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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 2021**

#### **FINANCIAL HIGHLIGHTS**

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

	<b>Six months ended 30 June</b>		<b>Year-on-year increase (decrease)</b>
	<b>2021</b>	<b>2020</b>	
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	
Revenue	<b>2,458.3</b>	2,452.0	0.3%
Gross profit	<b>310.7</b>	340.3	(8.7%)
Gross profit margin	<b>12.6%</b>	13.9%	(1.3%)
Profit attributable to owners of the Company	<b>155.6</b>	111.3	39.8%
Basic earnings per share <i>(HK cents)</i>	<b>7.21</b>	5.16	39.7%
	<b>30 June 2021</b>	<b>31 December 2020</b>	<b>Decrease</b>
	<i>(Unaudited)</i>	<i>(Audited)</i>	
Equity attributable to owners of the Company	<b>2,989.8</b>	2,996.9	(0.2%)

#### **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 2021 (the “**Period**”) together with the comparative figures for the six months ended 30 June 2020 (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 2021*

	<i>Notes</i>	<b>Six months ended 30 June</b>	
		<b>2021</b>	<b>2020</b>
		<i>HK\$'000</i>	<i>HK\$'000</i>
		<i>(Unaudited)</i>	<i>(Unaudited)</i>
Revenue	3	<b>2,458,320</b>	2,451,997
Cost of sales		<b>(2,147,665)</b>	(2,111,691)
Gross profit		<b>310,655</b>	340,306
Other income, other gains and losses	5	<b>(3,836)</b>	(35,742)
Impairment losses under expected credit loss model, net of reversal		<b>(3,363)</b>	(45,580)
Selling expenses		<b>(3,131)</b>	(3,671)
Administrative expenses		<b>(81,480)</b>	(82,810)
Other expenses		<b>(26,500)</b>	(19,533)
Share of losses of associates		<b>(1,245)</b>	–
Finance costs		<b>(1,360)</b>	(5,284)
Profit before tax		<b>189,740</b>	147,686
Income tax expense	6	<b>(34,136)</b>	(36,376)
<b>Profit for the period attributable to owners of the Company</b>	7	<b>155,604</b>	111,310

**CONDENSED CONSOLIDATED STATEMENT OF  
PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME** *(Continued)*  
*For the six months ended 30 June 2021*

		<b>Six months ended 30 June</b>	
	<i>Note</i>	<b>2021</b>	2020
		<b>HK\$'000</b>	HK\$'000
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Other comprehensive income (expense)</b>			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		<b>9,448</b>	(11,983)
Share of other comprehensive income (expense) of an associate		<b>522</b>	(1,268)
		<hr/>	<hr/>
Other comprehensive income (expense) for the period		<b>9,970</b>	(13,251)
		<hr/>	<hr/>
<b>Total comprehensive income for the period attributable to owners of the Company</b>		<b>165,574</b>	98,059
		<hr/>	<hr/>
<b>Earnings per share</b>			
Basic <i>(HK cents)</i>	9	<b>7.21</b>	5.16
		<hr/>	<hr/>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2021

		At 30 June 2021 <i>HK\$'000</i> <i>(Unaudited)</i>	At 31 December 2020 <i>HK\$'000</i> <i>(Audited)</i>
<b>Non-current assets</b>			
Property, plant and equipment		365,633	369,008
Right-of-use assets		12,220	16,780
Investment properties		56,971	56,355
Goodwill		1,510	1,510
Interests in associates		126,833	127,556
Financial assets at fair value through profit or loss		112,619	153,351
Other financial assets at amortised cost		15,883	–
Deferred tax assets		20,574	17,823
		712,243	742,383
<b>Current assets</b>			
Inventories		39,679	37,940
Trade and other receivables and bills receivable	10	2,461,867	2,138,286
Amounts due from related companies	11	18,652	1,444
Amount due from a fellow subsidiary	12	6,994	–
Contract assets		1,721,404	1,698,182
Tax recoverable		116	816
Other financial assets at amortised cost		4,801	–
Pledged bank deposits		74,361	90,398
Bank balances and cash		954,055	1,572,111
		5,281,929	5,539,177
<b>Current liabilities</b>			
Trade and other payables	13	2,230,774	2,399,939
Bills payable	13	482,845	542,535
Tax payable		71,910	68,561
Bank borrowings		124,642	164,747
Lease liabilities		10,384	10,749
Contract liabilities		79,255	88,931
		2,999,810	3,275,462
<b>Net current assets</b>		2,282,119	2,263,715
<b>Total assets less current liabilities</b>		2,994,362	3,006,098

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION** (*Continued*)  
*At 30 June 2021*

	At <b>30 June 2021</b> <i>HK\$'000</i> <i>(Unaudited)</i>	At 31 December 2020 <i>HK\$'000</i> <i>(Audited)</i>
<b>Capital and reserves</b>		
Share capital	1,246,815	1,246,815
Reserves	<u>1,742,953</u>	<u>1,750,036</u>
<b>Equity attributable to owners of the Company</b>	<u><b>2,989,768</b></u>	<u>2,996,851</u>
<b>Non-current liabilities</b>		
Deferred tax liabilities	1,971	1,806
Lease liabilities	<u>2,623</u>	<u>7,441</u>
	<u><b>4,594</b></u>	<u>9,247</u>
	<u><b>2,994,362</b></u>	<u>3,006,098</u>

## NOTES

### 1. BASIS OF PREPARATION

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

### 2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis, except for investment properties and certain financial instruments, which are measured at fair values.

