



SUNDART HOLDINGS LIMITED
承達集團有限公司

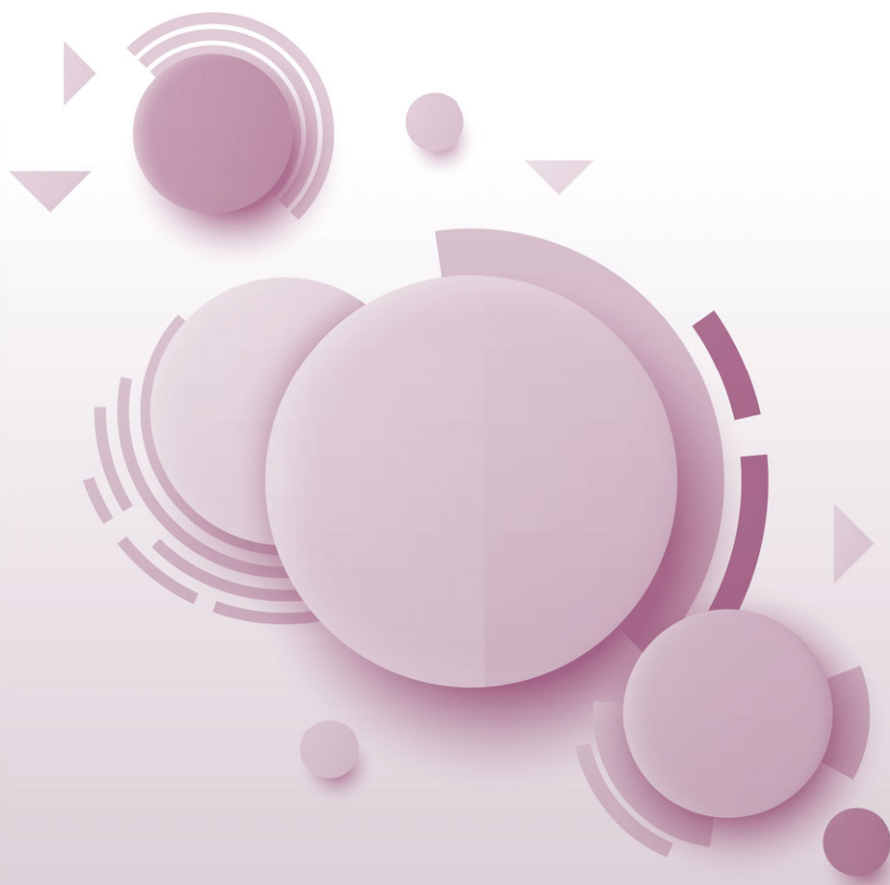
(incorporated under the laws of British Virgin Islands with limited liability)
Stock code : 1568

2024
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*)
Ms. Yim Ka Man (*re-designated on 29 April 2024 and resigned on 19 July 2024*)

Independent non-executive Directors

Mr. Tam Anthony Chun Hung (*resigned on 1 April 2024*)
Ms. Yim Ka Man (*appointed on 1 April 2024 and re-designated as a non-executive Director on 29 April 2024*)
Ms. Tam Yin Ming Cecilia (*appointed on 19 July 2024*)
Mr. Huang Pu
Mr. Li Zheng

AUDIT COMMITTEE

Mr. Tam Anthony Chun Hung (*Chairman*)
(*resigned on 1 April 2024*)
Ms. Yim Ka Man (*Chairlady*)
(*appointed on 1 April 2024 and resigned on 29 April 2024*)
Ms. Tam Yin Ming Cecilia (*Chairlady*)
(*appointed on 19 July 2024*)
Mr. Huang Pu
Mr. Li Zheng

REMUNERATION COMMITTEE

Mr. Huang Pu (*Chairman*)
Mr. Ng Tak Kwan
Mr. Tam Anthony Chun Hung (*resigned on 1 April 2024*)
Ms. Yim Ka Man (*appointed on 1 April 2024 and resigned on 29 April 2024*)
Ms. Tam Yin Ming Cecilia (*appointed on 19 July 2024*)

NOMINATION COMMITTEE

Mr. Liu Zaiwang (*Chairman*)
Mr. Huang Pu
Mr. Li Zheng
Ms. Tam Yin Ming Cecilia (*appointed on 19 July 2024*)

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

China Construction Bank (Asia) Corporation Limited
Citibank, N.A., Hong Kong Branch
Dah Sing Bank, Limited
Hang Seng Bank Limited
United Overseas 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

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INVESTOR RELATIONS

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Management Discussion and Analysis

MARKET REVIEW

During the six months ended 30 June 2024 (the “**Period**”), the economy of the Hong Kong Special Administrative Region (“**Hong Kong**”) experienced a moderate growth, having benefitted from the sustained revival of visitor arrivals and the continued increase in exports of travel and transport services. In addition, the total exports of goods further improved and private consumption and overall investment expenditure expanded slightly. According to the Census and Statistics Department (the “**C&SD**”) of the government of Hong Kong (the “**Hong Kong Government**”), Hong Kong’s gross domestic product (“**GDP**”) increased by 2.7% year-on-year in real terms in the first quarter of 2024.

According to the provisional results of the “Report on the Quarterly Survey of Construction Output” published by the C&SD, the total gross value of construction works carried out by main contractors in Hong Kong increased by 8.7% year-on-year in nominal terms to HK\$68.7 billion in the first quarter of 2024, whilst the gross value of construction works carried out at private sector sites increased by 20.8% year-on-year in nominal terms to HK\$21.8 billion in the first quarter of 2024. Meanwhile, the gross value of construction works carried out at construction sites in respect of residential building projects increased by 48.4% year-on-year in nominal terms to HK\$20.1 billion in the first quarter of 2024. In February 2024, the Hong Kong Government removed its demand-side management measures for residential properties. At the same time, Hong Kong Monetary Authority also relaxed the maximum loan-to-value ratio for property mortgage loans and supervisory requirements for property loans. As market sentiments improved, the local residential property market turned active, thus driving an increase in demand for fitting-out works in Hong Kong.

