



**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

**2023**  
**INTERIM REPORT**

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# Corporate Information

## BOARD OF DIRECTORS

### Executive Directors

Mr. Ng Tak Kwan (*Chief Executive Officer*)  
Mr. Ng Chi Hang  
Mr. Ding Jingyong  
Mr. Guan Yihe  
Mr. Xie Jianyu (*Chief Financial Officer*)

### Non-executive Director

Mr. Liu Zaiwang (*Chairman*)

### Independent non-executive Directors

Mr. Tam Anthony Chun Hung  
Mr. Huang Pu  
Mr. Li Zheng

## AUDIT COMMITTEE

Mr. Tam Anthony Chun Hung (*Chairman*)  
Mr. Huang Pu  
Mr. Li Zheng

## REMUNERATION COMMITTEE

Mr. Huang Pu (*Chairman*)  
Mr. Ng Tak Kwan  
Mr. Tam Anthony Chun Hung

## NOMINATION COMMITTEE

Mr. Liu Zaiwang (*Chairman*)  
Mr. Huang Pu  
Mr. Li Zheng

## INTERNAL CONTROL COMMITTEE

Mr. Liu Zaiwang (*Chairman*)  
Mr. Xie Jianyu

## COMPANY SECRETARY

Ms. Chui Muk Heung

## AUTHORISED REPRESENTATIVES

Mr. Xie Jianyu  
Ms. Chui Muk Heung

## AUDITOR

BDO Limited  
*Certified Public Accountants*  
*Public Interest Entity Auditor registered in accordance*  
*with the Financial Reporting Council Ordinance*  
25/F, Wing On Centre  
111 Connaught Road Central  
Hong Kong

## LEGAL ADVISERS AS TO HONG KONG LAW

Kenneth Chong Law Office  
Unit B, 16/F, Tesbury Centre  
28 Queen's Road East  
Hong Kong

## PRINCIPAL BANKERS

BNP Paribas  
China Construction Bank (Asia) Corporation Limited  
China Guangfa Bank Co., Ltd., Macau Branch  
Citibank, N.A., Hong Kong Branch  
Hang Seng Bank Limited

## REGISTERED OFFICE

Commerce House  
Wickhams Cay 1  
P.O. Box 3140, Road Town  
Tortola  
British Virgin Islands VG1110

## HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

19/F, Millennium City 3  
370 Kwun Tong Road  
Kowloon  
Hong Kong

**BVI PRINCIPAL SHARE REGISTRAR**

Conyers Trust Company (BVI) Limited  
Commerce House  
Wickhams Cay 1  
P.O. Box 3140, Road Town  
Tortola  
British Virgin Islands VG1110

**HONG KONG BRANCH SHARE REGISTRAR  
AND TRANSFER OFFICE**

Computershare Hong Kong Investor Services Limited  
Shops 1712–1716, 17/F  
Hopewell Centre  
183 Queen's Road East  
Wan Chai  
Hong Kong

**STOCK CODE**

1568

**COMPANY'S WEBSITE**

[www.sundart.com](http://www.sundart.com)

**INVESTOR RELATIONS**

Email: [ir@sundart.com](mailto:ir@sundart.com)

# Management Discussion and Analysis

## MARKET REVIEW

During the six months ended 30 June 2023 (the “**Period**”), Hong Kong’s economy has improved significantly, led by the strong recovery of inbound tourism and domestic demand. According to the Census and Statistics Department (the “**C&SD**”) of the government of the Hong Kong Special Administrative Region (the “**Hong Kong Government**”), Hong Kong’s real gross domestic product (“**GDP**”) increased by 2.7% year-on-year in the first quarter of 2023, ending the decline of the previous four consecutive quarters.

According to the provisional results of the “Report on the Quarterly Survey of Construction Output” published by the C&SD, the total gross value of construction works carried out by the main contractors in Hong Kong increased by 7.4% in nominal terms year-on-year to HK\$62.6 billion in the first quarter of 2023, whilst the gross value of construction works carried out at private sector sites increased by 18.2% in nominal terms year-on-year to HK\$17.0 billion in the first quarter of 2023. Meanwhile, the gross value of construction works carried out at construction sites in respect of residential buildings projects increased by 16.4% in nominal terms year-on-year to HK\$12.5 billion in the first quarter of 2023. It is noted that there is an increase in the demand for fitting-out works in Hong Kong as a result of the increase in gross value of construction works in Hong Kong.

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

According to the National Bureau of Statistics of China, the PRC’s GDP increased by 5.5% year-on-year to Renminbi (“**RMB**”) 59,303.4 billion in the first half year of 2023, whilst the gross output value of construction industry increased by 5.9% year-on-year to RMB13,226.1 billion in the first half year of 2023. Nevertheless, in the first half year of 2023, investments in real estate development decreased by 7.9% year-on-year to RMB5,855.0 billion, among which, investments in residential buildings decreased by 7.3% year-on-year to RMB4,443.9 billion. The floor space of buildings under construction by the PRC’s real estate developers decreased by 6.6% year-on-year to 7,915.5 million square meters (“**m<sup>2</sup>**”), of which the floor space of residential buildings under construction decreased by 6.9% year-on-year to 5,570.8 million m<sup>2</sup>. The relatively sluggish real estate development and construction in the PRC have led to a slowdown in demand for fitting-out works.

## BUSINESS REVIEW

SUNDART HOLDINGS LIMITED 承達集團有限公司 (the “**Company**”) and its subsidiaries (collectively, the “**Group**”) is one of the leading integrated fitting-out contractors in Hong Kong, Macau and the PRC, specialising in providing professional fitting-out works for hotel, commercial building and residential property projects. It further expanded its fitting-out business to the Republic of Singapore (“**Singapore**”) in 2021. The Group is also engaged in the provision of alteration and addition and construction works in Hong Kong, and in the manufacturing, sourcing and distribution of interior decorative materials business internationally. During the Period, around 99.5% of the Group’s revenue was derived from its fitting-out business.

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

### Fitting-out works

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

During the Period, the Group completed a total of 8 fitting-out projects, including 2 in Hong Kong and 6 in the PRC, with an individual contract sum of not less than HK\$50.0 million. The total contract sum of such projects amounted to HK\$605.8 million, out of which HK\$80.0 million was recognised as revenue during the Period. As at 30 June 2023, the Group had 57 projects on hand (including contracts in progress and contracts signed but yet to commence), including 30 in Hong Kong, 2 in Singapore and 25 in the PRC, with an individual contract sum of not less than HK\$50.0 million. The total contract sum and the value of the outstanding works of such projects as at 30 June 2023 amounted to HK\$8,802.3 million and HK\$5,845.3 million, respectively.

During the Period, the Group's revenue derived from its fitting-out business increased by HK\$117.5 million or 5.9% year-on-year to HK\$2,123.8 million (six months ended 30 June 2022 (the "Previous Period"): HK\$2,006.3 million). Such increase was mainly attributable to a number of sizeable fitting-out projects carried out in Hong Kong and Singapore during the Period. As a result, the Group's revenue derived from its fitting-out business in Hong Kong and Singapore increased by HK\$647.4 million, as compared to the Previous Period. Such positive effect was offset by the decrease in the revenue derived from its fitting-out projects in Macau as most of the Group's works in Macau were completed during 2022.