Other than additional accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) and application of certain accounting policies which became relevant to the Group, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2021 are the same as those presented in the Group’s annual financial statements for the year ended 31 December 2020.

#### Application of amendments to HKFRSs

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

Amendment to HKFRS 16	Covid-19 – Related rent concessions beyond 30 June 2021
Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2

Other than the amendment to HKFRS 16, the Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. The application of amendments to HKFRSs in the current period has had no material impact on the Group’s financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

### 3. REVENUE

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

	Six months ended 30 June	
	2021	2020
	HK\$’000	HK\$’000
	(Unaudited)	(Unaudited)
Contract revenue from fitting-out works ( <i>note a</i> )	2,409,531	2,327,706
Contract revenue from alteration and addition and construction works ( <i>note a</i> )	35,962	121,193
Manufacturing, sourcing and distribution of interior decorative materials ( <i>note b</i> )	12,827	3,098
	<u>2,458,320</u>	<u>2,451,997</u>

For the six months ended 30 June 2021

	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>
<b>Geographical markets</b>				
Hong Kong	878,286	35,962	5,963	920,211
Macau	297,846	–	173	298,019
The People's Republic of China (the "PRC")	1,233,399	–	6,689	1,240,088
The United Kingdom	–	–	2	2
Total	<u>2,409,531</u>	<u>35,962</u>	<u>12,827</u>	<u>2,458,320</u>
<b>Timing of revenue recognition</b>				
A point in time	–	–	12,827	12,827
Over time	2,409,531	35,962	–	2,445,493
Total	<u>2,409,531</u>	<u>35,962</u>	<u>12,827</u>	<u>2,458,320</u>

For the six months ended 30 June 2020

	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>
<b>Geographical markets</b>				
Hong Kong	805,613	121,193	–	926,806
Macau	1,002,304	–	2,838	1,005,142
The PRC	519,789	–	97	519,886
The United Kingdom	–	–	163	163
Total	<u>2,327,706</u>	<u>121,193</u>	<u>3,098</u>	<u>2,451,997</u>
<b>Timing of revenue recognition</b>				
A point in time	–	–	3,098	3,098
Over time	2,327,706	121,193	–	2,448,899
Total	<u>2,327,706</u>	<u>121,193</u>	<u>3,098</u>	<u>2,451,997</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 range from 5% to 30% of total contract sum, when the Group receives a deposit before the project commences, this will give rise to contract liabilities at the start of a contract, until the full amount of deposit is deducted proportionately from monthly progress payment.

A contract asset, net of contract liability related to the same contract, is recognised over the period in which the construction services are performed representing the Group's right to consideration for the services performed and not billed because the rights are conditioned on the Group's future performance accepted by the customers. The contract assets are transferred to trade receivables when the rights become unconditional. The Group typically transfers its contract assets to trade receivables when progress certificate/invoice is issued.

Retentions receivable, prior to expiration of maintenance period, are classified as contract assets, which usually ranges from one to two years from the date of the practical completion of the project. The relevant amount of contract assets is reclassified to trade receivables when the maintenance period expires, and/or the maintenance/payment certificate is issued, and/or the final account is issued. The maintenance period serves as an assurance that the construction services performed comply with agreed upon specifications and such assurance cannot be purchased separately.

- (b) The Group also generates revenue from manufacturing, sourcing and distribution of interior decorative materials business. This revenue is recognised at a point in time when the goods have been delivered to specific location and customers obtain control of the materials.

#### **4. OPERATING SEGMENTS**

The executive Directors are the chief operating decision makers. Information reported to the chief operating decision makers for the purposes of resource allocation and assessment of segment performance focuses on three principal business activities.

Specifically, the Group's reportable and operating segments under HKFRS 8 are as follows:

- (a) Fitting-out works in Hong Kong;
- (b) Fitting-out works in Macau;
- (c) Fitting-out works in the PRC;
- (d) Alteration and addition and construction works in Hong Kong; and
- (e) Manufacturing, sourcing and distribution of interior decorative materials.

