SUNDART HOLDINGS LIMITED
承達集團有限公司

(incorporated under the laws of British Virgin Islands with limited liability)

Stock code：1568

ANNUAL REPORT 2024

About us

Sundart is one of the leading integrated fitting-out contractors in Hong Kong, Macau, Singapore and the PRC, specialising in providing professional fitting-out works for commercial buildings, hotels and residential properties. We have been operating our fitting-out business in Hong Kong since 1996 and we further expanded our fitting-out business to Macau, the PRC and Singapore in 2005, 2017 and 2021, respectively.

We have undertaken a number of sizeable fitting-out projects in Hong Kong, Macau, Singapore and the PRC. As a fitting-out contractor, we are responsible for the overall project implementation by providing, processing or arranging for the necessary materials, labour, engineering expertise and technical know-how required for the fitting-out works and carrying out corresponding project management so as to ensure that the fitting-out works conform to the contractual requirements, meet customers' expectation and are completed on time and within budget.

We are also engaged in the manufacturing in the PRC of, and international sourcing and distribution of, interior decorative materials business.

Contents

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

www.sundart.com

INVESTOR RELATIONS

Email: ir@sundart.com

Definitions

In this annual report, unless the context otherwise requires, the following terms shall have the meanings set out below.

"Acquisition"	the acquisition by the JV Company of the entire issued share capital of the Target Company and all amounts owing by the Target Company to Quarella Holdings upon completion of the Acquisition from Quarella Holdings on 9 April 2025, details of which were disclosed in the announcement of the Company dated 9 April 2025
"AGM"	the annual general meeting of the Company to be held at 10:00 a.m. on Monday, 2 June 2025 at 19/F, Millennium City 3, 370 Kwun Tong Road, Kowloon, Hong Kong (or any adjournment thereof)
"Amended Deed"	an amended and restated deed of non-competition dated 25 July 2017 given by the controlling shareholders of the Company in favour of the Company (for itself and as trustee for each of its subsidiaries) to amend and restate a deed of non-competition dated 8 December 2015
"Articles of Association"	the second amended and restated articles of association of the Company, as amended from time to time
"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Audit Committee"	the audit committee of the Board
"Beijing Huayu"	北京花宇置業有限公司 (Beijing Huayu Real Estate Co., Ltd.*), a company established in the PRC with limited liability, a direct wholly-owned subsidiary of Jangho Chuangxin and a connected person of the Company
"Beijing Jiangheyuan"	北京江河源控股有限公司 (Beijing Jiangheyuan Holdings Co., Ltd.*), a company established in the PRC with limited liability and a controlling shareholder of the Company
"Board"	the board of Directors
"business day"	any day (other than a Saturday, Sunday or public holiday in Hong Kong) on which licensed banks in Hong Kong are generally open for business
"BVI"	British Virgin Islands
"C&SD"	the Census and Statistics Department of the Hong Kong Government
"Caiyun International"	Caiyun International Investment Limited (彩雲國際投資有限公司), a company incorporated in Hong Kong with limited liability, a wholly-owned subsidiary of Yunnan Co and a substantial shareholder of the Company
"CG Code"	code provisions as set out in the Corporate Governance Code as contained in Appendix C1 to the Listing Rules
"close associates"	has the meaning ascribed to it under the Listing Rules
"Company"	SUNDART HOLDINGS LIMITED 承達集團有限公司, a company incorporated in the BVI with limited liability, the shares of which are listed on the Stock Exchange (stock code: 1568)