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

### Alteration and addition and construction works

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

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

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

The Group's gross profit derived from its alteration and addition and construction business was HK\$0.6 million during the Period (Previous Period: gross loss of HK\$0.8 million), whilst the gross profit margin was 5.5% (Previous Period: gross loss margin of 2.9%). Such gross profit and gross profit margin for the Period were primarily attributable to variation orders claimed from two completed projects.

## Management Discussion and Analysis

### 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 Period, the Group's revenue derived from external customers of its manufacturing, sourcing and distribution of interior decorative materials business decreased by HK\$5.2 million or 94.5% year-on-year to HK\$0.3 million (Previous Period: HK\$5.5 million). Such decrease was primarily attributable to the decrease in acceptance of orders from external customers and indent sales during the Period, as compared to the Previous Period.

In addition, the Group's gross profit derived from its manufacturing, sourcing and distribution of interior decorative materials business during the Period decreased by HK\$1.25 million or 96.2% year-on-year to HK\$0.05 million (Previous Period: HK\$1.3 million), in line with the aforesaid decrease in revenue. Meanwhile, the gross profit margin for its manufacturing, sourcing and distribution of interior decorative materials business decreased from 23.6% for the Previous Period to 16.7% for the Period. Such decrease was attributable to the orders from the PRC with relatively high gross profit margin during the Previous Period.

## FINANCIAL REVIEW

### Revenue, gross profit and gross profit margin

During the Period, the Group's revenue increased by HK\$95.6 million or 4.7% year-on-year to HK\$2,135.2 million (Previous Period: HK\$2,039.6 million). Such increase in revenue was primarily due to the increase in its fitting-out business as discussed under the paragraph headed "Business Review – Fitting-out works" in this interim report. However, during the Period, the Group's gross profit decreased by HK\$0.8 million or 0.3% year-on-year to HK\$271.6 million (Previous Period: HK\$272.4 million). The decrease in gross profit was mainly attributable to the slight decrease of gross profit margin from 13.4% for the Previous Period to 12.7% for the Period.

### Other income, other gains and losses

The Group recorded net other income of HK\$20.5 million for the Period (Previous Period: HK\$10.8 million) which is primarily due to the increase in interest income from bank deposits as compared to the Previous Period. Details of other income, other gains and losses are set out in note 5 to the condensed consolidated financial statements in this interim report.

### Profit for the period

The Group's profit for the period increased by HK\$17.5 million or 18.2% year-on-year to HK\$113.6 million (Previous Period: HK\$96.1 million) as a result of the increase in interest income from bank deposits and the decrease in impairment losses on contract assets.

### Basic and diluted earnings per share

The Company's basic and diluted earnings per share for the Period was HK5.26 cents (Previous Period: HK4.45 cents), increased by HK0.81 cents or 18.2% year-on-year, which is in line with the increase in profit for the period. Details of earnings per share are set out in note 10 to the condensed consolidated financial statements in this interim report.

### 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 fair value through profit or loss ("FVTPL")

As at 30 June 2023, the Group's financial assets at FVTPL comprised HK\$20.8 million, nil and HK\$87.8 million (31 December 2022: HK\$18.4 million, HK\$28.9 million and HK\$87.0 million) of listed equity securities, unlisted fund investments and unlisted equity fund, respectively.

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

#### Other financial assets at amortised cost

As at 30 June 2023, the Group's other financial assets at amortised cost comprised (i) two loans in the total amount of HK\$67.3 million to a subsidiary of the aforesaid unlisted equity fund, an independent third party, for its working capital purpose, which will mature on 31 December 2023, with a fixed interest rate at 8% and 15% per annum, respectively; and (ii) three corporate bonds traded in the secondary market in the total amount of HK\$9.6 million, the last of which will mature on 15 November 2024, with fixed interest rates ranging from 5.75% to 8.50% per annum.

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

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

The Group will continuously adopt a prudent investment strategy and assess the performance of its portfolio of investments so as to make timely and appropriate adjustments on its investments for the maximisation of returns to the shareholders of the Company (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 28 August 2023, the Group did not have any plans for material investments or capital assets.

## CORPORATE FINANCE AND RISK MANAGEMENT

### Liquidity and financial resources and capital structure

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

During the Period, the Group continued to maintain solid financial and cash positions. As at 30 June 2023, the Group's net current assets amounted to HK\$2,647.4 million, representing a decrease of HK\$47.4 million from HK\$2,694.8 million as recorded as at 31 December 2022. The Group's bank balances and cash in total amounted to HK\$1,150.1 million, representing a decrease of HK\$377.6 million from HK\$1,527.7 million as recorded as at 31 December 2022. Such decrease mainly resulted from the use of funds for the operating activities and dividend payment.

## Management Discussion and Analysis

As at 30 June 2023, the bank borrowings of the Group amounted to HK\$0.4 million (31 December 2022: HK\$0.5 million), out of which HK\$0.2 million, HK\$0.2 million and nil (31 December 2022: HK\$0.2 million, HK\$0.2 million and HK\$0.1 million) will be repayable within one year, more than one year but not exceeding two years and more than two years but not exceeding five years, respectively. There is no seasonality on the Group's bank borrowings.

During the Period, the Group continued to maintain a healthy liquidity position. As at 30 June 2023, the Group's current assets and current liabilities amounted to HK\$5,704.9 million and HK\$3,057.5 million, respectively (31 December 2022: HK\$6,128.4 million and HK\$3,433.5 million, respectively). The Group's current ratio as at 30 June 2023 increased to 1.9 (31 December 2022: 1.8). The Group maintained sufficient liquid assets to finance its business operations during the Period.

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

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

### Charge on the Group's assets

The Group's assets pledged for securing certain bank borrowings, certain bills payable, certain performance bonds and certain tender bonds comprised a commercial property and pledged bank deposits, which amounted to HK\$88.1 million and HK\$74.4 million, respectively as at 30 June 2023 (31 December 2022: HK\$89.9 million and HK\$62.3 million, respectively).

### Contingent liabilities and capital commitments

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

As at 30 June 2023, the Group had capital commitments of HK\$151,000 (31 December 2022: HK\$50,000) in relation to purchases of property, plant and equipment.

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

The Group operates in various regions with different foreign currencies including Euro, MOP, RMB, Singapore dollars and United States dollars. As at 30 June 2023, all of the Group's bank borrowings were made in Hong Kong dollars ("HK\$" or "HK dollars") at floating rates, and cash and cash equivalents held were mainly in HK dollars, RMB and Singapore dollars. As at 28 August 2023, the Group did not implement any foreign currencies and interest rates hedging policies. The Group's management will closely monitor the movement of both exchange rate and interest rate and will consider to hedge against any significant aforesaid exposure when necessary.

### Credit risk exposure

Though the Group's major customers are reputable property developers, hotel owners and main contractors, since 2020, the Group experienced delay in settlement of its PRC's projects by property developers of the PRC, many of which experienced downgrading of credit ratings by international credit rating agencies. Considering the Group's historical credit losses, the current and forecasts of economic conditions of the PRC, forward-looking factors and prospects of the real estate industry of the PRC, and taking into account the credit risk characteristics of different projects, the Group has determined to increase the individual's expected credit loss rate as well as the impairment losses under its expected credit loss model. Nonetheless, the Group will continue to monitor and strengthen its collection measures and adopt prudent credit policies to mitigate credit risk exposure. Save as disclosed herein, the Group was not exposed to any significant credit risk during the Period. The Group's management reviews the recoverability of trade receivables and closely monitors the financial position of the customers from time to time with a view of keeping the Group's credit risk exposure at a reasonably low level.