Information from the Statistics and Census Service of the government (the “**Macau Government**”) of the Macau Special Administrative Region (“**Macau**”) indicated that Macau’s GDP increased by 25.7% year-on-year in real terms in the first quarter of 2024, benefiting from the continued growth of exports of services, coupled with the continued stabilisation of private consumption and gross fixed capital formation, and the further recovery of Macau’s economy. Visitor arrivals increased by 79.4% year-on-year to 8.9 million in the first quarter of 2024, driving exports of gaming services and other tourism services to increase by 62.7% and 14.8% year-on-year, respectively. Meanwhile, the gross gaming revenue increased by 65.5% year-on-year to Macau Pataca (“**MOP**”) 57.3 billion in the first quarter of 2024. Moreover, private construction investment increased by 10.4% year-on-year in real terms in the first quarter of 2024 due to an increase in investments in residential properties and construction projects of gaming enterprises. With the recovery of Macau’s entertainment and hospitality industries, related construction projects have been accelerated, and the demand for fitting-out works in Macau has also increased.

According to the preliminary estimates of the National Bureau of Statistics of the People’s Republic of China (the “**PRC**”), the PRC’s GDP increased by 5.0% year-on-year to Renminbi (“**RMB**”) 61,683.6 billion in the first half year of 2024, whilst the gross output value of the construction industry increased by 4.8% year-on-year to RMB13,831.2 billion over the same period. However, in the first half of 2024, investments in real estate development decreased by 10.1% year-on-year to RMB5,252.9 billion, among which, investments in residential properties decreased by 10.4% year-on-year to RMB3,988.3 billion. The total floor space of properties under construction by the PRC’s property developers decreased by 12.0% year-on-year to 6,968.2 million square metres (“**m²**”) in the first half year of 2024, of which the floor space of residential properties under construction decreased by 12.5% year-on-year to 4,874.4 million m². Furthermore, many property developers have yet to resolve the credit and liquidity challenges inherited from previous years. Coupled with a lack of confidence in the general market, the real estate industry in the PRC continued to be weak, and the fitting-out industry in the PRC was inevitably affected.

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, the Republic of Singapore (“**Singapore**”) and the PRC, specialising in providing professional fitting-out works for commercial buildings, hotels and residential properties. The Group also engages in the provision of alteration and addition and construction works in Hong Kong; and manufacturing in the PRC of, and international sourcing and distribution of, interior decorative materials. During the Period, approximately 99.9% of the Group’s revenue was derived from its fitting-out business.

Despite the macro-economic and geopolitical uncertainties during the Period, the Group demonstrated resilience by reacting promptly against the ever-changing market conditions and complex environments, whilst focusing on the capture of new market opportunities and striving to enhance operational efficiency, in order to strengthen its long-term competitiveness. It also adopted a disciplined cost management to optimise resource utilisation and efficiency. Leveraging its strong reputation and brand image, the Group is committed to maintaining solid customer relationships by providing high-quality and indispensable services. During the Period, the Group successfully obtained a number of large-scale and high-end fitting-out projects. These premium orders further consolidated the Group's competitive edge in the market.

Fitting-out works

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

During the Period, the Group completed a total of 16 fitting-out projects, including 4 in Hong Kong, 1 in Macau, 1 in Singapore and 10 in the PRC. The total contract sum of such projects amounted to HK\$2,039.2 million, out of which HK\$203.9 million was recognised as revenue during the Period. As at 30 June 2024, the Group had 162 projects on hand (including contracts in progress and contracts signed but yet to commence), including 38 in Hong Kong, 3 in Macau, 3 in Singapore and 118 in the PRC. The total contract sum and value of the outstanding works of such projects as at 30 June 2024 amounted to HK\$12,092.3 million and HK\$5,895.9 million, respectively.

During the Period, the Group's revenue derived from its fitting-out business increased by HK\$639.1 million or 30.1% year-on-year to HK\$2,762.9 million (six months ended 30 June 2023 (the "**Previous Period**"): HK\$2,123.8 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\$600.3 million, as compared to the Previous Period.

The Group's gross profit derived from its fitting-out business during the Period increased by HK\$118.7 million or 43.8% year-on-year to HK\$389.6 million (Previous Period: HK\$270.9 million). The increase in gross profit was mainly attributable to the increase in revenue and the slight increase of gross profit margin of its fitting-out business from 12.8% for the Previous Period to 14.1% 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.

During the Period, the Group's revenue derived from its alteration and addition and construction business decreased by HK\$8.0 million or 72.7% year-on-year to HK\$3.0 million (Previous Period: HK\$11.0 million). Such decrease was primarily attributable to the Group not having tendered for any alteration and addition and construction projects in the past years.

The Group's gross loss derived from its alteration and addition and construction business was HK\$4.8 million during the Period (Previous Period: gross profit of HK\$0.6 million), whilst the gross loss margin was 160.0% (Previous Period: gross profit margin of 5.5%).

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, 東莞承達家居有限公司 (Dongguan Sundart Home Furnishing Co., Ltd.*) ("**Dongguan Sundart**"), the Group operates a manufacturing plant and a warehouse located in Dongguan, Guangdong Province, the PRC, the aggregate gross floor area of which is over 40,000 m². Dongguan Sundart manufactures interior decorative timber products including fire-rated timber doors and wooden furniture, and provides quality and reliable re-engineering and pre-fabrication services for sizeable fitting-out projects undertaken by the Group.

During the Period, the Group's revenue of its manufacturing, sourcing and distribution of interior decorative materials business derived from external customers decreased by HK\$0.1 million or 33.3% year-on-year to HK\$0.2 million (Previous Period: HK\$0.3 million). Such decrease was primarily attributable to the reduced acceptance in orders from external customers due to the reservation of certain manufacturing capacity of Dongguan Sundart for the fitting-out projects carried out by other subsidiaries of the Group.

In addition, the Group's gross profit derived from its manufacturing, sourcing and distribution of interior decorative materials business was HK\$0.14 million during the Period (Previous Period: HK\$0.05 million), whilst the gross profit margin was 70.0% (Previous Period: 16.7%). Such gross profit and gross profit margin for the Period mainly generated from an order made by a PRC's customer with relatively high gross profit margin.