"Company Secretary"	the company secretary of the Company
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"controlling shareholder(s)"	has the meaning ascribed to it under the Listing Rules, and in the context of the Company, means Mr. Liu, Ms. Fu, Beijing Jiangheyuan, Jangho Co, Jangho HK and Reach Glory
"Director(s)"	the director(s) of the Company
"Dongguan Sundart"	東莞承達家居有限公司 (Dongguan Sundart Home Furnishing Co., Ltd.*), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
"ESG"	the environmental, social and governance
"FVTPL"	fair value through profit or loss
"GDP"	gross domestic product
"Gloryeild"	GLORYEILD ENTERPRISES LIMITED, a company incorporated in the BVI with limited liability and a direct wholly-owned subsidiary of the Company
"Gloryeild Shareholder's Loan (1)"	the shareholder's loan in the principal amount of HK$120,000,000 owed to Gloryeild by the JV Company after injection
"Greater Bay Area"	Guangdong-Hong Kong-Macao Greater Bay Area
"Group" or "our" or "Sundart" or "us" or "we"	the Company and its subsidiaries
"Guangdong Sundart"	廣東承達智能環保建材科技有限公司 (Guangdong Sundart Digital Decoration Materials Technology Limited*) (formerly known as "梅州承達裝飾材料製造有限公司 (Meizhou Sundart Decorative Materials Manufacturing Limited*)"), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
"HK$" or "HK dollars" or "cents"	Hong Kong dollars or cents, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Government"	the government of Hong Kong
"Internal Control Committee"	the internal control committee of the Board
"Jangho Chuangxin"	江河創新地產股份有限公司 (Jangho Chuangxin Property Limited*), a joint stock limited company established in the PRC, which is owned as to 30% by Mr. Liu, and 70% by Beijing Jiangheyuan
"Jangho Co"	江河創建集團股份有限公司 (Jangho Group Company Limited*), a joint stock limited company established in the PRC (the A shares of which are listed on the Shanghai Stock Exchange (stock code: 601886)) and a controlling shareholder of the Company

Definitions

"Jangho Curtain Wall"	北京江河幕牆系統工程有限公司 (Beijing Jangho Curtain Wall System Engineering Co., Ltd.*), a company established in the PRC with limited liability, a direct wholly-owned subsidiary of Jangho Co, a fellow subsidiary of Reach Glory and a connected person of the Company
"Jangho HK"	Jangho Hong Kong Holdings Limited (江河香港控股有限公司), a company incorporated in Hong Kong with limited liability, a wholly-owned subsidiary of Jangho Co and a controlling shareholder of the Company
"Jangho Smart"	北京江河智慧光伏科技有限公司 (Beijing Jangho Smart Photovoltaic Technology Co., Ltd.*), a company established in the PRC with limited liability, a fellow subsidiary of Reach Glory and a connected person of the Company
"JV Company"	Quarella Global Limited, a company incorporated in the BVI with limited liability, which is owned as to 50% by Gloryeild and 50% by Lead Rise
"Lead Rise"	Lead Rise International Limited (朗昇國際有限公司), a company incorporated in the BVI with limited liability
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended from time to time
"m^2"	square metres
"Macau"	the Macau Special Administrative Region of the PRC
"Macau Government"	the government of Macau
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
"MOP"	Macau Pataca, the lawful currency of Macau
"Mr. Liu"	Mr. Liu Zaiwang (劉載望), the non-executive Director, a controlling shareholder of the Company and the spouse of Ms. Fu
"Ms. Fu"	Ms. Fu Haixia (富海霞), a controlling shareholder of the Company and the spouse of Mr. Liu
"Ms. Tam"	Ms. Tam Yin Ming Cecilia (譚燕明), an independent non-executive Director (appointed on 19 July 2024)
"Ms. Yim"	Ms. Yim Ka Man (嚴加敏), a non-executive Director (appointed as an independent non-executive Director on 1 April 2024, re-designated as a non-executive Director on 29 April 2024 and resigned on 19 July 2024)
"MTI"	the Ministry of Trade and Industry of the government of Singapore
"Nomination Committee"	the nomination committee of the Board
"Philippines"	the Republic of the Philippines
"PRC"	the People's Republic of China, excluding, for the purpose of this annual report, Hong Kong, Macau and Taiwan