### EVENTS AFTER THE REPORTING PERIOD

There were no significant events subsequent to the Period and up to 28 August 2023 which had materially affected the Group's operating and financial performance.

### EMPLOYEES AND REMUNERATION POLICIES

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

As at 30 June 2023, the Group had 1,844 employees (31 December 2022: 1,987 employees). The Group's gross staff costs (including the emoluments of the Company's directors (the "**Directors**")) decreased by HK\$18.1 million or 7.9% year-on-year to HK\$211.6 million for the Period (Previous Period: HK\$229.7 million). Such decrease was mainly attributable to the decrease in the average number of employees by 10.2%.

### PROSPECTS AND STRATEGIES

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

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

## Management Discussion and Analysis

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

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

# Corporate Governance and Other Information

## INTERIM DIVIDEND

The board of Directors (the “**Board**”) does not recommend the payment of an interim dividend for the Period.

## DIRECTORS’ AND CHIEF EXECUTIVE’S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2023, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the “**SFO**”) which were required (a) to be notified to the Company and The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were deemed or taken to have under such provisions of the SFO); (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) to be notified to the Company and the Stock Exchange are set out as follows:

### Long position in the ordinary shares of the Company (the “**Shares**”) and underlying Shares

Name of Director	Nature of interests/capacity	Number of Shares held	Approximate percentage of interests in the Company
Mr. Liu Zaiwang (劉載望) (“ <b>Mr. Liu</b> ”) (note)	Interest in controlled corporation	1,281,516,117	59.38%

Note:

These Shares were indirectly held by 江河創建集團股份有限公司 (Jangho Group Company Limited\*) (“**Jangho Co**”) through Jangho Hong Kong Holdings Limited (“**Jangho HK**”) and REACH GLORY INTERNATIONAL LIMITED (“**Reach Glory**”). As Jangho Co was approximately 27.86% beneficially owned by 北京江河源控股有限公司 (Beijing Jiangheyuan Holdings Co., Ltd.\*) (“**Beijing Jiangheyuan**”) (a company which was 85% and 15% beneficially owned by Mr. Liu and his spouse, Ms. Fu Haixia (富海霞) (“**Ms. Fu**”), respectively) and approximately 25.53% beneficially owned by Mr. Liu, Mr. Liu was deemed to be interested in such Shares under the SFO.

Save as disclosed above, as at 30 June 2023, having made sufficient enquiry to and with the best knowledge of the Directors or the chief executive of the Company, none of the Directors or the chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were deemed or taken to have under such provisions of the SFO); (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code as set out in Appendix 10 to the Listing Rules to be notified to the Company and the Stock Exchange.

## Corporate Governance and Other Information

### SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2023, and so far as is known to the Directors and the chief executive of the Company, the persons (other than the Directors or the chief executive of the Company) or entities who had an interest or a short position in the Shares and the underlying Shares (within the meaning of Part XV of the SFO), which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO, are set out as follows:

#### Long positions in the Shares and underlying Shares

Name of substantial shareholder	Nature of interests/capacity	Number of Shares held	Approximate percentage of interests in the Company (Note 1)
Reach Glory	Beneficial owner	1,281,516,117	59.38%
Jangho HK (note 2)	Interest in controlled corporation	1,281,516,117	59.38%
Jangho Co (note 3)	Interest in controlled corporation	1,281,516,117	59.38%
Beijing Jiangheyuan (note 4)	Interest in controlled corporation	1,281,516,117	59.38%
Ms. Fu (note 5)	Interest of spouse	1,281,516,117	59.38%
Caiyun International Investment Limited ("Caiyun International")	Beneficial owner	353,144,337	16.36%
雲南省康旅控股集團有限公司 (Yunnan Health & Cultural Tourism Holding Group Co., Ltd.*) ("Yunnan Co") (note 6)	Interest in controlled corporation	353,144,337	16.36%

#### Notes:

- 2,158,210,000 Shares were in issue as at 30 June 2023.
- Reach Glory was beneficially wholly-owned by Jangho HK and therefore Jangho HK was deemed to be interested in the Shares held by Reach Glory under the SFO.
- Jangho HK was beneficially wholly-owned by Jangho Co and therefore Jangho Co was deemed to be interested in the Shares indirectly held by Jangho HK through Reach Glory under the SFO.
- Ms. Fu, the spouse of Mr. Liu, was the sole director of Beijing Jiangheyuan. The board of directors of Jangho Co was controlled by Beijing Jiangheyuan and therefore Beijing Jiangheyuan was deemed to be interested in the Shares indirectly held by Jangho Co through Jangho HK and Reach Glory under the SFO.
- Ms. Fu is the spouse of Mr. Liu and was therefore deemed to be interested in the Shares indirectly held by Mr. Liu under the SFO.
- Caiyun International was beneficially wholly-owned by Yunnan Co and therefore Yunnan Co was deemed to be interested in the Shares held by Caiyun International under the SFO.

Save as disclosed above, the Directors and the chief executive of the Company are not aware of any other person (other than the Directors or the chief executive of the Company) who/which had any interests or short positions in the Shares or underlying Shares as recorded in the register required to be kept under section 336 of the SFO as at 30 June 2023.

### SHARE OPTION SCHEME

The Company's share option scheme was adopted pursuant to a resolution passed on 1 December 2015. There had been no share option granted since the adoption of the share option scheme, and no share options were granted, exercised, cancelled or lapsed during the Period. No share options were outstanding at the beginning and the end of the Period.

### DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed above, at no time during the Period was the Company or any of its subsidiaries a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate and none of the Directors, or their spouses or children under the age of 18, had any rights to subscribe for the securities of the Company, or had exercised any such right during the Period.

### CHANGES IN DIRECTOR'S INFORMATION

Mr. Li Zheng, an independent non-executive Director, was appointed as an independent director of 深圳華大智造科技股份有限公司 (MGI Tech Co., Ltd.\*), a company listed on the Shanghai Stock Exchange (stock code: 688114), on 23 June 2020.

Save as disclosed herein, there was no change to the Director's information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules during the Period.

### NON-COMPETITION UNDERTAKING

In order to avoid any possible future competition between the Group and each of the controlling shareholders of the Company, namely Mr. Liu, Ms. Fu, Beijing Jiangheyuan, Jangho Co, Jangho HK and Reach Glory, each of the controlling shareholders of the Company as a covenantor (the "**Covenantor**") executed an amended and restated deed of non-competition dated 25 July 2017 in favour of the Company (for itself and as trustee for each of its subsidiaries), pursuant to which, each of the Covenantors undertakes, *inter alia*, that it/he/she will not, and will use its/his/her best endeavours to procure, its/his/her close associates (other than any member of the Group) not to, whether directly or indirectly, whether for profit or not, participate in or engage in any business which, directly or indirectly, competes or may compete with the Group's business. For details, please refer to the announcements of the Company dated 17 May 2017 and 25 July 2017 and the circular of the Company dated 30 June 2017, respectively.