FINANCIAL REVIEW

Revenue, gross profit and gross profit margin

During the Period, the Group's revenue increased by HK\$630.9 million or 29.5% year-on-year to HK\$2,766.1 million (Previous Period: HK\$2,135.2 million), its gross profit increased by HK\$113.3 million or 41.7% year-on-year to HK\$384.9 million (Previous Period: HK\$271.6 million) and its gross profit margin increased to 13.9% (Previous Period: 12.7%). Such increases in revenue, gross profit and gross profit margin were primarily due to the increase in its fitting-out business as discussed under the paragraph headed "Business Review – Fitting-out works" above.

Other income, other gains and losses

The Group recorded net other losses of HK\$27.8 million for the Period (Previous Period: net other income of HK\$20.5 million) which is primarily due to the increase in net loss from fair value changes of financial assets at fair value through profit or loss ("**FVTPL**") by HK\$40.3 million 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\$53.6 million or 47.2% year-on-year to HK\$167.2 million (Previous Period: HK\$113.6 million) as a result of the increase in gross profit as discussed above.

Basic and diluted earnings per share

The Company's basic and diluted earnings per share for the Period was HK7.75 cents (Previous Period: HK5.26 cents), increased by HK2.49 cents or 47.3% 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 FVTPL

As at 30 June 2024, the Group's financial assets at FVTPL comprised HK\$16.6 million, HK\$20.0 million and HK\$34.9 million (31 December 2023: HK\$14.8 million, HK\$59.0 million and nil) of listed equity securities, unlisted equity fund and financial products, respectively.

During the Period, the Group purchased HK\$34.9 million of financial products. Further, the Group recognised net fair value loss of HK\$37.2 million in profit or loss in respect of the financial assets at FVTPL, primarily as a result of a decrease in the market price of unlisted equity fund.

Other financial assets at amortised cost

As at 30 June 2024, the Group's other financial assets at amortised cost represented three corporate bonds traded in the secondary market in the amount of HK\$9.5 million, the last of which will mature on 15 November 2024 with fixed interest rate at 5.75% per annum.

In terms of the prospects of the Group's financial assets at FVTPL, the performance of the listed equity securities, unlisted equity fund and financial products 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 29 August 2024, 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 2024, the Group's net current assets amounted to HK\$3,043.2 million, representing an increase of HK\$140.5 million from HK\$2,902.7 million as recorded as at 31 December 2023. The Group's bank balances and cash amounted to HK\$1,614.3 million, representing a decrease of HK\$262.4 million from HK\$1,876.7 million as recorded as at 31 December 2023. Such decrease was mainly resulting from the use of funds for operating activities.

As at 30 June 2024, the bank borrowings of the Group amounted to HK\$33.1 million (31 December 2023: HK\$0.3 million), out of which HK\$33.1 million and nil (31 December 2023: HK\$0.2 million and HK\$0.1 million) will be repayable within one year and more than one year but not exceeding two years, respectively. There is no seasonality on the Group's bank borrowings.

Management Discussion and Analysis

During the Period, the Group continued to maintain a healthy liquidity position. As at 30 June 2024, the Group's current assets and current liabilities amounted to HK\$6,346.7 million and HK\$3,303.4 million, respectively (31 December 2023: HK\$6,701.1 million and HK\$3,798.4 million, respectively). The Group's current ratio as at 30 June 2024 increased to 1.9 (31 December 2023: 1.8). The Group maintained sufficient liquid assets to finance its business operations during the Period.

As at 30 June 2024, the Group's gearing ratio of total debts (bank borrowings) divided by total equity was 0.9% (31 December 2023: 0.01%). The increase in gearing ratio was primarily due to the increase in the Group's bank borrowings.

As at 30 June 2024, the share capital and equity attributable to owners of the Company amounted to HK\$1,246.8 million and HK\$3,596.4 million, respectively (31 December 2023: HK\$1,246.8 million and HK\$3,442.3 million, respectively).

Charge on the Group's assets

The Group's assets pledged for securing certain bank borrowings, certain bills payable, certain performance bonds and certain tender bonds comprised a commercial property and pledged bank deposits, which amounted to HK\$84.4 million and HK\$50.9 million, respectively as at 30 June 2024 (31 December 2023: HK\$86.2 million and HK\$52.2 million, respectively).

Contingent liabilities and capital commitments

The Group did not have any significant contingent liabilities as at 30 June 2024 and 31 December 2023, respectively.

As at 30 June 2024, the Group had capital commitments of HK\$14.6 million (31 December 2023: HK\$0.05 million) 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 2024, the Group's bank borrowings of HK\$0.2 million 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 29 August 2024, 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 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 assessed 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 are no significant events subsequent to the Period and up to 29 August 2024 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 2024, the Group had 1,757 employees (31 December 2023: 1,782 employees). The Group's gross staff costs (including the emoluments of the Company's directors (the "**Directors**")) increased by HK\$27.5 million or 13.0% year-on-year to HK\$239.1 million for the Period (Previous Period: HK\$211.6 million). Such increase was mainly attributable to the increase in salaries following the annual salary review and special bonuses paid during the Period.

PROSPECTS AND STRATEGIES

Since 2024, the government of the PRC (the "**PRC Government**") has introduced a number of preferential measures to Hong Kong, injecting greater momentum into Hong Kong's economy and boosting confidence in its prospects. These measures include raising the duty-free allowance for luggage and articles brought into the PRC from Hong Kong and Macau by travellers who are PRC residents to RMB15,000, which is expected to bring an additional shopping expenditure of HK\$8.8 billion to HK\$17.6 billion, and economic value added of HK\$2.7 billion to HK\$5.4 billion to Hong Kong per year. Furthermore, the Individual Visit Scheme has been expanded to 59 cities, covering capital cities of all provinces and autonomous regions in the PRC, and the introduction of high-speed sleeper trains connecting Hong Kong to Beijing and Shanghai has significantly enhanced accessibility. These measures will boost various tourism-related industries such as retail and hospitality, and stimulate the overall economy in Hong Kong.

The Hong Kong Government is also vigorously promoting the mega event economy, with over 210 mega events throughout 2024. These events are estimated to attract approximately 1.7 million visitors, generate in consumption of around HK\$7.2 billion, and lead to an economic gain of about HK\$4.3 billion. On the other hand, the Federal Reserve System of the United States has relaxed its interest rate policy, which is expected to have a positive impact on the property market in Hong Kong. Moreover, the Hong Kong Government has launched a number of talent attraction schemes, including the Top Talent Pass Scheme, Admission Scheme for Mainland Talents and Professionals, Technology Talent Admission Scheme and Quality Migrant Admission Scheme. It is expected that new immigrants will support the demand for housing rental in the long-term, thereby sustaining a stable demand for fitting-out works in Hong Kong. The Group will closely monitor market developments and flexibly deploy strategies to capture market opportunities.

