Cost of inventories recognised as expenses in respect of		
External revenue	457	7,360
Inter-segment revenue	202,073	132,207
	202,530	139,567
Allowance (reversal of allowance) for inventories (included in cost of sales)	863	(2,924)
Contract costs recognised as expenses		
Fitting-out works ( <i>note</i> )	4,752,610	3,943,722
Alteration and addition and construction works	11,199	66,767
	4,763,809	4,010,489
Research and development expenses (included in other expenses)	82,893	87,155
Staff costs		
Gross staff costs (including directors' emoluments)	502,457	513,518
Less: Staff costs included in contract costs and inventories	(327,277)	(316,458)
	175,180	197,060
Gross rental income from investment properties	(7,892)	(2,812)
Less: Direct operating expenses incurred for investment properties that generated rental income during the Year	1,006	350
	<b>(6,886)</b>	<b>(2,462)</b>

*Note:* Contract costs of fitting-out works recognised as expenses included cost of inventories recognised as expenses of HK\$202,073,000 (Previous Year: HK\$132,207,000).

## 9. DIVIDENDS

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

Subsequent to the end of the reporting period, the Board did not recommend the payment of a final dividend for the Year (Previous Year: final dividend in respect of the Previous Year of HK6 cents per ordinary share of the Company (the “Share”, collectively, the “Shares”), in an aggregate amount of HK\$129,493,000).

## 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:

	2023 <i>HK\$'000</i>	2022 <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>330,268</u>	<u>287,530</u>
	2023 '000	2022 '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 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:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Trade receivables (gross carrying amount)		
Fitting-out works	1,653,705	952,492
Alteration and addition and construction works	1,113	23,327
Manufacturing, sourcing and distribution of interior decorative materials	1,391	1,665
	<u>1,656,209</u>	<u>977,484</u>
Less: Allowance for credit losses	(70,447)	(56,183)
Trade receivables (net carrying amount)	<u>1,585,762</u>	<u>921,301</u>
Unbilled receivables (gross carrying amount) <i>(note)</i>	1,050,804	1,556,644
Less: Allowance for credit losses	(99,106)	(103,884)
Unbilled receivables (net carrying amount)	<u>951,698</u>	<u>1,452,760</u>
Other receivables (gross carrying amount)	173,768	164,959
Less: Allowance for credit losses	(19,013)	(11,361)
Other receivables (net carrying amount)	<u>154,755</u>	<u>153,598</u>
Bills receivable (gross carrying amount)	11,958	29,898
Less: Allowance for credit losses	(375)	(3,470)
Bills receivable (net carrying amount)	<u>11,583</u>	<u>26,428</u>
Prepayments and deposits	<u>498,247</u>	<u>440,253</u>
	<u><b>3,202,045</b></u>	<u><b>2,994,340</b></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.

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
1–30 days	571,414	421,285
31–60 days	254,649	100,243
61–90 days	212,486	28,925
Over 90 days	547,213	370,848
	<u>1,585,762</u>	<u>921,301</u>

## Bills receivable

As at 31 December 2023, the carrying amount of bills receivable amounting to HK\$11,583,000 (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:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
1-30 days ( <i>note</i> )	3,882	19,149
31-60 days	543	–
Over 90 days	7,158	7,279
	<u>11,583</u>	<u>26,428</u>

*Note:* As at 31 December 2023, the relevant bills receivable amounting to HK\$1,401,000 (31 December 2022: HK\$3,729,000) 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.

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Trade receivables	303	1,571
Other receivables	2	–
	<u>305</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 31 December 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 31 December 2023, the other receivables represented rent receivables from a related company.

## 13. AMOUNTS DUE FROM FELLOW SUBSIDIARIES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Trade receivables	1,721	920
Other receivables	–	149
	<u>1,721</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 31 December 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 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.