"PRC Government"	the government of the PRC
"Previous Year"	the year ended 31 December 2023
"Quarella Holdings"	Quarella Holdings Limited, a company incorporated in the BVI with limited liability
"Reach Glory"	REACH GLORY INTERNATIONAL LIMITED, a company incorporated in the BVI with limited liability, a wholly-owned subsidiary of Jangho HK and a controlling shareholder of the Company
"Remuneration Committee"	the remuneration committee of the Board
"RMB"	Renminbi, the lawful currency of the PRC
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended from time to time
"Share(s)"	ordinary share(s) of the Company
"Shareholder(s)"	the holder(s) of Share(s)
"Share Option Scheme"	the share option scheme, which was adopted by the Company and took effect from 1 December 2015, as amended from time to time
"Singapore"	the Republic of Singapore
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary"	has the meaning ascribed to it under the Listing Rules
"substantial shareholder(s)"	has the meaning ascribed to it under the Listing Rules
"Sundart Beijing"	北京承達創建裝飾工程有限公司 (Sundart Engineering & Contracting (Beijing) Limited*), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
"Sundart Real Estate"	北京承達置業有限公司 (Beijing Sundart Real Estate Co., Ltd.*), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
"Sundart Timber"	Sundart Timber Products Company Limited (承達木材制品有限公司), a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
"Target Company"	Quarella Group Limited (可維萊集團有限公司), a company incorporated in Hong Kong with limited liability
"Year"	the year ended 31 December 2024
"Yunnan Co"	雲南省康旅控股集團有限公司 (Yunnan Health & Cultural Tourism Holding Group Co., Ltd.*), a company established in the PRC with limited liability and a substantial shareholder of the Company
"%"	per cent.

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

Chairman's Statement


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Chairman's Statement

Dear Shareholders,

On behalf of the Board, I am pleased to present the annual results for the Year of the Group.

The Group faced a convergence of geopolitical tensions, interest rate hikes and inflationary pressures during the Year. Despite the challenging operational environment and intense competition, Sundart has consistently maintained stable performance, attributable to its strategic foresight in business planning. The Group optimised its operations and exercised diligent cost control. By adopting a prudent financial strategy, the Group has not only established a solid financial foundation but also gained greater flexibility to implement future development projects, and gained the much-needed strength to quickly seize new market opportunities. During the Year, the Group carried out a number of large-scale fitting-out projects, which underpinned a strong foundation for long-term development.

During the Year, the Group's revenue was HK$5,996.8 million (Previous Year: HK$5,461.3 million), profit for the year was HK$320.8 million (Previous Year: HK$330.3 million), and basic and diluted earnings per share were HK14.86 cents (Previous Year: HK15.30 cents). The Board is pleased to recommend the payment of a final dividend of HK6 cents per Share and a special dividend of HK14 cents per Share for the Year. The final dividend, amounting HK$129.5 million, represented 40.4% of the profit available for distribution for the Year.

Despite the challenging operational environment during the Year, the Group has gained wide recognition and successfully secured numerous projects by leveraging its reputation, management expertise, cost advantages, financial strength and commitment to providing high-quality services that exceeded customer expectations. The Group completed 46 fitting-out projects with a total contract sum of HK$4,488.9 million. Most of these projects involved large-scale commercial buildings, hotel guestrooms, and residential properties reflecting customers' trust in the Group's ability to achieve and maintain high-quality project standards.

Geopolitical tensions, sustained high interest rates, underperforming stock market returns and GDP growth below expectations have adversely affected the economy and real estate market in Hong Kong. In order to stabilise the local real estate market, the Hong Kong Government lifted all restrictions on residential property sales that had been in place for over a decade from 28 February 2024. Meanwhile, the Hong Kong Monetary Authority suspended the mortgage stress test and relaxed loan-to-value ratios of certain types of properties. These measures aim to encourage local residents to purchase new homes and upgrade their housing, as well as attract Mainland talents and professionals to work and buy homes in Hong Kong. The Group expects that as interest rates begin to ease, market confidence in the property sector will gradually recover, thereby supporting demand in the fitting-out industry in Hong Kong.