Information regarding the above segments was reported below:

### Segment revenue and results

For the six months ended 30 June 2021

	Fitting-out works in Hong Kong HK\$'000 (Unaudited)	Fitting-out works in Macau HK\$'000 (Unaudited)	Fitting-out works in the PRC HK\$'000 (Unaudited)	Alteration and addition and construction works in Hong Kong HK\$'000 (Unaudited)	Manufacturing, sourcing and distribution of interior decorative materials HK\$'000 (Unaudited)	Segment total HK\$'000 (Unaudited)	Elimination HK\$'000 (Unaudited)	Consolidated HK\$'000 (Unaudited)
<b>Revenue</b>								
External revenue	878,286	297,846	1,233,399	35,962	12,827	2,458,320	-	2,458,320
Inter-segment revenue	589	-	-	-	83,439	84,028	(84,028)	-
Segment revenue	<u>878,875</u>	<u>297,846</u>	<u>1,233,399</u>	<u>35,962</u>	<u>96,266</u>	<u>2,542,348</u>	<u>(84,028)</u>	<u>2,458,320</u>
Segment profit (loss)	<u>82,965</u>	<u>76,374</u>	<u>72,141</u>	<u>(18,702)</u>	<u>5,431</u>	<u>218,209</u>	<u>-</u>	<u>218,209</u>
Share of losses of associates								(1,245)
Unallocated other income								7,691
Unallocated corporate expenses								(33,555)
Unallocated finance costs								<u>(1,360)</u>
Profit before tax								<u>189,740</u>

For the six months ended 30 June 2020

	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)
<b>Revenue</b>								
External revenue	805,613	1,002,304	519,789	121,193	3,098	2,451,997	-	2,451,997
Inter-segment revenue	<u>1,803</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>131,332</u>	<u>133,135</u>	<u>(133,135)</u>	<u>-</u>
Segment revenue	<u>807,416</u>	<u>1,002,304</u>	<u>519,789</u>	<u>121,193</u>	<u>134,430</u>	<u>2,585,132</u>	<u>(133,135)</u>	<u>2,451,997</u>
Segment profit (loss)	<u>50,571</u>	<u>155,358</u>	<u>(6,689)</u>	<u>(1,361)</u>	<u>13,394</u>	<u>211,273</u>	<u>-</u>	<u>211,273</u>
Unallocated other income								2,458
Unallocated corporate expenses								(60,761)
Unallocated finance costs								<u>(5,284)</u>
Profit before tax								<u>147,686</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	
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
<b>Other income</b>		
Interest income	5,657	1,066
Rental income	1,265	252
Dividends from financial assets at fair value through profit or loss (“FVTPL”)	724	1,140
Entrustment fee income	171	156
Rent concessions	–	339
Government funding for anti-epidemic	–	328
Others	1,532	782
	<u>9,349</u>	<u>4,063</u>
<b>Other gains and losses</b>		
Net foreign exchange gains	580	871
Gain (loss) on disposal of property, plant and equipment	56	(32)
Net loss from fair value changes of financial assets at FVTPL	(13,821)	(44,508)
Recovery of trade receivables written off	–	3,864
	<u>(13,185)</u>	<u>(39,805)</u>
	<u><b>(3,836)</b></u>	<u><b>(35,742)</b></u>

## 6. INCOME TAX EXPENSE

	Six months ended 30 June	
	2021 <i>HK\$'000</i> <i>(Unaudited)</i>	2020 <i>HK\$'000</i> <i>(Unaudited)</i>
<b>Current tax</b>		
Hong Kong Profits Tax	13,598	5,230
Macau Complementary Tax	9,209	22,502
PRC Enterprise Income Tax	12,119	6,265
	<u>34,926</u>	<u>33,997</u>
<b>Under (over) provision in prior periods</b>		
Hong Kong Profits Tax	1,016	(97)
Macau Complementary Tax	(2,415)	–
PRC Enterprise Income Tax	3,032	2,476
	<u>1,633</u>	<u>2,379</u>
<b>Deferred tax</b>		
Current period	(2,423)	–
	<u>34,136</u>	<u>36,376</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.

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

	<b>Six months ended 30 June</b>	
	<b>2021</b>	2020
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
Profit for the period has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	<b>9,556</b>	8,868
Depreciation of right-of-use assets	<b>5,137</b>	4,306
	<b>14,693</b>	13,174
Cost of inventories recognised as expense	<b>10,680</b>	2,595
Allowance for inventories (included in cost of sales)	<b>585</b>	5,762
Contract costs recognised as expense		
Fitting-out works	<b>2,084,844</b>	1,984,977
Alteration and addition and construction works	<b>51,556</b>	118,357
	<b>2,136,400</b>	2,103,334
Research and development expenses (included in other expenses)	<b>26,194</b>	17,150
Staff costs		
Gross staff costs (including Directors' emoluments)	<b>200,037</b>	213,908
Less: Staff costs capitalised to contract costs and inventories	<b>(146,522)</b>	(157,875)
	<b>53,515</b>	56,033
Gross rental income from investment properties	<b>(1,265)</b>	(252)
Less: Direct operating expenses incurred for investment properties that generated rental income during the Period	<b>214</b>	29
	<b>(1,051)</b>	(223)
Covid-19-related rent concessions	<b>–</b>	(339)

## 8. DIVIDENDS

Six months ended 30 June	
2021	2020
HK\$'000	HK\$'000
(Unaudited)	(Unaudited)

Dividends for ordinary shareholders of the Company  
(the “Shareholders”) recognised as distribution during the Period:

2020 final dividend – HK8 cents per share  
(Previous Period: 2019 final dividend – nil)

<u>172,657</u>	<u>–</u>
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The Directors do not recommend the payment of an interim dividend for the Period (Previous Period: nil).