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Contract creditors and suppliers	2,123,533	1,863,600
Retentions payable	482,305	462,624
	<u>2,605,838</u>	<u>2,326,224</u>
Other tax payables	164,673	151,863
Other payables and accruals	142,797	148,290
	<u>2,913,308</u>	<u>2,626,377</u>

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
1–30 days	1,342,278	945,569
31–60 days	163,374	219,278
61–90 days	99,361	84,760
Over 90 days	518,520	613,993
	<u>2,123,533</u>	<u>1,863,600</u>

As at 31 December 2023, the Group's retentions payable of HK\$285,930,000 (31 December 2022: HK\$229,056,000) were expected to be paid after one year.

#### 15. BILLS PAYABLE

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
1–30 days	147,506	128,331
31–60 days	105,873	81,431
61–90 days	112,226	92,953
Over 90 days	238,468	348,078
	<u>604,073</u>	<u>650,793</u>

## MANAGEMENT DISCUSSION AND ANALYSIS

### MARKET REVIEW

Hong Kong's economy continued to revive after the removal of most anti-pandemic policies in the PRC and Hong Kong at the beginning of the Year. However, Hong Kong's economy remained under severe pressure amidst global political tensions and interest rate hikes. According to the Census and Statistics Department (the "C&SD") of the Hong Kong Government, Hong Kong's gross domestic product ("GDP") increased by 3.2% year-on-year in real terms in 2023.

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 main contractors in Hong Kong increased by 8.8% year-on-year in nominal terms to HK\$271.0 billion in 2023, whilst the gross value of construction works carried out at private sector sites increased by 27.0% year-on-year in nominal terms to HK\$85.0 billion in 2023. Meanwhile, the gross value of construction works carried out at construction sites in respect of residential building projects increased by 49.8% year-on-year in nominal terms to HK\$69.8 billion in 2023. However, the Federal Reserve System of the United States (the "Federal Reserve") raised interest rates several times during the Year, and interest rates in Hong Kong followed suit. It has adversely affected Hong Kong's real estate market and the demand for fitting-out works in Hong Kong.

Information from the Statistics and Census Service of the government of Macau (the "Macau Government") indicated that Macau's GDP increased by 80.5% year-on-year in real terms in 2023, benefitting from the thriving exports of services, of which the growth in exports of gaming services and other tourism services increased by 343.7% and 127.9%, respectively, driving Macau's economy to maintain a strong pace of recovery. Since Macau lifted its travel restrictions in 2023, visitor arrivals have continued to increase. The tourism industry has recovered well and continues to improve. According to the statistics from the Macau Government Tourism Office, visitor arrivals were approximately 28.2 million in 2023, with an average of 77,000 visitors per day, rebounding to 70% of the level in 2019. Furthermore, the Gaming Inspection and Coordination Bureau of Macau indicated that the gross gaming revenue increased by 333.8% year-on-year to Macau Pataca ("MOP") 183.1 billion in 2023. Driven by the overall economic improvement in Macau, the fitting-out industry experienced a stable demand.

According to the preliminary estimates of the National Bureau of Statistics of China, the PRC's GDP increased by 5.2% year-on-year to Renminbi ("RMB") 126,058.2 billion in 2023. Nevertheless, in 2023, investments in real estate development decreased by 9.6% year-on-year to RMB11,091.3 billion, among which, investments in residential buildings decreased by 9.3% year-on-year to RMB8,382.0 billion. The floor space of newly started area of houses decreased by 20.4% year-on-year to 953.8 million square meters ("m<sup>2</sup>"), of which the floor space of newly started residential area decreased by 20.9% year-on-year to 692.9 million m<sup>2</sup>. With the weakening demand for housing loans from the PRC's residents, the challenging financing environment for real estate enterprises, and real estate development and the floor space of newly started construction area faced continued pressure, the fitting-out industry in the PRC was inevitably affected.

## 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 commercial building, hotel 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 99.8% of the Group's revenue was derived from its fitting-out business.

Despite the reduced severity of pandemic threat, the overall operating environment faced multiple challenges due to global trade frictions and geopolitical uncertainties. With the Group's reliable, indispensable and experienced leadership and management team, the Group maintained prudence in cost control, strengthened operational capabilities, and proactively explored new business opportunities. The Group maintained a strong reputation in the market by providing high-quality services to its customers and maintaining satisfaction with project delivery, and the Group 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 commercial buildings, hotels, 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 19 fitting-out projects, including 6 in Hong Kong and 13 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\$1,764.2 million, out of which HK\$423.4 million was recognised as revenue during the Year. As at 31 December 2023, the Group had 66 projects on hand (including contracts in progress and contracts signed but yet to commence), including 29 in Hong Kong, 3 in Singapore and 34 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 2023 amounted to HK\$10,288.3 million and HK\$5,670.5 million, respectively.