During the Year, Macau has implemented several beneficial policies from the PRC Government, including an expansion of the Individual Visit Scheme to 59 cities in the PRC, and allowing permanent residents of Zhuhai City to visit Macau once a week. Meanwhile, residents of Hengqin can apply for a one-year multiple-entry permit to Macau. Furthermore, Macau and Hengqin have jointly launched the "Macao-Hengqin Travel Stimulation Program" and "multi-destination" itineraries. It aimed to enhance Macau's status as a world centre of tourism and leisure while promoting steady economic recovery. The Macau Government is systematically implementing the "Development Plan for Appropriate Economic Diversification of the Macao Special Administrative Region (2024-2028)". This plan promotes the high-quality development of the comprehensive tourism and leisure industry.

A number of integrated entertainment resorts are supporting Macau's "1+4" diversification strategy by investing in various cultural tourism projects. The sixth-term Macau Government is committed to creating a better business environment and pioneering new developments in the Guangdong-Macao In-Depth Cooperation Zone in Hengqin. This includes enhancing the integration of Hengqin and Macau, while steadily promoting moderate economic diversification. To facilitate this development, Macau is expected to enhance investment and construction projects, thereby creating numerous growth opportunities for the construction and fitting-out industry.

In 2024, Singapore's economy showed remarkable resilience amidst global uncertainties. Its real GDP grew 4.4% for the Year, driven by strong performances in the manufacturing and services sectors. The Singapore government's proactive measures to attract foreign investments and talents have significantly bolstered economic confidence. The construction and real estate sectors also experienced steady demand, thanks to government initiatives to enhance infrastructure and housing development. The private sector contributed through high-value projects, including mixed-use developments and luxury residential properties. This robust environment aligned with the Group's strategic focus on premium markets, offering significant opportunities to expand our footprint in Singapore. The Group is optimistic about these prospects and their positive impact on the fitting-out industry in Singapore. Moving forward, the Group will actively pursue high-quality fitting-out projects, leveraging its expertise to meet the growing demand for sophisticated and sustainable interior solutions in this dynamic market.

In light of persistent economic uncertainties, continued market downturn and strong wait-and-see sentiment, sales of new commodity housing in the PRC have declined. Meanwhile, real estate regulatory policies have been continuously implemented, incorporating "city-specific policies" to ease market pressures. The PRC Government has introduced economic incentives to stabilise the real estate market, including the "four removals" and "four reductions". These policies aim to remove purchase restrictions, sales restrictions, price limits and housing classifications, while reducing housing provident fund loan rates, loan-to-value ratios, existing loan rates and trade-in taxes. These measures provide positive support to inject new energy into the sluggish real estate market. Hopefully, their gradual implementation will improve market sentiment, bolstering the gradual recovery of the real estate market. The Group will closely monitor national policies and market developments to adjust its business strategy in the PRC's fitting-out market accordingly.

Looking ahead, ongoing geopolitical tensions are anticipated, and the business environment remains fraught with uncertainties. The Group will regularly review and adjust its development strategies in Hong Kong, Macau, Singapore, and the PRC in response to evolving market conditions and the broader landscape. The Group remains committed to upholding the highest standards of project quality, adaptability to ever-changing circumstances and prudent financial discipline. With a solid foundation comprising experienced and capable execution teams, the Group is confident in its ability to navigate challenges and achieve long-term growth by consistently delivering high-quality services that meet customers' aspirations for superior fitting-out projects.

On behalf of the Board, I would like to express my sincere gratitude to our Shareholders, customers and business partners for their long-term support. Most of all, I wish to extend my heartfelt thanks to our management team and staff for their hard work and invaluable contributions to development of Sundart over the past years. Sundart is well-positioned to pursue sustainable growth, thereby creating increasing value for our Shareholders and investors.

Liu Zaiwang
Chairman

Management Discussion and Analysis

Management Discussion and Analysis

MARKET REVIEW

Hong Kong has faced significant economic pressure due to increasing global economic uncertainties, escalating trade conflicts, along with changing consumption patterns of residents and visitors. However, the expected further monetary easing by major central banks, coupled with recent stimulus measures taken by the PRC, is likely to bolster sentiment and activities in the domestic market. According to the C&SD of the Hong Kong Government, Hong Kong's GDP increased by 2.5% year-on-year in real terms in 2024.