## 9. EARNINGS PER SHARE

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

Six months ended 30 June	
2021	2020
HK\$'000	HK\$'000
(Unaudited)	(Unaudited)

Profit for the period attributable to owners of the Company  
for the purpose of basic earnings per share

<u>155,604</u>	<u>111,310</u>
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Six months ended 30 June	
2021	2020
'000	'000

Weighted average number of ordinary shares for the purpose of  
basic earnings per share

<u>2,158,210</u>	<u>2,158,210</u>
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No diluted earnings per share were presented for both periods as there were no potential ordinary shares of the Company in issue.

## 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 2021 <i>HK\$'000</i> <i>(Unaudited)</i>	At 31 December 2020 <i>HK\$'000</i> <i>(Audited)</i>
Trade receivables (gross carrying amount)		
Fitting-out works	744,806	735,688
Alteration and addition and construction works	28,036	59,185
Manufacturing, sourcing and distribution of interior decorative materials	10,226	96
	<u>783,068</u>	<u>794,969</u>
Less: Allowance for credit losses	(55,004)	(68,751)
	<u>728,064</u>	<u>726,218</u>
Trade receivables (net carrying amount)		
Unbilled receivables (gross carrying amount) <i>(note)</i>	1,220,649	1,049,574
Less: Allowance for credit losses	(82,923)	(66,702)
	<u>1,137,726</u>	<u>982,872</u>
Unbilled receivables (net carrying amount)		
Other receivables (gross carrying amount)	227,320	129,923
Less: Allowance for credit losses	(4,972)	(3,360)
	<u>222,348</u>	<u>126,563</u>
Other receivables (net carrying amount)		
Bills receivable (gross carrying amount)	52,780	43,637
Less: Allowance for credit losses	(1,502)	(2,353)
	<u>51,278</u>	<u>41,284</u>
Bills receivable (net carrying amount)		
Prepayments and deposits	322,451	261,349
	<u>2,461,867</u>	<u>2,138,286</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 <b>30 June</b> <b>2021</b> <i>HK\$'000</i> <i>(Unaudited)</i>	At 31 December 2020 <i>HK\$'000</i> <i>(Audited)</i>
1–30 days	375,592	519,669
31–60 days	155,707	110,053
61–90 days	33,181	15,301
Over 90 days	163,584	81,195
	<u>728,064</u>	<u>726,218</u>

## Bills receivable

As at 30 June 2021, the carrying amount of bills receivable amounting to HK\$51,278,000 (31 December 2020: HK\$41,284,000) were held by the Group for settlement, of which HK\$4,807,000 (31 December 2020: HK\$7,064,000) have been pledged as security for certain bills payable. 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 <b>30 June</b> <b>2021</b> <i>HK\$'000</i> <i>(Unaudited)</i>	At 31 December 2020 <i>HK\$'000</i> <i>(Audited)</i>
1–30 days	4,931	16,242 <sup>(Note)</sup>
31–60 days	3,066	–
61–90 days	3,872	–
Over 90 days	39,409 <sup>(Note)</sup>	25,042
	<u>51,278</u>	<u>41,284</u>

*Note:* As at 30 June 2021, the relevant bills receivable amounting to HK\$10,020,000 (31 December 2020: HK\$9,939,000) was issued by a related company in which Mr. Liu Zaiwang (“**Mr. Liu**”), a non-executive Director and a controlling shareholder of the Company, and his spouse have an aggregate of 69.92% (31 December 2020: 80%) beneficial interest.

## 11. AMOUNTS DUE FROM RELATED COMPANIES

The amounts due from related companies, in which Mr. Liu and his spouse have an aggregate of 69.92% (31 December 2020: 80%) beneficial interest, represented trade receivables.

The Group allows a credit period of 30 days to the related companies. As at 30 June 2021, the trade receivables due from the related companies were aged over 90 days (31 December 2020: within 90 days) based on invoice date.

## 12. AMOUNT DUE FROM A FELLOW SUBSIDIARY

The Group allows a credit period of 30 days to its trade receivable due from a fellow subsidiary. As at 30 June 2021, the trade receivable due from the fellow subsidiary was aged within 30 days based on invoice date.

## 13. TRADE AND OTHER PAYABLES AND BILLS PAYABLE

### 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 2021 <i>HK\$'000</i> <i>(Unaudited)</i>	At 31 December 2020 <i>HK\$'000</i> <i>(Audited)</i>
Contract creditors and suppliers	1,531,370	1,667,792
Retentions payable	478,732	482,934
	<u>2,010,102</u>	<u>2,150,726</u>
Other tax payable	156,124	117,505
Other payables and accruals	64,548	131,708
	<u>2,230,774</u>	<u>2,399,939</u>

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

	At 30 June 2021 <i>HK\$'000</i> <i>(Unaudited)</i>	At 31 December 2020 <i>HK\$'000</i> <i>(Audited)</i>
1–30 days	1,013,695	1,137,310
31–60 days	101,283	141,919
61–90 days	71,080	57,370
Over 90 days	345,312	331,193
	<u>1,531,370</u>	<u>1,667,792</u>