Management Discussion and Analysis

The PRC Government has also introduced a number of favourable measures to Macau in 2024, including that the PRC's tourists participating in group tours can travel in and out of Macau via the Hengqin port multiple times within a 7-day period. These measures will inject new momentum into the integrated development of Hengqin and Macau, as well as diversify the development of Macau's economy. Additionally, non-Chinese permanent residents of Hong Kong and Macau can apply for Mainland Travel Permits for Hong Kong and Macau Residents (Non-Chinese Citizens), further creating more favourable conditions for promoting its economic diversification. Furthermore, the opening of the Shenzhen-Zhongshan Link will attract more tourists from Guangdong-Hong Kong-Macao Greater Bay Area (the "**Greater Bay Area**") to visit Macau.

2024 also marks the 25th anniversary of the establishment of Macau. The Macao Government Tourism Office will launch a series of large-scale events in the second half of 2024, including the 32nd Macau International Fireworks Display Contest, Tray Race for the 2024 World Tourism Day and Light Up Macao 2024. Many integrated resorts in Macau also hosted a number of world-class events and concerts to attract tourists from around the world to support the Macau Government's implementation of the "1+4" strategy and the "tourism+" development strategy of big health industry, modern financial services, high technology, conferences and exhibitions, commerce and trade, as well as culture and sports, so as to promote the diversified development of Macau's economy and develop Macau into a world centre of tourism and leisure. As Macau's commercial development continues to expand, it is expected that a number of construction projects will commence or will be ongoing, sustaining a stable demand for the fitting-out industry in Macau. The Group will fully leverage its brand value to secure more development opportunities.

The PRC Government has launched a number of measures to boost the property market in 2024. The Political Bureau of the Communist Party of China Central Committee called for research on policies and measures to reduce housing inventory and improve the quality of newly built homes, and emphasised on establishing a new model of real estate development to promote high-quality development of real estate. The People's Bank of China announced to create a RMB300 billion relending facility to support local state-owned enterprises to purchase completed yet unsold commodity housing at reasonable prices, which will then be used to provide affordable housing. Also, the minimum down payment ratio for personal housing loans was lowered to no less than 15% for the first time home buyers, and 25% for the second time home buyers. Moreover, the lower limit on the interest rate policy for first and second housing loans at the national level has also been abolished, and the provincial branches of the People's Bank of China can independently determine the lower limit of the interest rate of personal housing loans based on local conditions. Furthermore, the loan rate of individual housing provident fund was reduced by 0.25%. The executive meeting of the State Council emphasised that while effectively implement existing policies, it is necessary to continue to study new strategies to stabilise the market and reduce the housing inventory. The Group will conduct an in-depth analysis of macro-economic conditions and national policies, and will focus on high-quality projects in the PRC and develop its business prudently.

Looking ahead, geopolitical tensions and rigorous monetary tightening undertaken by advanced economies over the past few years will continue to affect global economic growth and investment flows in the short term. Faced with the challenging external environment, the Group will improve its operational and management models, and optimise its business layout in view of the strengths, opportunities and characteristics of different markets. The Group will also seize the development opportunities brought by the deepening integration of Hong Kong and Macau with the Greater Bay Area, and further consolidate its market share in Hong Kong, Macau and the PRC. Meanwhile, the Group will leverage the business opportunities brought by the Belt and Road Initiative, and prudently explore the project expansion opportunities in mature markets in Southeast Asia, with its outstanding project performance and renowned brand reputation, in order to identify premium customers and new contracts with stable cash flows and high expectations for quality fitting-out works, which will become the driving momentum for the Group's sustainable growth. Leveraging the Group's flexibility and adaptability, the Group will be able to respond proactively to the ever-evolving macro-economic landscape, and will solidify its position as a reputable market leader.

Corporate Governance and Other Information

INTERIM DIVIDEND

The board of Directors (the “**Board**”) did 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 2024, 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 C3 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) (“ Mr. Liu ”) (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 2024, 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 to be notified to the Company and the Stock Exchange.

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

As at 30 June 2024, 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 2024.
- 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 2024.

SHARE OPTION SCHEME

The Company's share option scheme was adopted pursuant to a resolution passed on 1 December 2015. The total number of securities available for issue under the share option scheme was 200,000,000 Shares, representing approximately 9.27% of the total number of issued Shares as at the beginning and the end of the Period. There had been no share option granted since the adoption of the share option scheme and as at 20 September 2024, 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

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 27 March 2024 to review, *inter alia*, the Group's guidelines and procedures with respect to 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 2024, 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 CODE

The Company is committed to achieving and maintaining high standards of corporate governance and has established policies and procedures in compliance with the principles and the code provisions as set out in the Corporate Governance Code as contained in Appendix C1 to the Listing Rules (the “**CG Code**”) set out from time to time.

The Company has applied the principles of and complied with the CG Code during the Period, except for the following deviation:

Code provision C.1.6 of the CG Code specifies that the independent non-executive Directors and other non-executive Directors should attend general meetings of the Company to gain and develop a balanced understanding of the views of the Shareholders. An independent non-executive Director and a non-executive Director were absent from the last annual general meeting of the Company held on 19 June 2024 due to their 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.

COMPLIANCE WITH THE LISTING RULES

According to Rules 3.10(1) and 3.10(2) of the Listing Rules, the Board must include at least three independent non-executive Directors and at least one of the independent non-executive Directors must have appropriate professional qualifications or accounting or related financial management expertise, respectively. In addition, Rule 3.21 of the Listing Rules requires, among others, the audit committee of the Board (the “**Audit Committee**”) to comprise a minimum of three members and that the Audit Committee must be chaired by an independent non-executive Director.