### SANCTIONS

During the Period, a meeting of the internal control committee of the Board was held on 28 March 2023 to review, *inter alia*, the Group's guidelines and procedures with respect to the sanction law matters. The internal control committee of the Board was of the view that such guidelines and procedures, which have been complied with, were effective and well-functioned.

As at 30 June 2023, the Group has not used any funds raised through the Stock Exchange, to finance or facilitate, directly or indirectly, any activities or business in breach of the sanctions enacted, enforced or imposed by the United States government, the European Union and Australian government with respect to Russia.

### 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 and Other Information

### CORPORATE GOVERNANCE

The Company is committed to achieving and maintaining high standards of corporate governance. It also recognises that sound and effective corporate governance practices are fundamental to the smooth, effective and transparent operation of the Company and its ability to attract investment, protect the interests of Shareholders and stakeholders, and create values for Shareholders. The Group's corporate governance policy is designed to achieve these objectives and is implemented through a framework of processes, policies and guidelines.

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

Paragraph C.1.6 in Part 2 of the Code Provisions specifies that the independent non-executive Directors and other non-executive Directors should attend general meetings of the Company to gain and develop a balanced understanding of the views of the Shareholders. The non-executive Director was absent from the last annual general meeting of the Company held on 1 June 2023 due to his other business commitments.

### MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code 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 condensed consolidated financial statements of the Group for the Period have been reviewed by the Company's external 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 Hong Kong Institute of Certified Public Accountants, whose unmodified review report for the Period is included in this interim report.

The audit committee of the Board has reviewed and discussed the accounting principles and policies adopted by the Group, the financial information of the Group and the unaudited consolidated interim results of the Group for the Period with the Group's management and external auditor.

\* for identification purpose only

# Report on Review of Condensed Consolidated Financial Statements



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## TO THE BOARD OF DIRECTORS OF SUNDART HOLDINGS LIMITED

承達集團有限公司

*(incorporated in British Virgin Islands with limited liability)*

## INTRODUCTION

We have reviewed the condensed consolidated financial statements set out on pages 16 to 42 which comprise the condensed consolidated statement of financial position of SUNDART HOLDINGS LIMITED 承達集團有限公司 and its subsidiaries (collectively referred to as the “**Group**”) as of 30 June 2023 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes (the “**condensed consolidated financial statements**”). The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“**HKAS 34**”) issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of the condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on the condensed consolidated financial statements based on our review. This report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

## SCOPE OF REVIEW

We conducted our review 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 Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

### **BDO Limited**

*Certified Public Accountants*

### **Chan Wing Fai**

Practising Certificate no. P05443

Hong Kong  
28 August 2023

# Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2023

	Notes	Six months ended 30 June	
		2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Revenue	3	2,135,173	2,039,646
Cost of sales		(1,863,565)	(1,767,277)
Gross profit		271,608	272,369
Other income, other gains and losses	5	20,538	10,787
Impairment losses under expected credit loss model, net of reversal	6	(12,401)	(21,445)
Selling expenses		(3,602)	(4,926)
Administrative expenses		(88,847)	(96,999)
Other expenses		(36,285)	(36,110)
Share of losses of associates		(3,932)	(5,807)
Finance costs		(440)	(557)
Profit before tax		146,639	117,312
Income tax expense	7	(33,058)	(21,260)
<b>Profit for the period attributable to owners of the Company</b>	8	<b>113,581</b>	96,052
<b>Other comprehensive expenses</b>			
<b>Item that will not be reclassified to profit or loss:</b>			
Gain on revaluation of properties transferred to investment properties		9,810	–
<b>Items that may be reclassified subsequently to profit or loss:</b>			
Exchange differences arising on translation of foreign operations		(36,486)	(59,769)
Share of other comprehensive expense of an associate		(374)	(1,619)
		(36,860)	(61,388)
Other comprehensive expenses for the period		(27,050)	(61,388)
<b>Total comprehensive income for the period attributable to owners of the Company</b>		<b>86,531</b>	34,664
<b>Earnings per share</b>			
Basic and diluted (HK cents)	10	5.26	4.45

# Condensed Consolidated Statement of Financial Position

At 30 June 2023

	Notes	At 30 June 2023 HK\$'000 (Unaudited)	At 31 December 2022 HK\$'000 (Audited)
<b>Non-current assets</b>			
Property, plant and equipment	11	234,817	322,992
Right-of-use assets		17,171	19,561
Investment properties	11	161,879	69,163
Goodwill		1,510	1,510
Interest in an associate	12	93,670	97,976
Financial assets at fair value through profit or loss	13	20,812	18,438
Other financial assets at amortised cost		9,603	9,608
Deferred tax assets		27,115	25,188
		<b>566,577</b>	564,436
<b>Current assets</b>			
Inventories		56,891	50,514
Trade and other receivables and bills receivable	14	2,800,659	2,994,340
Amounts due from related companies	15	2,464	1,571
Amounts due from fellow subsidiaries	16	2,958	1,069
Contract assets	17	1,449,903	1,309,737
Tax recoverable		12,452	15,882
Financial assets at fair value through profit or loss	13	87,800	115,866
Other financial assets at amortised cost		67,302	49,439
Pledged bank deposits		74,418	62,294
Bank balances and cash		1,150,065	1,527,653
		<b>5,704,912</b>	6,128,365
<b>Current liabilities</b>			
Trade and other payables	18	2,266,748	2,626,377
Bills payable	19	624,436	650,793
Amounts due to fellow subsidiaries	20	45	647
Tax payable		60,792	39,390
Bank borrowings	21	421	526
Lease liabilities		13,599	11,289
Contract liabilities		91,436	104,513
		<b>3,057,477</b>	3,433,535
<b>Net current assets</b>		<b>2,647,435</b>	2,694,830
<b>Total assets less current liabilities</b>		<b>3,214,012</b>	3,259,266
<b>Capital and reserves</b>			
Share capital	22	1,246,815	1,246,815
Reserves		1,957,851	2,000,813
<b>Equity attributable to owners of the Company</b>		<b>3,204,666</b>	3,247,628
<b>Non-current liabilities</b>			
Deferred tax liabilities		5,423	2,984
Lease liabilities		3,923	8,654
		<b>9,346</b>	11,638
		<b>3,214,012</b>	3,259,266

# Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2023

	Attributable to owners of the Company									
	Share capital HK\$'000	Share premium HK\$'000	Legal reserve HK\$'000 (Note a)	Statutory reserve HK\$'000 (Note b)	Property revaluation reserve HK\$'000	Shareholders' contribution reserve HK\$'000	Translation reserve HK\$'000	Other reserves HK\$'000 (Note c)	Accumulated profits HK\$'000	Total HK\$'000
At 1 January 2022 (audited)	1,246,815	19,700	60	87,256	3,458	6,615	47,648	(277,406)	2,093,192	3,227,338
Exchange differences arising on translation of foreign operations	-	-	-	-	-	-	(59,769)	-	-	(59,769)
Share of other comprehensive expense of an associate	-	-	-	-	-	-	(1,619)	-	-	(1,619)
Profit for the period	-	-	-	-	-	-	-	-	96,052	96,052
Total comprehensive (expense) income for the period	-	-	-	-	-	-	(61,388)	-	96,052	34,664
Dividend paid (note 9)	-	-	-	-	-	-	-	-	(151,075)	(151,075)
At 30 June 2022 (unaudited)	1,246,815	19,700	60	87,256	3,458	6,615	(13,740)	(277,406)	2,038,169	3,110,927
At 1 January 2023 (audited)	1,246,815	19,700	60	89,206	6,464	6,615	(71,523)	(277,406)	2,227,697	3,247,628
Gain on revaluation of properties transferred to investment properties	-	-	-	-	9,810	-	-	-	-	9,810
Exchange differences arising on translation of foreign operations	-	-	-	-	-	-	(36,486)	-	-	(36,486)
Share of other comprehensive expense of an associate	-	-	-	-	-	-	(374)	-	-	(374)
Profit for the period	-	-	-	-	-	-	-	-	113,581	113,581
Total comprehensive income (expense) for the period	-	-	-	-	9,810	-	(36,860)	-	113,581	86,531
Dividend paid (note 9)	-	-	-	-	-	-	-	-	(129,493)	(129,493)
At 30 June 2023 (unaudited)	1,246,815	19,700	60	89,206	16,274	6,615	(108,383)	(277,406)	2,211,785	3,204,666

## Notes:

- (a) In accordance with the provisions of the Macau Commercial Code, the subsidiaries of SUNDART HOLDINGS LIMITED 承達集團有限公司 (the "Company") and its subsidiaries (collectively referred to as the "Group") in Macau are required to transfer a minimum of 25% of their profit for the year to the legal reserve before appropriation of dividends until the legal reserve equals half of the quota capital of these subsidiaries. This reserve is not distributable to the shareholders.
- (b) As stipulated by the relevant laws and regulations in the People's Republic of China (the "PRC"), the subsidiaries established in the PRC shall set aside 10% of their net profits based on statutory accounts prepared in accordance with the relevant regulations and accounting principles generally accepted in the PRC to the statutory reserve before the distribution of the net profit each year until the balance reaches 50% of its paid-in capital. The statutory reserve can only be used upon approval by the board of directors of the relevant subsidiary to offset accumulated losses or increase capital.
- (c) Other reserves included (i) a credit amount of HK\$33,600,000 of recognition of other service costs, which represented the difference between the fair value and consideration (represented by the net assets attributable to) of the acquisition of 10.2% equity interests in the Company by a director, and (ii) a debit amount of HK\$311,006,000, which represented the merger reserve of the acquisition of 100% equity interests in Sundart Engineering & Contracting (Beijing) Limited ("Sundart Beijing") in relation to the application of merger accounting to the acquisition of Sundart Beijing, being a business combination involving entities under common control, in prior years.

# Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2023

	Six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
<b>Net cash used in operating activities</b>	<b>(217,574)</b>	(352,619)
<b>Investing activities</b>		
Interest received	18,340	6,671
Repayment from an associate	–	8,520
Proceeds from disposal of financial assets at fair value through profit or loss	40,344	9,690
Proceeds from disposal of property, plant and equipment	104	3
Purchases of financial assets at fair value through profit or loss	(11,403)	(40,761)
Purchases of other financial assets at amortised cost	(19,355)	(15,418)
Purchases of property, plant and equipment	(16,007)	(2,138)
Withdrawal of deposits at brokers	–	28,616
Placement of deposits at brokers	–	(28,616)
Withdrawal of pledged bank deposits	126,178	193,191
Placement of pledged bank deposits	(140,241)	(109,194)
Withdrawal of fixed deposits with original maturity date more than three months	25,000	–
Placement of fixed deposits with original maturity date more than three months	(408,300)	–
<b>Net cash (used in) from investing activities</b>	<b>(385,340)</b>	50,564
<b>Financing activities</b>		
Dividend paid	(129,493)	(151,075)
Interest paid	(440)	(557)
Repayments of bank borrowings	(18,680)	(40,105)
Repayments of leases liabilities	(8,593)	(5,232)
New bank borrowings raised	18,575	–
<b>Net cash used in financing activities</b>	<b>(138,631)</b>	(196,969)
<b>Net decrease in cash and cash equivalents</b>	<b>(741,545)</b>	(499,024)
<b>Cash and cash equivalents at the beginning of the period</b>	<b>1,527,653</b>	1,797,890
Effect of foreign exchange rate changes	(19,343)	(28,427)
<b>Cash and cash equivalents at the end of the period</b>	<b>766,765</b>	1,270,439
<b>Represented by:</b>		
Bank balances and cash	1,150,065	1,270,439
Less: Fixed deposits with original maturity date more than three months	(383,300)	–
	<b>766,765</b>	1,270,439

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

## 1. BASIS OF PREPARATION

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

## 2. PRINCIPAL ACCOUNTING POLICIES

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

Other than additional accounting policies resulting from application of new and amendments to Hong Kong Financial Reporting Standards (“**HKFRSs**”), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2023 are the same as those presented in the Group’s annual consolidated financial statements for the year ended 31 December 2022.

### Application of new and amendments to HKFRSs

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

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

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

Notes to the Condensed Consolidated Financial Statements  
For the six months ended 30 June 2023

### 3. REVENUE

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

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

#### For the six months ended 30 June 2023

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

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

### 3. REVENUE (Continued)

For the six months ended 30 June 2022

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

Notes:

- (a) The Group provides fitting-out works and alteration and addition and construction works to its customers. Under the terms of contracts, the Group's performance creates and enhances the properties which the customers control during the course of work by the Group. Revenue from provision of contracting services is therefore recognised based on the stage of completion of contract over time using input method. The Group normally receives progress payment from customers on a monthly basis with reference to the value of works done. The Group requires certain customers to provide upfront deposits ranging from 5% to 30% of total contract sum. The deposit received by the Group before the project commences will give rise to contract liabilities at the start of a contract, until the full amount of deposit is deducted proportionately from monthly progress payment.

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

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

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

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

### 4. OPERATING SEGMENTS

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

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

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

Information regarding the above segments was reported below:

#### Segment revenue and results

For the six months ended 30 June 2023

	Fitting-out works in Hong Kong HK\$'000 (Unaudited)	Fitting-out works in Macau HK\$'000 (Unaudited)	Fitting-out works in Singapore HK\$'000 (Unaudited)	Fitting-out works in the PRC HK\$'000 (Unaudited)	Alteration and addition and construction works in Hong Kong HK\$'000 (Unaudited)	Manufacturing, sourcing and distribution of interior decorative materials HK\$'000 (Unaudited)	Segment total HK\$'000 (Unaudited)	Elimination HK\$'000 (Unaudited)	Consolidated HK\$'000 (Unaudited)
Revenue									
External revenue	738,506	18,434	473,992	892,863	11,041	337	2,135,173	-	2,135,173
Inter-segment revenue	-	-	-	-	-	120,777	120,777	(120,777)	-
Segment revenue	738,506	18,434	473,992	892,863	11,041	121,114	2,255,950	(120,777)	2,135,173
Segment profit (loss)	68,433	78,149	51,758	(67,877)	(968)	14,597	144,092	-	144,092
Share of loss of an associate									(3,932)
Unallocated other income									25,335
Unallocated corporate expenses									(18,416)
Unallocated finance costs									(440)
Profit before tax									146,639