During the Year, the Group's revenue derived from its fitting-out business increased by HK\$844.9 million or 18.3% year-on-year to HK\$5,450.3 million (Previous Year: HK\$4,605.4 million). Such increase was mainly attributable to a number of sizeable fitting-out projects carried out in Hong Kong and Singapore during the Year. As a result, the Group's revenue derived from its fitting-out business in Hong Kong and Singapore increased by HK\$1,762.9 million, as compared to the Previous Year. 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 the Previous Year.

The Group's gross profit derived from its fitting-out business during the Year increased by HK\$32.2 million or 4.8% year-on-year to HK\$696.8 million (Previous Year: HK\$664.6 million). The increase in gross profit was mainly attributable to the increase in revenue although the gross profit margin of its fitting-out business decreased from 14.4% for the Previous Year to 12.8% for the Year. Such decrease in gross profit margin mainly resulted from relatively lower gross profit margin from its fitting-out projects in the PRC.

### **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 Year, the Group did not complete any 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\$56.4 million or 84.3% year-on-year to HK\$10.5 million (Previous Year: HK\$66.9 million). Such decrease was primarily attributable to the Group not having tendered for any alteration and addition and construction projects in the past years.

The Group's gross loss derived from its alteration and addition and construction business was HK\$0.7 million during the Year (Previous Year: gross profit of HK\$0.1 million), whilst the gross loss margin was 6.7% (Previous Year: gross profit margin of 0.1%).

### **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\$5.8 million or 92.1% year-on-year to HK\$0.5 million (Previous Year: HK\$6.3 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 profit derived from its manufacturing, sourcing and distribution of interior decorative materials business was HK\$0.1 million during the Year (Previous Year: gross loss of HK\$1.0 million), whilst the gross profit margin was 20.0% (Previous Year: gross loss margin of 15.9%). Such gross profit and gross profit margin for the Year mainly generated from an order from the PRC's customer with relatively high gross profit margin.

## **Principal risks**

As at 31 December 2023, 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 Group's contracts are non-recurring in nature and its business prospects heavily depend on its continuing success on project tenders; (ii) 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; (iii) the Group relies on a few major customers. If the Group fails to retain such major customers, its business, financial condition and results of operations may be materially and adversely affected; (iv) 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; and (v) the Group's performance is dependent on market conditions and trends in the fitting-out industry in Hong Kong, Macau, Singapore and the PRC which may change adversely.

## **FINANCIAL REVIEW**

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

During the Year, the Group's revenue increased by HK\$782.7 million or 16.7% year-on-year to HK\$5,461.3 million (Previous Year: HK\$4,678.6 million) and its gross profit increased by HK\$32.5 million or 4.9% year-on-year to HK\$696.2 million (Previous Year: HK\$663.7 million). However, during the Year, the Group's gross profit margin decreased to 12.7% (Previous Year: 14.2%). Such increases in revenue and gross profit as well as the decrease in gross profit margin were primarily due to the changes 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\$22.1 million for the Year (Previous Year: HK\$30.6 million) which is primarily due to the increase in net loss from fair value changes of financial assets at FVTPL by HK\$23.6 million as compared to the Previous Year. 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 increased by HK\$42.8 million or 14.9% year-on-year to HK\$330.3 million (Previous Year: HK\$287.5 million) as a result of the increase 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 HK15.30 cents (Previous Year: HK13.32 cents), increased by HK1.98 cents or 14.9% year-on-year, which is in line with the increase 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.

## **Material acquisition and disposal**

No 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 2023, the Group's financial assets at FVTPL comprised HK\$14.8 million, nil and HK\$59.0 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 Year, 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 loss of HK\$31.7 million in profit or loss in respect of the financial assets at FVTPL, primarily as a result of a decrease in the market prices of listed equity securities and unlisted equity fund.