## **Bills payable**

As at 30 June 2021 and 31 December 2020, certain bills payable were secured by certain bills receivable and pledged bank deposits and were repayable as follows:

	At <b>30 June</b> <b>2021</b> <i>HK\$'000</i> <i>(Unaudited)</i>	At 31 December 2020 <i>HK\$'000</i> <i>(Audited)</i>
1–30 days	<b>112,451</b>	137,231
31–60 days	<b>66,468</b>	75,790
61–90 days	<b>44,609</b>	76,381
Over 90 days	<b>259,317</b>	253,133
	<hr/> <b>482,845</b> <hr/>	<hr/> 542,535 <hr/>

## MANAGEMENT DISCUSSION AND ANALYSIS

### MARKET REVIEW

In Hong Kong, the coronavirus disease 2019 (COVID-19) (“**Covid-19**”) pandemic was controlled effectively, accompanied with a strong growth in exports of goods. According to Census and Statistics Department (“**C&SD**”) of the government of Hong Kong (the “**Hong Kong Government**”), Hong Kong’s gross domestic product (“**GDP**”) increased by 8.0% year-on-year in real terms in the first quarter of 2021, ending six consecutive quarters of contraction.

According to the provisional results of the “Report on the Quarterly Survey of Construction Output” released by C&SD, the total gross value of construction works carried out by the main contractors in Hong Kong decreased by 0.6% in nominal terms year-on-year to HK\$55.5 billion in the first quarter of 2021, while the gross value of construction works carried out at private sector sites decreased by 2.9% in nominal terms year-on-year to HK\$15.2 billion in the first quarter of 2021. However, the gross value of construction works carried out at residential building sites increased by 4.6% in nominal terms year-on-year to HK\$12.8 billion in the first quarter of 2021. As mentioned by the Chief Executive of Hong Kong in July 2021, the Hong Kong Government will continue to increase the supply of residential buildings in order to cope with strong housing demand. This will support the long-term development of both local construction and real estate markets, sustaining a stable demand for the fitting-out industry in Hong Kong.

In Macau, its situation of Covid-19 pandemic has long been under control, despite lockdown measures imposed around the world still affecting its tourism and service industries. Information from the Statistics and Census Service of the government of Macau (the “**Macau Government**”) indicated that the Macau’s GDP decreased by 0.9% year-on-year in real terms in the first quarter of 2021. With the Macau Government’s implementation of strict measures to limit inbound travel, the number of tourists decreased by 46.0% in the first quarter of 2021, according to statistics from Macao Government Tourism Office. Meanwhile, Gaming Inspection and Coordination Bureau of Macau indicated that revenue from the gambling sector decreased by 22.5% year-on-year to Macau Pataca (“**MOP**”) 23.6 billion in the first quarter of 2021. Nevertheless, the Macau Government has ramped up efforts to promote tourism to PRC residents, such as strengthening tourism cooperation between Macau and Hengqin. Coupled with the rollout of Covid-19 vaccination programme in Macau and the PRC, the tourism and gambling industries are expected to revive, providing a fillip to Macau’s fitting-out sector.

The PRC's economy has resumed steadily in the first half of 2021. According to information from National Bureau of Statistics of China, the PRC's GDP increased by 12.7% year-on-year to Renminbi ("RMB") 53,216.7 billion in the first half of 2021, while the gross output value of construction industry increased by 18.8% year-on-year to RMB11,984.4 billion in the first half of 2021. During the first half of 2021, investments in national real estate development increased by 15.0% year-on-year to RMB7,217.9 billion, among which, investments in residential buildings increased by 17.0% year-on-year to RMB5,424.4 billion and investments in office buildings increased by 6.7% year-on-year to RMB291.0 billion. The demand for construction activities on real estate projects is expected to remain strong, with the implementation of the policies of the government of the PRC (the "PRC Government") that aims to accelerate high quality development of new urbanisation and to enhance the stability of the real estate market, hence, bolstering demand for the fitting-out industry in the PRC.

## BUSINESS REVIEW

The Group is one of the leading integrated fitting-out contractors in Hong Kong, Macau and the PRC, specialising in providing professional fitting-out works for residential property, commercial building and hotel projects. The Group is also engaged in the provision of alteration and addition and construction works in Hong Kong, and the provision of manufacturing, sourcing and distribution services of interior decorative materials internationally. During the Period, about 98.0% of the Group's revenue was derived from its fitting-out works business.

Despite the impact of Covid-19 on global economic recovery, the Group managed to maintain sufficient financial resources to satisfy its business development during the Period. The Group obtained several sizable fitting-out projects during the Period by prudently capitalising on changes in the macroeconomic environment, adjusting its operational strategies in a timely manner and leveraging its prominent brand reputation in the industry. These new projects are expected to sustain a steady growth in the Group's business for the coming years.