Ms. Yim Ka Man (“**Ms. Yim**”) was redesignated from an independent non-executive Director to a non-executive Director and resigned as the chairlady and a member of the Audit Committee on 29 April 2024. As such, the Board included only two independent non-executive Directors. The Board and the Audit Committee did not meet the composition requirement under Rules 3.10(1), 3.10(2) and 3.21 of the Listing Rules. Following the resignation of Ms. Yim as a non-executive Director and the appointment of Ms. Tam Yin Ming Cecilia as an independent non-executive Director, the chairlady and a member of the Audit Committee on 19 July 2024, the Company has fully complied with the requirements under Rules 3.10(1), 3.10(2) and 3.21 of the Listing Rules.

For details, please refer to the announcements of the Company dated 29 April 2024 and 19 July 2024, respectively.

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 has reviewed this interim report, and has also 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 the external auditor.

* The English translation of the Chinese names of the companies established in the PRC is for identification purpose only.

REPORT ON REVIEW OF INTERIM 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 interim 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 2024 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 notes to the interim condensed consolidated financial statements, including material accounting policy information (the “**interim 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 interim condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on the interim 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 interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

BDO Limited

Certified Public Accountants

Lau Kin Tat, Terry

Practising Certificate no. P07676

Hong Kong
29 August 2024

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2024

	Notes	Six months ended 30 June	
		2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Revenue	3	2,766,110	2,135,173
Cost of sales		(2,381,197)	(1,863,565)
Gross profit		384,913	271,608
Other income, other gains and losses	5	(27,811)	20,538
Reversal of (allowance for) impairment losses under expected credit loss model, net	6	7,948	(12,401)
Selling expenses		(6,670)	(3,602)
Administrative expenses		(109,194)	(88,847)
Other expenses		(32,497)	(36,285)
Share of loss of an associate		(1,233)	(3,932)
Finance costs		(844)	(440)
Profit before tax		214,612	146,639
Income tax expense	7	(47,433)	(33,058)
Profit for the period attributable to owners of the Company	8	167,179	113,581
Other comprehensive expenses			
Item that will not be reclassified to profit or loss:			
Gain on revaluation of properties transferred to investment properties		–	9,810
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		(13,034)	(36,486)
Share of other comprehensive expense of an associate		(46)	(374)
		(13,080)	(36,860)
Other comprehensive expenses for the period		(13,080)	(27,050)
Total comprehensive income for the period attributable to owners of the Company		154,099	86,531
Earnings per share			
Basic and diluted (HK cents)	10	7.75	5.26

Condensed Consolidated Statement of Financial Position

At 30 June 2024

	Notes	At 30 June 2024 HK\$'000 (Unaudited)	At 31 December 2023 HK\$'000 (Audited)
Non-current assets			
Property, plant and equipment		225,697	231,240
Right-of-use assets	11	33,451	12,660
Investment properties		153,391	164,659
Goodwill		1,510	1,510
Interest in an associate	12	91,607	92,886
Financial assets at fair value through profit or loss	13	24,128	14,834
Deferred tax assets		28,706	29,629
		558,490	547,418
Current assets			
Inventories		30,371	65,156
Trade and other receivables and bills receivable	14	3,137,984	3,202,045
Amounts due from related companies	15	1,294	305
Amounts due from fellow subsidiaries	16	7,008	1,721
Contract assets	17	1,445,243	1,423,938
Tax recoverable		2,670	10,532
Financial assets at fair value through profit or loss	13	47,391	59,000
Other financial assets at amortised cost		9,520	9,533
Pledged bank deposits		50,920	52,186
Bank balances and cash		1,614,261	1,876,726
		6,346,662	6,701,142
Current liabilities			
Trade and other payables	18	2,427,936	2,913,308
Bills payable	19	582,409	604,073
Amounts due to fellow subsidiaries	20	90	278
Tax payable		81,938	46,044
Bank borrowings	21	33,080	316
Lease liabilities		5,695	10,349
Contract liabilities		172,267	224,043
		3,303,415	3,798,411
Net current assets		3,043,247	2,902,731
Total assets less current liabilities		3,601,737	3,450,149
Capital and reserves			
Share capital	22	1,246,815	1,246,815
Reserves		2,349,565	2,195,466
Equity attributable to owners of the Company		3,596,380	3,442,281
Non-current liabilities			
Deferred tax liabilities		3,090	5,186
Lease liabilities		2,267	2,682
		5,357	7,868
		3,601,737	3,450,149

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2024

	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 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
At 1 January 2024 (audited)	1,246,815	19,700	60	92,795	16,274	6,615	(87,455)	(277,406)	2,424,883	3,442,281
Exchange differences arising on translation of foreign operations	-	-	-	-	-	-	(13,034)	-	-	(13,034)
Share of other comprehensive expense of an associate	-	-	-	-	-	-	(46)	-	-	(46)
Profit for the period	-	-	-	-	-	-	-	-	167,179	167,179
Total comprehensive (expense) income for the period	-	-	-	-	-	-	(13,080)	-	167,179	154,099
At 30 June 2024 (unaudited)	1,246,815	19,700	60	92,795	16,274	6,615	(100,535)	(277,406)	2,592,062	3,596,380

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 the Macau Special Administrative Region ("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 2024

	Six months ended 30 June	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Net cash used in operating activities	(235,242)	(217,574)
Investing activities		
Interest received	21,816	18,340
Proceeds from disposal of financial assets at fair value through profit or loss	–	40,344
Proceeds from disposal of property, plant and equipment	–	104
Purchases of financial assets at fair value through profit or loss	(34,914)	(11,403)
Purchases of property, plant and equipment	(3,596)	(16,007)
Purchases of right-of-use assets	(25,831)	–
Withdrawal of other financial assets at amortised cost	35,309	–
Purchases of other financial assets at amortised cost	(35,309)	(19,355)
Withdrawal of pledged bank deposits	51,815	126,178
Placement of pledged bank deposits	(50,920)	(140,241)
Withdrawal of fixed deposits with original maturity date of more than three months	646,548	25,000
Placement of fixed deposits with original maturity date of more than three months	(294,000)	(408,300)
Net cash from (used in) investing activities	310,918	(385,340)
Financing activities		
Dividend paid	–	(129,493)
Proceeds from bank borrowings	42,869	18,575
Repayments of bank borrowings	(10,105)	(18,680)
Principal paid on leases liabilities	(7,655)	(8,593)
Interest paid on lease liabilities	(281)	(353)
Interest paid on bank borrowings	(612)	(87)
Net cash from (used in) financing activities	24,216	(138,631)
Net increase (decrease) in cash and cash equivalents	99,892	(741,545)
Cash and cash equivalents at the beginning of the period	1,178,178	1,527,653
Effect of foreign exchange rate changes on cash and cash equivalents	(9,809)	(19,343)
Cash and cash equivalents at the end of the period	1,268,261	766,765
Represented by:		
Bank balances and cash	1,614,261	1,150,065
Less: Fixed deposits with original maturity date of more than three months	(346,000)	(383,300)
	1,268,261	766,765

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

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 D2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

2. ACCOUNTING POLICIES

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

Other than a change in 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 2024 are the same as those presented in the Group’s annual consolidated financial statements for the year ended 31 December 2023.