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

### 4. OPERATING SEGMENTS (Continued)

#### Segment revenue and results (Continued)

For the six months ended 30 June 2022

	Fitting-out works in Hong Kong HK\$'000 (Unaudited)	Fitting-out works in Macau HK\$'000 (Unaudited)	Fitting-out works in the PRC HK\$'000 (Unaudited)	Alteration and addition and construction works in Hong Kong HK\$'000 (Unaudited)	Manufacturing, sourcing and distribution of interior decorative materials HK\$'000 (Unaudited)	Segment total HK\$'000 (Unaudited)	Elimination HK\$'000 (Unaudited)	Consolidated HK\$'000 (Unaudited)
Revenue								
External revenue	565,075	461,003	980,254	27,794	5,520	2,039,646	-	2,039,646
Inter-segment revenue	(980)	-	-	-	104,596	103,616	(103,616)	-
Segment revenue	564,095	461,003	980,254	27,794	110,116	2,143,262	(103,616)	2,039,646
Segment profit (loss)	54,600	71,156	16,827	(1,883)	(2,890)	137,810	-	137,810
Share of losses of associates								(5,807)
Unallocated other income								8,921
Unallocated corporate expenses								(23,055)
Unallocated finance costs								(557)
Profit before tax								117,312

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 Company's executive directors for the purposes of resource allocation and performance assessment.

Inter-segment revenue was charged at prevailing market rates.

Notes to the Condensed Consolidated Financial Statements  
For the six months ended 30 June 2023

4. OPERATING SEGMENTS *(Continued)*

**Segment assets and liabilities**

The following was an analysis of the Group's assets and liabilities by reportable and operating segments:

	At 30 June 2023 HK\$'000 (Unaudited)	At 31 December 2022 HK\$'000 (Audited)
Segment assets		
Fitting-out works in Hong Kong	1,348,177	1,148,979
Fitting-out works in Macau	125,662	245,869
Fitting-out works in Singapore	266,299	227,910
Fitting-out works in the PRC	2,411,893	2,655,862
Alteration and addition and construction works in Hong Kong	158,014	166,218
Manufacturing, sourcing and distribution of interior decorative materials	106,412	103,063
<b>Total segment assets</b>	<b>4,416,457</b>	<b>4,547,901</b>
Segment liabilities		
Fitting-out works in Hong Kong	453,528	393,223
Fitting-out works in Macau	59,877	188,106
Fitting-out works in Singapore	53,856	28,565
Fitting-out works in the PRC	2,139,492	2,471,474
Alteration and addition and construction works in Hong Kong	72,478	93,791
Manufacturing, sourcing and distribution of interior decorative materials	56,174	50,732
<b>Total segment liabilities</b>	<b>2,835,405</b>	<b>3,225,891</b>

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

### 5. OTHER INCOME, OTHER GAINS AND LOSSES

	Six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Other income		
Interest income	18,294	7,047
Rental income	3,358	1,263
Entrustment fee income	160	171
Government grants ( <i>note</i> )	–	4,568
Others	1,828	1,117
	<b>23,640</b>	14,166
Other gains and losses		
Net gain (loss) from fair value changes of financial assets at fair value through profit or loss (“FVTPL”)	3,118	(3,099)
Gain (loss) on disposal of property, plant and equipment	93	(3)
Net foreign exchange losses	(2,249)	(277)
Loss from fair value changes of investment properties	(4,064)	–
	<b>(3,102)</b>	(3,379)
	<b>20,538</b>	10,787

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

### 6. IMPAIRMENT LOSSES UNDER EXPECTED CREDIT LOSS MODEL, NET OF REVERSAL

	Six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Impairment loss recognised on:		
Trade and other receivables and bills receivable	9,818	9,122
Contract assets	1,061	10,346
Other financial assets at amortised cost	1,522	1,977
	<b>12,401</b>	21,445

The basis of determining the inputs and assumptions and the estimation techniques used in the condensed consolidated financial statements for the six months ended 30 June 2023 are the same as those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2022.

Notes to the Condensed Consolidated Financial Statements  
For the six months ended 30 June 2023

7. INCOME TAX EXPENSE

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

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

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

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

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries was 25% for both periods. Two PRC subsidiaries obtained approval from the relevant tax bureaus and are qualified as High and New Technology Enterprises which are entitled to a tax reduction from 25% to 15%.

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

### 8. PROFIT FOR THE PERIOD

	Six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Profit for the period has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	8,701	9,217
Depreciation of right-of-use assets	8,532	5,038
	17,233	14,255
Cost of inventories recognised as expenses in respect of		
External revenue	292	4,177
Inter-segment revenue	82,228	84,581
	82,520	88,758
Allowance for inventories (included in cost of sales)	482	519
Contract costs recognised as expenses		
Fitting-out works ( <i>note</i> )	1,852,369	1,733,914
Alteration and addition and construction works	10,422	28,667
	1,862,791	1,762,581
Research and development expenses (included in other expenses)	36,159	35,866
Staff costs		
Gross staff costs (including directors' emoluments)	211,584	229,686
Less: Staff costs capitalised to contract costs and inventories	(144,370)	(150,730)
	67,214	78,956
Gross rental income from investment properties	(3,358)	(1,263)
Less: Direct operating expenses incurred for investment properties that generated rental income during the period	431	179
	(2,927)	(1,084)

Note: Contract costs of fitting-out works recognised as expenses included cost of inventories recognised as expenses of HK\$82,228,000 (six months ended 30 June 2022: HK\$84,581,000).

Notes to the Condensed Consolidated Financial Statements  
For the six months ended 30 June 2023

9. DIVIDENDS

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

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

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:

	Six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Profit for the period attributable to owners of the Company for the purpose of basic and diluted earnings per share	<b>113,581</b>	96,052

	Six months ended 30 June	
	2023 '000	2022 '000
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	<b>2,158,210</b>	2,158,210

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

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

### 11. MOVEMENT IN PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

During the six months ended 30 June 2023, the Group changed the usage of certain units in the self-owned properties from owner occupation to investment properties. Such units were located in the same building being one of the Group's two commercial properties in the PRC with existing investment properties. Accordingly, the relevant portion of the properties with net carrying values of HK\$93,953,000 was transferred from property, plant and equipment to investment properties at their fair values on the date of transfer of HK\$103,763,000 which were determined by the directors of the Company with reference to the valuation carried out by Asset Appraisal Limited, an independent qualified professional valuer not connected with the Group. The difference between the fair values of these properties and their carrying values at the date of transfer has been credited to property revaluation reserve.

### 12. INTEREST IN AN ASSOCIATE

	At 30 June 2023 HK\$'000 (Unaudited)	At 31 December 2022 HK\$'000 (Audited)
Unlisted shares, at cost	–	–
Amount due from an associate ( <i>note</i> )	56,517	56,517
Share of post-acquisition profits and other comprehensive income, net of dividends received	37,153	41,459
	<b>93,670</b>	97,976

*Note:* The amount due from an associate is unsecured, interest free and has no fixed repayment terms. The directors of the Company are of the opinion that the balance will not be repaid within 12 months from the end of the reporting period.