### Fitting-out works

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

During the Period, the Group completed a total of 14 fitting-out projects, including three in Hong Kong and 11 projects in the PRC, with the individual contract sum being not less than HK\$50.0 million. The total contract sum of such projects amounted to HK\$1,447.3 million, HK\$167.9 million of which was recognised as revenue during the Period. As at 30 June 2021, the Group had 65 projects on hand (including contracts in progress and contracts signed but yet to commence), including 28 in Hong Kong, three in Macau and 34 in the PRC, with the individual contract sum being not less than HK\$50.0 million. The total contract sum and value of the outstanding works of such projects as at 30 June 2021 amounted to HK\$7,868.8 million and HK\$4,463.3 million, respectively.

During the Period, the Group's revenue derived from its fitting-out business increased by HK\$81.8 million or 3.5% year-on-year to HK\$2,409.5 million (Previous Period: HK\$2,327.7 million). Such increase was mainly attributable to the increase in the number of projects the Group was awarded in the PRC in the past two years. Furthermore, the Group has carried out two sizable fitting-out projects in Hong Kong during the Period. As a result, the Group's revenue derived from its fitting-out business in the PRC and Hong Kong increased by HK\$786.3 million, as compared to the Previous Period. Such positive effect was offset by the decrease in the revenue from its fitting-out projects in Macau as most of the Group's works in Macau were completed during the Previous Period.

The Group's gross profit derived from its fitting-out business during the Period decreased by HK\$12.8 million or 3.8% year-on-year to HK\$324.2 million (Previous Period: HK\$337.0 million). The decrease in gross profit was mainly attributable to the slight decrease of gross profit margin for its fitting-out business from 14.5% for the Previous Period to 13.5% for the Period.

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

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

As at 30 June 2021, Kin Shing had three on-going projects with a total contract sum of HK\$190.0 million. The value of the outstanding works of such projects as at 30 June 2021 amounted to HK\$55.6 million.

During the Period, the Group's revenue derived from its alteration and addition and construction business decreased by HK\$85.2 million or 70.3% year-on-year to HK\$36.0 million (Previous Period: HK\$121.2 million). Such decrease was primarily attributable to the decrease in the number of projects the Group had been awarded in the past year.

The Group's gross loss derived from its alteration and addition and construction business was \$15.6 million (Previous Period: gross profit of HK\$2.8 million), whilst the gross loss margin was 43.3% (Previous Period: gross profit margin of 2.3%). Such gross loss and gross loss margin was primarily attributable to the additional overheads and/or cost incurred for several construction projects of residential and commercial buildings due to the extension of construction period and the rectification of work defects.

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

One of the Group's core competencies lies in its manufacturing base and research and development centre in the PRC. Through Dongguan Sundart Home Furnishing Co., Ltd. (東莞承達家居有限公司) ("**Dongguan Sundart**"), a subsidiary of the Group, 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 square meters. Dongguan Sundart manufactures interior decorative timber products such as 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 increased by HK\$9.7 million or 312.9% year-on-year to HK\$12.8 million (Previous Period: HK\$3.1 million). Such increase was primarily attributable to the increase in indent sales during the Period, as compared to the Previous Period.

In addition, during the Period, the Group's gross profit derived from its manufacturing, sourcing and distribution of interior decorative materials business increased by HK\$1.6 million or 320.0% year-on-year to HK\$2.1 million (Previous Period: HK\$0.5 million). The increase in gross profit was mainly attributable to the increase in revenue and the slight increase of gross profit margin in its manufacturing, sourcing and distribution of interior decorative materials business from 16.1% for the Previous Period to 16.4% for the Period.

## FINANCIAL REVIEW

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

During the Period, the Group's revenue slightly increased by HK\$6.3 million or 0.3% year-on-year to HK\$2,458.3 million (Previous Period: HK\$2,452.0 million), however, the Group's gross profit decreased by HK\$29.6 million or 8.7% year-on-year to HK\$310.7 million (Previous Period: HK\$340.3 million) and its gross profit margin decreased to 12.6% (Previous Period: 13.9%). Such decreases were primarily due to decreases in its alteration and addition and construction business as discussed under the paragraph headed "Business review – Alteration and addition and construction works" above.

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

The Group recorded net other losses of HK\$3.8 million for the Period (Previous Period: HK\$35.7 million), primarily derived from a loss of HK\$13.8 million resulting from fair value changes of financial assets at FVTPL, as the market price of the listed equity securities and unlisted equity fund held by the Group decreased during the 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\$44.3 million or 39.8% year-on-year to HK\$155.6 million (Previous Period: HK\$111.3 million). Such increase was primarily attributable to the decrease in impairment losses on trade receivables.

### **Basic earnings per share**

The Company's basic earnings per share for the Period was HK7.21 cents (Previous Period: HK5.16 cents), increased by HK2.05 cents or 39.7% year-on-year, 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 2021, the Group's financial assets at FVTPL comprised of HK\$28.6 million and HK\$84.0 million (31 December 2020: HK\$61.4 million and HK\$92.0 million) of listed equity securities and unlisted equity fund, respectively.

During the Period, the Group recognised a fair value loss of HK\$13.8 million in profit or loss in respect of the listed equity securities and unlisted equity fund, primarily as a result of a decrease on the market prices of certain listed equity securities and unlisted equity fund. Further, the Group disposed of HK\$27.0 million of listed equity securities for the Period.