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:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements
HK-Int 5 (Revised)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

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 2024

3. REVENUE

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

	Six months ended 30 June	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Contract revenue from fitting-out works	2,762,909	2,123,795
Contract revenue from alteration and addition and construction works	3,010	11,041
Manufacturing, sourcing and distribution of interior decorative materials	191	337
	2,766,110	2,135,173

For the six months ended 30 June 2024

	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				
The Hong Kong Special Administrative Region ("Hong Kong")	1,078,457	3,010	–	1,081,467
Macau	41,867	–	30	41,897
The Republic of Singapore ("Singapore")	734,305	–	–	734,305
The PRC	908,280	–	161	908,441
Total	2,762,909	3,010	191	2,766,110
Timing of revenue recognition				
A point in time	–	–	191	191
Over time	2,762,909	3,010	–	2,765,919
Total	2,762,909	3,010	191	2,766,110

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

3. REVENUE (Continued)

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
Singapore	473,992	–	–	473,992
The PRC	892,863	–	231	893,094
Others	–	–	106	106
Total	2,123,795	11,041	337	2,135,173
Timing of revenue recognition				
A point in time	–	–	337	337
Over time	2,123,795	11,041	–	2,134,836
Total	2,123,795	11,041	337	2,135,173

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

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 2024

	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	1,078,457	41,867	734,305	908,280	3,010	191	2,766,110	-	2,766,110
Inter-segment revenue	-	-	-	-	-	324,423	324,423	(324,423)	-
Segment revenue	1,078,457	41,867	734,305	908,280	3,010	324,614	3,090,533	(324,423)	2,766,110
Segment profit (loss)	105,817	(2,750)	68,830	(36,881)	(5,286)	122,823	252,553	-	252,553
Share of loss of an associate									(1,233)
Unallocated other income									26,598
Unallocated corporate expenses									(62,462)
Unallocated finance costs									(844)
Profit before tax									214,612

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

4. OPERATING SEGMENTS *(Continued)*

Segment revenue and results *(Continued)*

For the six months ended 30 June 2023

	Fitting-out works in Hong Kong HK\$'000 <i>(Unaudited)</i>	Fitting-out works in Macau HK\$'000 <i>(Unaudited)</i>	Fitting-out works in Singapore HK\$'000 <i>(Unaudited)</i>	Fitting-out works in the PRC HK\$'000 <i>(Unaudited)</i>	Alteration and addition and construction works in Hong Kong HK\$'000 <i>(Unaudited)</i>	Manufacturing, sourcing and distribution of interior decorative materials HK\$'000 <i>(Unaudited)</i>	Segment total HK\$'000 <i>(Unaudited)</i>	Elimination HK\$'000 <i>(Unaudited)</i>	Consolidated HK\$'000 <i>(Unaudited)</i>
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

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 loss of an associate 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 2024

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 2024 HK\$'000 (Unaudited)	At 31 December 2023 HK\$'000 (Audited)
Segment assets		
Fitting-out works in Hong Kong	1,593,553	1,657,920
Fitting-out works in Macau	97,842	76,085
Fitting-out works in Singapore	390,635	260,642
Fitting-out works in the PRC	2,471,101	2,613,714
Alteration and addition and construction works in Hong Kong	92,198	99,688
Manufacturing, sourcing and distribution of interior decorative materials	102,063	117,113
Total segment assets	4,747,392	4,825,162
Segment liabilities		
Fitting-out works in Hong Kong	651,991	653,921
Fitting-out works in Macau	57,716	47,076
Fitting-out works in Singapore	163,289	257,833
Fitting-out works in the PRC	2,039,111	2,473,714
Alteration and addition and construction works in Hong Kong	59,891	63,155
Manufacturing, sourcing and distribution of interior decorative materials	60,750	61,070
Total segment liabilities	3,032,748	3,556,769

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

5. OTHER INCOME, OTHER GAINS AND LOSSES

	Six months ended 30 June	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Other income		
Interest income	21,816	18,294
Rental income	4,540	3,358
Entrustment fee income	163	160
Others	763	1,828
	27,282	23,640
Other gains and losses		
(Loss) gain on disposal of property, plant and equipment	(321)	93
Net foreign exchange losses	(7,381)	(2,249)
Loss from fair value changes of investment properties	(10,162)	(4,064)
Net (loss) gain from fair value changes of financial assets at fair value through profit or loss ("FVTPL")	(37,229)	3,118
	(55,093)	(3,102)
	(27,811)	20,538

6. REVERSAL OF (ALLOWANCE FOR) IMPAIRMENT LOSSES UNDER EXPECTED CREDIT LOSS MODEL, NET

	Six months ended 30 June	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Impairment loss recognised (reversed) on:		
Trade and other receivables and bills receivable	223	9,818
Contract assets	(8,182)	1,061
Other financial assets at amortised cost	11	1,522
	(7,948)	12,401

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 2024 are the same as those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2023.