Notes to the Condensed Consolidated Financial Statements  
For the six months ended 30 June 2023

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	At 30 June 2023 HK\$'000 (Unaudited)	At 31 December 2022 HK\$'000 (Audited)
Listed equity securities	20,812	18,438
Unlisted fund investments	–	28,866
Unlisted equity fund	87,800	87,000
	<b>108,612</b>	134,304
Analysed for reporting purposes as:		
Current assets	87,800	115,866
Non-current assets	20,812	18,438
	<b>108,612</b>	134,304

As at 31 December 2022, unlisted fund investments were classified as current as the management of the Group expected to realise these financial assets within 12 months after the reporting period.

As at 30 June 2023 and 31 December 2022, the Group's interest in the unlisted equity fund remained at 18.71%. The general partner of the unlisted equity fund is a subsidiary of a related company listed in Hong Kong. The unlisted equity fund was in relation to commercial buildings development in Hong Kong. It was measured at fair value at the end of the reporting period. The unlisted equity fund within 12 months operation period from the end of reporting period was classified as current assets in the condensed consolidated statement of financial position. The Group recognised gain from fair value changes of the fund of HK\$800,000 (six months ended 30 June 2022: loss of HK\$2,000,000) in profit or loss during the period. There was no capital returned to the Group from the unlisted equity fund during the six months ended 30 June 2023 and 30 June 2022.

During the period, net gain from fair value changes of financial assets at FVTPL of HK\$3,118,000 (six months ended 30 June 2022: net loss of HK\$3,099,000) was recognised in profit or loss.

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

### 14. TRADE AND OTHER RECEIVABLES AND BILLS RECEIVABLE

Trade and other receivables and bills receivable at the end of each reporting period comprised receivables from third parties as follows:

	At 30 June 2023 HK\$'000 (Unaudited)	At 31 December 2022 HK\$'000 (Audited)
Trade receivables (gross carrying amount)		
Fitting-out works	824,792	952,492
Alteration and addition and construction works	10,970	23,327
Manufacturing, sourcing and distribution of interior decorative materials	1,501	1,665
	<b>837,263</b>	977,484
Less: Allowance for credit losses	<b>(56,890)</b>	(56,183)
Trade receivables (net carrying amount)	<b>780,373</b>	921,301
Unbilled receivables (gross carrying amount) <i>(note)</i>	<b>1,457,556</b>	1,556,644
Less: Allowance for credit losses	<b>(104,338)</b>	(103,884)
Unbilled receivables (net carrying amount)	<b>1,353,218</b>	1,452,760
Other receivables (gross carrying amount)	<b>152,216</b>	164,959
Less: Allowance for credit losses	<b>(17,429)</b>	(11,361)
Other receivables (net carrying amount)	<b>134,787</b>	153,598
Bills receivable (gross carrying amount)	<b>19,242</b>	29,898
Less: Allowance for credit losses	<b>(542)</b>	(3,470)
Bills receivable (net carrying amount)	<b>18,700</b>	26,428
Prepayments and deposits	<b>513,581</b>	440,253
	<b>2,800,659</b>	2,994,340

Note: Unbilled receivables represented the remaining balances of contract receivables to be billed for completed portion of construction contracts according to the contract terms.

Notes to the Condensed Consolidated Financial Statements  
For the six months ended 30 June 2023

14. TRADE AND OTHER RECEIVABLES AND BILLS RECEIVABLE (Continued)

**Trade receivables**

The Group allows a credit period of 7 to 60 days to its trade customers. The following was an ageing analysis of trade receivables, net of allowance for credit losses, presented based on invoice date at the end of each reporting period.

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

**Bills receivable**

As at 30 June 2023, the carrying amount of bills receivable amounting to HK\$18,700,000 (31 December 2022: HK\$26,428,000) were held by the Group for settlement. All bills receivable held by the Group were with a maturity period of less than one year.

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

	At 30 June 2023 HK\$'000 (Unaudited)	At 31 December 2022 HK\$'000 (Audited)
1–30 days	–	19,149 <sup>(Note)</sup>
31–60 days	304	–
61–90 days	320	–
Over 90 days	18,076 <sup>(Note)</sup>	7,279
	<b>18,700</b>	26,428

Note: As at 30 June 2023, the relevant bills receivable amounting to HK\$3,283,000 which was included in the “Over 90 days” band (31 December 2022: HK\$3,729,000 included in the “1–30 days” band) were issued by a related company in which Mr. Liu Zaiwang (“Mr. Liu”), the non-executive director and a controlling shareholder of the Company, and his spouse have beneficial interest.

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

### 15. AMOUNTS DUE FROM RELATED COMPANIES

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

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

#### Trade receivables from related companies

The Group allows a credit period of 30 days to its trade receivables due from related companies. As at 30 June 2023 and 31 December 2022, the trade receivables due from the related companies were aged over 90 days based on invoice date.

#### Other receivables from a related company

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

### 16. AMOUNTS DUE FROM FELLOW SUBSIDIARIES

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

#### Trade receivables from fellow subsidiaries

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

#### Other receivables from fellow subsidiaries

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

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

### 17. CONTRACT ASSETS

	At 30 June 2023 HK\$'000 (Unaudited)	At 31 December 2022 HK\$'000 (Audited)
Contract assets (gross carrying amount)		
Fitting-out works	1,375,166	1,231,433
Alteration and addition and construction works	111,697	114,903
Manufacturing, sourcing and distribution of interior decorative materials	630	652
	<b>1,487,493</b>	1,346,988
Less: Allowance for credit losses	<b>(37,590)</b>	(37,251)
Net carrying amount shown under current assets	<b>1,449,903</b>	1,309,737

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. As at 30 June 2023, contract assets included HK\$759,000 and HK\$291,000 (31 December 2022: HK\$784,000 and HK\$300,000) from related companies and fellow subsidiaries, respectively. The Group typically agrees 5% of the total contract sum as retention money, of which half will generally be released after the issue of the certificate of practical completion and the remaining portion will be released after the maintenance period. The Group generally provides their customers with one to two years maintenance period from the date of the practical completion of the project. Upon the expiration of maintenance period, the customers will provide a maintenance certificate and pay the retentions within the term specified in the contract. The details of the typical payment terms which impact on the amount of contract assets recognised are set out in note 3.

The Group classifies these contract assets as current because the Group expects to realise them in its normal operating cycle.

The Group applies the simplified approach to provide the expected credit loss prescribed by HKFRS 9. Impairment loss of HK\$1,061,000 (six months ended 30 June 2022: HK\$10,346,000) was recognised during the period.

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

### 18. TRADE AND OTHER PAYABLES

Trade and other payables at the end of the reporting period comprised amounts outstanding for trade purposes and daily operating costs. The credit period taken for trade purchase is 7 to 45 days.

	At 30 June 2023 HK\$'000 (Unaudited)	At 31 December 2022 HK\$'000 (Audited)
Contract creditors and suppliers	1,556,737	1,863,600
Retentions payable	480,299	462,624
	<b>2,037,036</b>	2,326,224
Other tax payables	156,362	151,863
Other payables and accruals	73,350	148,290
	<b>2,266,748</b>	2,626,377

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

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

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

Notes to the Condensed Consolidated Financial Statements  
For the six months ended 30 June 2023

19. **BILLS PAYABLE**

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

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

20. **AMOUNTS DUE TO FELLOW SUBSIDIARIES**

	At 30 June 2023 HK\$'000 (Unaudited)	At 31 December 2022 HK\$'000 (Audited)
Retentions payable	45	14
Other payables	–	633
	45	647

**Retentions payable to fellow subsidiaries**

As at 30 June 2023 and 31 December 2022, retentions payable to fellow subsidiaries was expected to be paid after one year.