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

During the Period, the Group subscribed for three bonds which would mature on 30 June 2022, 4 February 2023 and 15 November 2024, respectively, with fixed interest rates ranging from 5.75% to 8.50% per annum at a total consideration of HK\$20.6 million.

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 continue to enjoy a steady investment return until its disposal, transfer or redemption by the issuer. 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.

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

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 a solid financial and cash position. As at 30 June 2021, the Group's net current assets amounted to HK\$2,282.1 million, representing an increase of HK\$18.4 million from HK\$2,263.7 million as recorded as at 31 December 2020, and the bank balances and cash in total amounted to HK\$954.1 million, representing a decrease of HK\$618.0 million from HK\$1,572.1 million as recorded as at 31 December 2020. Such decrease was mainly resulting from the use of funds for the operating activities and dividend payment.

As at 30 June 2021, the bank borrowings of the Group amounted to HK\$124.6 million (31 December 2020: HK\$164.7 million), of which HK\$80.2 million, HK\$44.0 million and HK\$0.4 million (31 December 2020: HK\$80.2 million, HK\$80.2 million and HK\$4.3 million) will be repayable within one year, more than one year but not exceeding two years and more than two years but not exceeding five years, respectively. There is no seasonality on the Group's bank borrowings.

During the Period, the Group continued to maintain a healthy liquidity position. As at 30 June 2021, the Group's current assets and current liabilities amounted to HK\$5,281.9 million and HK\$2,999.8 million, respectively (31 December 2020: HK\$5,539.2 million and HK\$3,275.5 million, respectively). The Group's current ratio as at 30 June 2021 increased to 1.8 times (31 December 2020: 1.7 times) and the Group maintained sufficient liquid assets to finance its business operations during the Period.

As at 30 June 2021, the Group's gearing ratio of total debts (bank borrowings) divided by total equity was 4.2% (31 December 2020: 5.5%). The decrease in gearing ratio was primarily due to the decrease in the Group's bank borrowings.

As at 30 June 2021, the share capital and equity attributable to owners of the Company amounted to HK\$1,246.8 million and HK\$2,989.8 million, respectively (31 December 2020: HK\$1,246.8 million and HK\$2,996.9 million, respectively).

### **Charge on the Group's assets**

The Group's assets pledged for securing certain bank borrowings, certain bills payable, a performance bond and certain tender bonds comprised a commercial property, certain bills receivable and pledged bank deposits, which amounted to HK\$95.4 million, HK\$4.8 million and HK\$74.4 million, respectively as at 30 June 2021 (31 December 2020: HK\$97.2 million, HK\$7.1 million and HK\$90.4 million, respectively).

## Contingent liabilities and capital commitments

The Group did not have any significant contingent liabilities as at 30 June 2021 and 31 December 2020, respectively.

As at 30 June 2021, the Group had capital commitments of HK\$1.3 million (31 December 2020: HK\$0.2 million) in relation to acquisition of property, plant and equipment and HK\$22.2 million (31 December 2020: HK\$22.2 million) in relation to contribution to the capital of unlisted equity fund.

## Exposure to fluctuations in exchange rates and interest rates and corresponding hedging arrangements

The Group operates in various regions with different foreign currencies including MOP, Euro, RMB and United States Dollars. As at 30 June 2021, all of the Group's bank borrowings were made in Hong Kong dollars (“**HK dollars**”) at floating rates, and, cash and cash equivalents held were mainly in HK dollars, MOP and RMB. As at the date of this announcement, the Group did not implement any foreign currencies and interest rates hedging policies. However, 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

The Group's major customers include reputable property developers, hotel owners and main contractors. During the Period, the Group has closely monitored and strengthened its collection measures, and has adopted prudent credit policies to mitigate credit risk exposure. 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

On 26 August 2021, Sundart Engineering & Contracting (Beijing) Limited (北京承達創建裝飾工程有限公司) (“**Sundart Beijing**”), an indirect wholly-owned subsidiary of the Company, and 鄭州江河華晟醫學檢驗實驗室有限公司 (Zhengzhou Jianghe Huacheng Medical Inspection Laboratory Company Limited\*) (“**Zhengzhou Huacheng Laboratory**”) entered into a fitting-out agreement (the “**Fitting-out Transaction**”), pursuant to which Zhengzhou Huacheng Laboratory has engaged Sundart Beijing as a contractor to carry out fitting-out works on a testing laboratory and office premises at 河南省鄭州市管城回族區經開第十三大街3號1#6層南 (South Wing of 1#6, No. 3 of Jingkai Thirteenth Street, Hui Zu District, Zhengzhou, Henan Province, PRC\*) for a consideration of RMB12,780,000, subject to adjustments (if any). Please refer to the announcement of the Company dated 26 August 2021 for further details.

As Zhengzhou Huacheng Laboratory is an associate of Mr. Liu, and hence a connected person of the Company, the Fitting-out Transaction constituted a connected transaction of the Company under Chapter 14A of the Listing Rules.