Notes to the Condensed Consolidated Financial Statements
For the six months ended 30 June 2024

7. INCOME TAX EXPENSE

	Six months ended 30 June	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Current tax		
Hong Kong Profits Tax	18,353	9,578
Macau Complementary Tax	10,572	14,646
Singapore Corporate Income Tax	12,562	8,793
PRC Enterprise Income Tax	227	434
	41,714	33,451
(Over) under provision in prior periods		
Hong Kong Profits Tax	(1,053)	–
Singapore Corporate Income Tax	(388)	–
PRC Enterprise Income Tax	8,514	(206)
	7,073	(206)
Deferred tax		
Current period	(1,354)	(187)
	47,433	33,058

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 2024

8. PROFIT FOR THE PERIOD

	Six months ended 30 June	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Profit for the period has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	8,131	8,701
Depreciation of right-of-use assets	7,502	8,532
	15,633	17,233
Cost of inventories recognised as expenses in respect of		
External revenue	52	292
Inter-segment revenue	173,461	82,228
	173,513	82,520
Write-down of inventories to net realisable value (included in cost of sales)	741	482
Contract costs recognised as expenses		
Fitting-out works (<i>note</i>)	2,372,565	1,852,369
Alteration and addition and construction works	7,839	10,422
	2,380,404	1,862,791
Research and development expenses (included in other expenses)	30,852	36,159
Staff costs		
Gross staff costs (including directors' emoluments)	239,092	211,584
Less: Staff costs included in contract costs and inventories and research and development expenses	(167,884)	(158,946)
	71,208	52,638
Gross rental income from investment properties	(4,540)	(3,358)
Less: Direct operating expenses incurred for investment properties that generated rental income during the period	575	431
	(3,965)	(2,927)

Note: Contract costs of fitting-out works recognised as expenses included cost of inventories recognised as expenses of HK\$173,461,000 (six months ended 30 June 2023: HK\$82,228,000).

Notes to the Condensed Consolidated Financial Statements
For the six months ended 30 June 2024

9. DIVIDENDS

	Six months ended 30 June	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Dividends for ordinary shareholders of the Company recognised as distribution during the period:		
2023 final dividend – nil (six months ended 30 June 2023: 2022 final dividend – HK6 cents per share)	–	129,493

The board of directors of the Company did 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	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Profit for the period attributable to owners of the Company for the purpose of basic and diluted earnings per share	167,179	113,581

	Six months ended 30 June	
	2024 '000	2023 '000
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	2,158,210	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 2024

11. MOVEMENT IN RIGHT-OF-USE ASSETS

During the six months ended 30 June 2024, the Group acquired the land use rights of a land located in Meizhou, Guangdong Province, the PRC at a consideration of HK\$25,831,000 (inclusive of tax). In line with the business development, the Group will develop a manufacturing plant and a warehouse in Meizhou and subsequently relocate its existing manufacturing plant and warehouse from Dongguan.

12. INTEREST IN AN ASSOCIATE

	At 30 June 2024 HK\$'000 (Unaudited)	At 31 December 2023 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	35,090	36,369
	91,607	92,886

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 2024

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	At 30 June 2024 HK\$'000 (Unaudited)	At 31 December 2023 HK\$'000 (Audited)
Listed equity securities	16,605	14,834
Financial products	34,914	–
Unlisted equity fund	20,000	59,000
	71,519	73,834
Analysed for reporting purposes as:		
Current assets	47,391	59,000
Non-current assets	24,128	14,834
	71,519	73,834

As at 30 June 2024, financial products amounting to HK\$27,391,000 and HK\$7,523,000 were classified as current and non-current, respectively as the management of the Group expected to realise these financial assets within 12 months and more than 12 months after the reporting period.

As at 30 June 2024 and 31 December 2023, 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 loss from fair value changes of the fund of HK\$39,000,000 (six months ended 30 June 2023: gain of HK\$800,000) 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 2024 and 30 June 2023.

During the period, net loss from fair value changes of financial assets at FVTPL of HK\$37,229,000 (six months ended 30 June 2023: net gain of HK\$3,118,000) was recognised in profit or loss.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

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 2024 HK\$'000 (Unaudited)	At 31 December 2023 HK\$'000 (Audited)
Trade receivables (gross carrying amount)		
Fitting-out works	1,869,313	1,653,705
Alteration and addition and construction works	1,143	1,113
Manufacturing, sourcing and distribution of interior decorative materials	1,381	1,391
	1,871,837	1,656,209
Less: Allowance for credit losses	(69,475)	(70,447)
Trade receivables (net carrying amount)	1,802,362	1,585,762
Unbilled receivables (gross carrying amount) <i>(note)</i>	947,192	1,050,804
Less: Allowance for credit losses	(100,800)	(99,106)
Unbilled receivables (net carrying amount)	846,392	951,698
Other receivables (gross carrying amount)	142,444	173,768
Less: Allowance for credit losses	(17,591)	(19,013)
Other receivables (net carrying amount)	124,853	154,755
Bills receivable (gross carrying amount)	4,524	11,958
Less: Allowance for credit losses	(33)	(375)
Bills receivable (net carrying amount)	4,491	11,583
Prepayments and deposits	359,886	498,247
	3,137,984	3,202,045

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 2024

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 2024 HK\$'000 (Unaudited)	At 31 December 2023 HK\$'000 (Audited)
1–30 days	588,767	571,414
31–60 days	336,156	254,649
61–90 days	70,031	212,486
Over 90 days	807,408	547,213
	1,802,362	1,585,762

Bills receivable

As at 30 June 2024, the carrying amount of bills receivable amounting to HK\$4,491,000 (31 December 2023: HK\$11,583,000) 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 2024 HK\$'000 (Unaudited)	At 31 December 2023 HK\$'000 (Audited)
1–30 days	1,330	3,882 ^(Note)
31–60 days	161	543
61–90 days	1,089	–
Over 90 days	1,911	7,158
	4,491	11,583

Note: As at 31 December 2023, the relevant bills receivable amounting to HK\$1,401,000 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 2024

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 2024 HK\$'000 (Unaudited)	At 31 December 2023 HK\$'000 (Audited)
Trade receivables	301	303
Other receivables	993	2
	1,294	305

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 2024 and 31 December 2023, trade receivables due from related companies were aged over 90 days based on invoice date.

Other receivables from a related company

As at 30 June 2024 and 31 December 2023, other receivables represented rent receivables from a related company.

16. AMOUNTS DUE FROM FELLOW SUBSIDIARIES

The Group allows a credit period of 30 days to its trade receivables due from fellow subsidiaries. The following was an ageing analysis of trade receivables due from fellow subsidiaries presented based on invoice date at the end of each reporting period.