### ***Other financial assets at amortised cost***

As at 31 December 2023, the Group's other financial assets at amortised cost represented three corporate bonds traded in the secondary market in the amount of HK\$9.5 million, the last of which will mature on 15 November 2024 with fixed interest rates at 5.75% per annum.

In terms of the prospects of the Group's financial assets at FVTPL, the performance of the listed equity securities 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 2023, the Group's net current assets amounted to HK\$2,902.7 million, representing an increase of HK\$207.9 million from HK\$2,694.8 million as recorded as at 31 December 2022. The Group's bank balances and cash amounted to HK\$1,876.7 million, representing an increase of HK\$349.0 million from HK\$1,527.7 million as recorded as at 31 December 2022. Such an increase is mainly generated from the operating activities.

As at 31 December 2023, the bank borrowings of the Group amounted to HK\$0.3 million (31 December 2022: HK\$0.5 million), out of which HK\$0.2 million, HK\$0.1 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 Year, the Group continued to maintain a healthy liquidity position. As at 31 December 2023, the Group's current assets and current liabilities amounted to HK\$6,701.1 million and HK\$3,798.4 million, respectively (31 December 2022: HK\$6,128.4 million and HK\$3,433.5 million, respectively). The Group's current ratio as at 31 December 2023 remained stable at 1.8 (31 December 2022: 1.8). The Group maintained sufficient liquid assets to finance its business operations during the Year.

As at 31 December 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 31 December 2023, the share capital and equity attributable to owners of the Company amounted to HK\$1,246.8 million and HK\$3,442.3 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 bank borrowings, certain bills payable, certain performance bonds and certain tender bonds comprised a commercial property and pledged bank deposits, which amounted to HK\$86.2 million and HK\$52.2 million, respectively as at 31 December 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 31 December 2023 and 31 December 2022, respectively.

As at 31 December 2023, the Group had capital commitments of HK\$50,000 (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 31 December 2023, 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, 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 has 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 decided 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 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

On 19 February 2024, 廣東承達智能環保建材科技有限公司 (Guangdong Sundart Digital Decoration Materials Technology Limited\*), (formerly known as “梅州承達裝飾材料製造有限公司 (Meizhou Sundart Decorative Materials Manufacturing Limited\*)”), an indirect wholly-owned subsidiary of the Company, as a purchaser, entered into a land use rights transfer agreement in relation to acquire the land use rights of a land located in Meizhou, Guangdong Province, the PRC at a consideration of RMB22,773,000 (equivalent to approximately HK\$25,075,000). In line with the business development, the Group will develop a manufacturing plant and a warehouse in Meizhou and subsequently relocate its existing manufacturing plant and warehouse from Dongguan.

Save as disclosed herein, there are no other 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 2023, the Group had 1,782 employees (31 December 2022: 1,987 employees). The Group's gross staff costs (including the Directors' emoluments) decreased by HK\$11.0 million or 2.1% year-on-year to HK\$502.5 million for the Year (Previous Year: HK\$513.5 million). Such decrease was mainly attributable to the decrease in the average number of employees by 8.3%.

## PROSPECTS AND STRATEGIES

Looking ahead to 2024, the global economy is expected to experience a slow recovery, and the geopolitical situation remains complex and volatile, which will restrain the pace of economic growth in Hong Kong. Considering the overall current economic and market conditions, the Hong Kong Government cancelled Special Stamp Duty, Buyer's Stamp Duty and New Residential Stamp Duty entirely through the 2024-25 Budget. In addition, the Hong Kong Monetary Authority adjusted countercyclical macroprudential measures for property mortgage loans in July 2023, and made further adjustments to the relevant measures and other supervisory policies pertinent to property lending in February 2024. These measures will have a positive impact on the property market. Furthermore, after the resumption of cross-border travel with the PRC, the Top Talent Pass Scheme will attract more individuals to work in Hong Kong. The Hong Kong Government also officially launched the New Capital Investment Entrant Scheme and is inviting applications, which will further support the demand for housing rentals. Meanwhile, the market is speculating that the Federal Reserve may cut interest rates, which will enhance public confidence in the real estate market and create opportunities for the construction and fitting-out industries in Hong Kong.