**Other payables to fellow subsidiaries**

As at 31 December 2022, the other payables represented leasehold improvements on office payable to a fellow subsidiary and received in advance of rental income from a fellow subsidiary. The balances were settled or utilised during the current period.

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

### 21. BANK BORROWINGS

	At 30 June 2023		At 31 December 2022	
	The effective interest rate (Unaudited)	Carrying amount HK\$'000	The effective interest rate (Audited)	Carrying amount HK\$'000
Variable-rate borrowings Secured (note a)	6.14%	421	6.77%	526

	At 30 June 2023 HK\$'000 (Unaudited)	At 31 December 2022 HK\$'000 (Audited)
Carrying amount of the above bank borrowings that contain a repayment on demand clause (shown under current liabilities) but repayable as follows (note b):		
Within one year	210	210
More than one year but not exceeding two years	211	211
More than two years but not exceeding five years	–	105
	421	526

Notes:

- (a) As at 30 June 2023, the secured bank borrowings were secured by a commercial property (included in property, plant and equipment) with carrying amount of HK\$88,060,000 (31 December 2022: HK\$89,895,000).
- (b) The amounts due are based on scheduled repayment dates set out in the banking facility letters.

### 22. SHARE CAPITAL

	Number of shares '000	Share capital HK\$'000
Issued and fully paid ordinary shares with no par value At 1 January 2022 (audited), 30 June 2022 (unaudited), 1 January 2023 (audited) and 30 June 2023 (unaudited)	2,158,210	1,246,815

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

### 23. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

This note provides information about how the Group determines fair values of various financial assets and financial liabilities.

Some of the Group's financial instruments are measured at fair values for financial reporting purposes. The management of the Group determines the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value of an asset, the Group uses market-observable data to the extent it is available. Where Levels 1 or 2 inputs are not available, the Group engages an independent qualified professional valuer to perform the valuation. The management of the Group works closely with the valuer to establish the appropriate valuation techniques and inputs to the model. The respective management team reports the findings to the directors of the Company regularly to explain the cause of fluctuations in the fair value of the assets.

The fair values of these financial assets are determined (in particular, the valuation techniques and inputs used), as well as the level of the fair value hierarchy within which the fair value measurements are categorised into Levels 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

	At 30 June 2023 HK\$'000 (Unaudited)	At 31 December 2022 HK\$'000 (Audited)	Fair value hierarchy
Financial assets at FVTPL			
Listed equity securities	20,812	18,438	Level 1
Unlisted fund investments	–	28,866	Level 2
Unlisted equity fund	87,800	87,000	Level 3
	<b>108,612</b>	134,304	

There were no transfers among Levels 1, 2 and 3 during both periods. The Group will recognise transfers among levels of fair value hierarchy as at the end of the reporting period in which they occur.

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

### 23. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS *(Continued)*

The fair values of listed equity securities are determined with reference to quoted market bid prices from relevant stock exchanges.

As at 31 December 2022, the fair values of unlisted fund investments are determined with reference to the fair values of the underlying assets and liabilities of fund investments.

The fair value of unlisted equity fund is determined with reference to market values of underlying asset, which mainly comprise investment property located in Hong Kong held by the investee fund. The valuation of the property was principally arrived at using the comparison method, in which the property is valued on the assumption that the property can be sold with the benefit of vacant possession. As at 30 June 2023, certain units in the property were sold and comparison based on prices realised on actual sales of sold units in the property (31 December 2022: comparison based on prices realised on actual sales of comparable properties is made for similar properties in the similar location). The significant unobservable inputs include the premium/discount on quality and characteristic for the comparable properties. Higher premium or discount for differences in the quality and characteristic of the property and the comparable properties would result in correspondingly higher or lower fair value of the unlisted equity fund.

#### Reconciliation of Level 3 fair value measurements of financial assets

	Unlisted equity fund <i>HK\$'000</i>
At 1 January 2022 <i>(audited)</i>	90,000
Loss from fair value changes recognised in profit or loss	(2,000)
<hr/>	
At 30 June 2022 <i>(unaudited)</i>	88,000
<hr/>	
At 1 January 2023 <i>(audited)</i>	87,000
Gain from fair value changes recognised in profit or loss	800
<hr/>	
At 30 June 2023 <i>(unaudited)</i>	87,800

Of the gain for the period included in profit or loss HK\$800,000 (six months ended 30 June 2022: loss of HK\$2,000,000) relates to financial assets of the unlisted equity fund that are measured at fair value at the end of each reporting period. Such fair value gain/loss is included in other gains and losses.

The fair values of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

Except as detailed in above, the directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the condensed consolidated financial statements approximate their fair values.

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

### 24. PERFORMANCE BONDS, ADVANCE PAYMENT BONDS AND TENDER BONDS

As at 30 June 2023, the Group has issued performance bonds, advance payment bonds and tender bonds in respect of certain supply and installation contracts through the banks and an insurance company amounting to HK\$687,895,000 (31 December 2022: HK\$757,231,000).

As at 30 June 2023 and 31 December 2022, certain performance bonds and certain tender bonds were secured by certain pledged bank deposits.

### 25. RELATED PARTY TRANSACTIONS

Apart from bills receivable, amounts due from related companies, amounts due from fellow subsidiaries, contract assets from related companies and fellow subsidiaries and amounts due to fellow subsidiaries as set out in notes 14, 15, 16, 17 and 20, respectively, the Group has following transactions with its related parties:

Relationships	Nature of transactions	Six months ended 30 June	
		2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Related companies	Rental income	937	1,004
Ultimate holding company	Entrustment fee income	44	47
Fellow subsidiaries	Revenue from fitting-out works	1,530	2,429
	Rental income	2,179	–
	Entrustment fee income	116	124
	Technical advisory service fee income	112	–
	Specialised works subcontracting costs	317	–
	Management consultancy fee expenses	–	32

In addition,

- (a) as at 30 June 2023, the ultimate holding company had outstanding performance bonds and advance payment bonds amounting to HK\$185,482,000 (31 December 2022: HK\$233,102,000) issued in favour of customers of the Group through banks and an insurance company, and out of which a performance bond was guaranteed by both of the ultimate holding company and intermediate holding company.
- (b) as at 30 June 2023 and 31 December 2022, the banking facilities of Sundart Beijing and its subsidiary were guaranteed by the ultimate holding company. Both Sundart Beijing and its subsidiary did not pay any charges for the guarantee granted.

*Note:* All related party transactions were recorded by the Company's subsidiaries, except for entrustment fee income which was recorded by the Company from 1 June 2023.

**Notes to the Condensed Consolidated Financial Statements**  
For the six months ended 30 June 2023

**25. RELATED PARTY TRANSACTIONS** *(Continued)*  
**Compensation of key management personnel**

The remuneration of key management personnel of the Group during the period was as follows:

	Six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Salaries and short-term benefits	27,587	32,859
Post-employment benefits	186	191
	<b>27,773</b>	33,050

The remuneration of key management personnel was determined by the directors of the Company having regard to the performance of individuals and the Group.