	At 30 June 2024 HK\$'000 (Unaudited)	At 31 December 2023 HK\$'000 (Audited)
1-30 days	5,969	1,721
Over 90 days	1,039	–
	7,008	1,721

Notes to the Condensed Consolidated Financial Statements
For the six months ended 30 June 2024

17. CONTRACT ASSETS

	At 30 June 2024 HK\$'000 (Unaudited)	At 31 December 2023 HK\$'000 (Audited)
Contract assets (gross carrying amount)		
Fitting-out works	1,420,930	1,403,130
Alteration and addition and construction works	52,527	57,374
Manufacturing, sourcing and distribution of interior decorative materials	554	559
	1,474,011	1,461,063
Less: Allowance for credit losses	(28,768)	(37,125)
Contract assets (net carrying amount)	1,445,243	1,423,938

As at 30 June 2024, contract assets included HK\$360,000 and HK\$448,000 (31 December 2023: HK\$363,000 and HK\$322,000) from a related company and fellow subsidiaries, respectively.

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\$8,182,000 was reversed (six months ended 30 June 2023: HK\$1,061,000 was recognised) during the period.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

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 2024 HK\$'000 (Unaudited)	At 31 December 2023 HK\$'000 (Audited)
Contract creditors and suppliers	1,741,979	2,123,533
Retentions payable	455,520	482,305
	2,197,499	2,605,838
Other tax payables	138,422	164,673
Other payables and accruals	92,015	142,797
	2,427,936	2,913,308

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

	At 30 June 2024 HK\$'000 (Unaudited)	At 31 December 2023 HK\$'000 (Audited)
1–30 days	1,096,351	1,342,278
31–60 days	154,293	163,374
61–90 days	70,873	99,361
Over 90 days	420,462	518,520
	1,741,979	2,123,533

As at 30 June 2024, the Group's retentions payable of HK\$273,351,000 (31 December 2023: HK\$285,930,000) were expected to be paid after one year.

Notes to the Condensed Consolidated Financial Statements
For the six months ended 30 June 2024

19. BILLS PAYABLE

As at 30 June 2024 and 31 December 2023, certain bills payable were secured by certain pledged bank deposits and were repayable as follows:

	At 30 June 2024 HK\$'000 (Unaudited)	At 31 December 2023 HK\$'000 (Audited)
1–30 days	152,354	147,506
31–60 days	99,731	105,873
61–90 days	60,816	112,226
Over 90 days	269,508	238,468
	582,409	604,073

20. AMOUNTS DUE TO FELLOW SUBSIDIARIES

	At 30 June 2024 HK\$'000 (Unaudited)	At 31 December 2023 HK\$'000 (Audited)
Trade payables	–	274
Retentions payable	4	4
Other payables	86	–
	90	278

Trade payables to a fellow subsidiary

A fellow subsidiary allows a credit period of 7 days to the Group. As at 31 December 2023, trade payables due to a fellow subsidiary were aged within 30 days based on invoice date.

Retentions payable to a fellow subsidiary

As at 30 June 2024 and 31 December 2023, retentions payable to a fellow subsidiary was expected to be paid after one year.

Other payables to a fellow subsidiary

As at 30 June 2024, other payables represented payables to a fellow subsidiary for purchase of office equipment.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

21. BANK BORROWINGS

	At 30 June 2024		At 31 December 2023	
	The ranges of effective interest rates (Unaudited)	Carrying amount HK\$'000	The ranges of effective interest rates (Audited)	Carrying amount HK\$'000
Variable-rate borrowings				
Secured (note a)	6.26%	211	7.23%	316
Unsecured	3.8% to 5.0%	32,869	–	–
		33,080		316

	At 30 June 2024 HK\$'000 (Unaudited)	At 31 December 2023 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	33,080	211
More than one year but not exceeding two years	–	105
	33,080	316

Notes:

- (a) As at 30 June 2024, the secured bank borrowings were secured by a commercial property (included in property, plant and equipment) with carrying amount of HK\$84,391,000 (31 December 2023: HK\$86,225,000).
- (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 2023 (audited), 30 June 2023 (unaudited), 1 January 2024 (audited) and 30 June 2024 (unaudited)	2,158,210	1,246,815

Notes to the Condensed Consolidated Financial Statements

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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 management of the Group establishes 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 2024 HK\$'000 (Unaudited)	At 31 December 2023 HK\$'000 (Audited)	Fair value hierarchy
Financial assets at FVTPL			
Listed equity securities	16,605	14,834	Level 1
Financial products	34,914	–	Level 2
Unlisted equity fund	20,000	59,000	Level 3
	71,519	73,834	

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 2024

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 30 June 2024, the fair values of financial products are determined with reference to the fair values of the underlying assets and liabilities of financial products.

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 2024 and 31 December 2023, (i) certain units in the property were sold and comparison based on prices realised on actual sales of sold units in the property; and (ii) 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 2023 <i>(audited)</i>	87,000
Gain from fair value changes recognised in profit or loss	800
At 30 June 2023 <i>(unaudited)</i>	87,800
At 1 January 2024 <i>(audited)</i>	59,000
Loss from fair value changes recognised in profit or loss	(39,000)
At 30 June 2024 <i>(unaudited)</i>	20,000

Of the loss for the period included in profit or loss HK\$39,000,000 (six months ended 30 June 2023: gain of HK\$800,000) relating to financial assets of the unlisted equity fund that are measured at fair value at the end of each reporting period. Such fair value loss/gain 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 a 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.

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For the six months ended 30 June 2024

24. PERFORMANCE BONDS, ADVANCE PAYMENT BONDS AND TENDER BONDS

As at 30 June 2024, 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\$899,348,000 (31 December 2023: HK\$931,052,000).

As at 30 June 2024 and 31 December 2023, 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 a related company 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	
		2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Related companies	Rental income	914	937
	Management fee expenses	482	–
Ultimate holding company	Entrustment fee income	76	44
Fellow subsidiaries	Revenue from fitting-out works	5,000	1,530
	Revenue from distribution of interior decorative materials	30	–
	Rental income	3,400	2,179
	Entrustment fee income	87	116
	Technical advisory service fee income	–	112
	Specialised works subcontracting costs	686	317
	Purchase of office equipment	77	–

In addition,

- as at 30 June 2024, the ultimate holding company had outstanding performance bonds and advance payment bonds amounting to HK\$210,877,000 (31 December 2023: HK\$186,325,000) 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.
- as at 30 June 2024 and 31 December 2023, 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 2024

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	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Salaries and short-term benefits	28,527	27,587
Post-employment benefits	224	186
	28,751	27,773

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