Save as disclosed herein, there were no other significant events subsequent to the Period and up to the date of this announcement which had materially affected the Group's operating and financial performance.

## EMPLOYEES AND REMUNERATION POLICIES

The Group remunerates its employees based on their performance, experience and the prevailing industry practice. Discretionary bonuses and share options may also be granted to eligible staff based on individual performance in recognition of their contribution and hard work. The Group also provides training programmes for its employees to equip themselves with requisite skills and knowledge.

As at 30 June 2021, the Group had 1,855 employees (31 December 2020: 1,881). The Group's gross staff costs (including the Directors' emoluments) decreased by HK\$13.9 million or 6.5% year-on-year to HK\$200.0 million for the Period (Previous Period: HK\$213.9 million). Such decrease was mainly attributable to the decrease in number of employees.

## PROSPECTS AND STRATEGIES

The Covid-19 pandemic in Hong Kong was controlled effectively, enabling a steady uptrend for the recovery of the economy. Coupled with the rising Covid-19 vaccination rate in Hong Kong, border restrictions with the PRC and Macau are expected to be relaxed in the near future, which would boost tourism and drive demand for hotels. In addition, benefitting from the gradual relaxation of social distancing policies, the number of customers in restaurants and shopping malls is expected to increase. Meanwhile, the Hong Kong Government has implemented a Consumption Voucher Scheme to distribute HK\$5,000 of electronic consumption vouchers to all eligible Hong Kong residents to stimulate the recovery of the retail industry and the economy. Given the persistent housing shortage and the continued low interest rate environment, a strong demand for residential properties would be continuously sustained. Considering the above, the Group will continue to closely monitor market trends to seize growing business opportunities for fitting-out projects in residential properties, hotels and shopping malls in Hong Kong.

The Macau Government has launched its Covid-19 vaccination programme, along with an electronic consumption benefits plan and the "Stay, Dine and See Macao" programme, in order to promote the recovery of the retail and tourism sectors in Macau. In addition, the Macau Government emphasises the promotion of its tourism industry to develop Macau into a world tourism and leisure centre and to support the reconstruction and expansion of Macau International Airport. Meanwhile, the Macau Government will boost the development of the Guangdong-Macao Intensive Cooperation Zone in Hengqin and will strengthen tourism cooperation between Macau and Hengqin in order to promote economic development and enhance the connectivity between Guangdong and Macau, thus bringing momentum to the long-term growth opportunities for both construction and fitting-out industries in Macau.

The PRC Government issued the “Outline of the 14th Five-Year Plan for National Economic and Social Development of the People’s Republic of China and the Long-Range Objectives Through the Year 2035” to implement a strategy of expanding domestic demand in order to build a robust domestic market with a strong consumer base. In June 2021, the PRC’s Ministry of Culture and Tourism released its 14th Five-Year Plan for developing culture and tourism to promote high-quality development of the cultural and the tourism industry. Its policy initiatives are aimed at promoting the quality development of retail, catering, shopping, tourism and entertainment. It is expected to promote commercial real estate projects, including hotels and shopping malls. Furthermore, the PRC Government has accelerated its Covid-19 vaccination programme and it is expected that at least 70% of the target population will be vaccinated by the end of 2021. This will facilitate economic recovery and boost consumption. The Group will respond appropriately to the PRC’s national policies and market developments in order to seize opportunities and obtain more large-scale and high-end fitting-out projects.

Looking ahead, countries around the world are gradually resuming economic activities following the development of vaccines and the progress of Covid-19 vaccination. The Group will closely monitor the latest pandemic and economic developments, whilst striving to maintain stable financials and operations. The Group will also leverage its professional project management and brand reputation in order to further consolidate market share in Hong Kong, Macau and the PRC. Furthermore, the Group will seize possible opportunities arising from the development and construction works associated with Guangdong-Hong Kong-Macao Greater Bay Area as well as Belt and Road Initiative. This will enable the Group to expand its overall business scale and lay a solid foundation for the Group’s future business development.

## **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 complied with the code provisions as set out in the Corporate Governance Code and Corporate Governance Report as contained in Appendix 14 to the Listing Rules (the “**Code Provisions**”) during the Period, except for the following deviation:

Paragraph A.6.7 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. A non-executive Director and three independent non-executive Directors were absent from the last annual general meeting of the Company held on 3 June 2021 due to travel restrictions imposed as the outbreak of Covid-19 and/or other important business commitments, nevertheless, two independent non-executive Directors have participated the aforesaid meeting through conference call.

#### 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 unaudited interim results of the Group for the Period has been reviewed by the Company’s auditor, BDO Limited, in accordance with Hong Kong Standard on Review Engagements 2410 “Review of interim financial information performed by the independent auditor of the entity” issued by the HKICPA, whose unmodified review report will be included in the interim report to be sent to the Shareholders.

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 interim results of the Group for the Period with the Group’s management and auditor.

#### PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This announcement will be published on the respective websites of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.sundart.com](http://www.sundart.com)). The interim report for the Period containing all the information required by the Listing Rules will also 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, 26 August 2021

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

\* *for identification purpose only*