The Macau Government implemented the "1+4" strategy for appropriate economic diversification and released the "Development Plan for Appropriate Economic Diversification of the Macao Special Administrative Region (2024-2028)". By integrating development of "tourism +" across different sectors, the multiplier effect on hotel, retail, and catering sectors will be enhanced. Furthermore, the Macau Government stated in the Policy Address for 2024 that it will effectively promote the development of non-gaming elements in the operation of gaming concessionaires, including the construction of high-level tourism and entertainment facilities to comprehensively drive the development of non-gaming elements such as conventions and exhibitions, entertainment performances, sports events, cultural arts, health and wellness, themed attractions, culinary capital, community tourism, and maritime tourism so as to strengthen the development of the international tourism market and promote the diversified development of Macau's integrated tourism and leisure industries.

Macau's gross gaming revenue amounted to MOP183.1 billion in 2023. According to the gaming concessions granted by the Macau Government to the six gaming operators, the non-gaming investment commitments of all six gaming operators will increase by 20% if the gross gaming revenue exceeds MOP180 billion in any of the first five years of the new concession period, that is in any year from 2023 to 2027 inclusive, and the estimated non-gaming investment will reach MOP130.4 billion. It is expected that investment and construction projects in Macau will continue to increase driven by policies, and the Group will actively seek opportunities to participate in large-scale and high-end fitting-out projects.

The government of the PRC held the annual Central Economic Work Conference (the "**Conference**") earlier to deploy the economic agenda for 2024. The Conference called for efforts to pursue progress while ensuring stability. Active and prudent measures will be taken to defuse risks in the property sector, to meet the reasonable financing needs of real estate enterprises of different ownerships without discrimination, to expedite the construction of a new mode of real estate development, and to promote the stable and healthy development of the real estate market. Meanwhile, efforts will be made to expand domestic demand to form a virtuous cycle of mutual promotion of consumption and investment, promote consumption

from post-epidemic recovery to sustainable expansion, and cultivate and strengthen new types of consumption.

In addition, the Ministry of Housing and Urban-Rural Development held an annual work conference, reiterating the principle that housing is for living in, not for speculation, and adapting to the new situation of significant changes in supply and demand in the real estate market. It also aims to stabilise the real estate market, to adhere to city-specific policies, to meet the rigid demands and to optimise real estate policies. The Group will closely monitor national policies and market trends, explore development opportunities, and prudently operate its business in the PRC.

Looking ahead to 2024, the global economy and business environment remain filled with challenges and uncertainties. The Group will continue closely monitoring the market developments in Hong Kong, Macau, Singapore and the PRC. The Group will actively align its development plans with the national and regional development strategies, and strive to seize the development opportunities brought by the Guangdong-Hong Kong-Macao Greater Bay Area and the Belt and Road Initiative. Meanwhile, the Group will gradually and orderly expand to overseas markets such as Singapore so as to create a more diversified business layout to generate synergies, achieve complementary advantages, and enhance the overall performance of the Group. Besides, the Group strives to improve operational efficiency and adopt effective and rigorous measures to control costs comprehensively, thus ensuring the Group's competitiveness in different market environments and pave the way for the sustainable development of its long-term business in the future.

## **FINAL DIVIDEND AND ANNUAL GENERAL MEETING**

The Board did not recommend the payment of a final dividend for the Year. The forthcoming annual general meeting of the Company will be held at 10:00 a.m. on Monday, 3 June 2024 at 19/F, Millennium City 3, 370 Kwun Tong Road, Kowloon, Hong Kong (or any adjournment thereof) (the “**AGM**”). 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 2024 to 3 June 2024, 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 Tuesday, 28 May 2024.

## **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 C1 to the Listing Rules (the "**CG Code**") during the Year, except for the following deviation:

Code provision C.1.6 of the CG Code 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 C3 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 agreed by the Group's auditor, BDO Limited, to the amounts set out in the Group's audited consolidated financial statements for the Year. The work performed by BDO Limited in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion 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, 27 March 2024

*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*