According to the provisional results of the "Report on the Quarterly Survey of Construction Output" released by the C&SD, the total gross value of construction works carried out by main contractors in Hong Kong increased by 9.4% year-on-year in nominal terms to HK$77.8 billion in the fourth quarter of 2024. However, the gross value of construction works carried out at private sector sites decreased by 3.6% year-on-year in nominal terms to HK$22.4 billion in the fourth quarter of 2024. Nevertheless, the gross value of construction works carried out at construction sites in respect of residential building projects increased by 13.9% year-on-year in nominal terms to HK$23.3 billion in the fourth quarter of 2024. The residential market in Hong Kong stimulated temporarily following the withdrawal of demand-side management measures for residential properties in February 2024. However, the real estate market has been affected by persistent geopolitical tensions and high interest rates, along with the drastic changes in Hong Kong's business environment, resulting in ongoing pressure on the real estate market and impacting the demand for fitting-out works in Hong Kong.

Information from the Statistics and Census Service of the Macau Government indicated that Macau's GDP increased by 8.8% year-on-year in real terms to MOP403.3 billion in 2024, returning to 86.4% of the level in 2019. As a result of a surge in visitor arrivals to Macau during the peak summer season, exports of services increased by 9.2% year-on-year in 2024, with exports of gaming services increasing by 21.8%. Driven by the favorable measures of the PRC, Macau welcomed 34.9 million visitors in 2024, marking an increase of 23.8% year-on-year. Furthermore, the Gaming Inspection and Coordination Bureau of Macau indicated that the gross gaming revenue increased by 23.9% year-on-year to MOP226.8 billion in 2024. With Macau's economy steadily recovering, numerous investment and construction projects have been launched that were driving stable demand for the fitting-out industry.

According to the MTI, Singapore's real GDP increased by 4.4% year-on-year in 2024. Meanwhile, the construction industry in Singapore continued to grow in 2024, driven by both public and private sectors, which demonstrated a resilient and balanced industry. Singapore's construction industry increased by 4.5% in 2024 according to MTI, benefiting from a diverse project portfolio and emerging trends, including an increasing focus on technology, sustainability and urbanisation. The public sector demonstrated strong demand during the Year, driven by large-scale infrastructure developments such as the Cross Island Line (Phase 2) of Mass Rapid Transit, Changi Airport Terminal 5 and Housing & Development Board projects, to realise Singapore's vision of maintaining world-class facilities. In addition, demand from the private sector was bolstered by redevelopment of commercial premises and residential developments, thus creating opportunities for the fitting-out industry in Singapore.

According to the preliminary estimates of the National Bureau of Statistics of China, the PRC's GDP increased by 5.0% year-on-year to RMB134,908.4 billion in 2024. However, in 2024, investments in real estate development decreased by 10.6% year-on-year to RMB10,028.0 billion, among which, investments in residential properties decreased by 10.5% year-on-year to RMB7,604.0 billion. The floor space of newly started area of properties decreased by 23.0% year-on-year to 738.9 million m^2, of which the floor space of newly started residential area decreased by 23.0% year-on-year to 536.6 million m^2.

The residential market in the PRC was still in the adjustment stage during the Year. In order to foster stable and healthy development of the real estate market, the PRC Government has implemented a series of measures, including lifting home purchase restrictions and reducing down payment ratios and mortgage rates. Nevertheless, consumer confidence in the real estate market remains low, and the fitting-out industry in the PRC was inevitably affected.

BUSINESS REVIEW

The Group is one of the leading integrated fitting-out contractors in Hong Kong, Macau, 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 Year, approximately 99.9% of the Group's revenue was derived from its fitting-out business.

Despite the challenging market environment, the Group has built a trusted reputation and a premium brand over the years. This achievement is attributed to its experienced team and its commitment to quality and customer focus, resulting in a well-established customer base. In addition, the Group demonstrated sound performance and resilience during economic downturns through prudent financial discipline. During the Year, the Group secured a number of large-scale and high-end fitting-out projects, which have injected new impetus to its growth and further strengthened its competitiveness.

Fitting-out works

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

During the Year, the Group completed a total of 46 fitting-out projects, including 15 in Hong Kong, 4 in Macau, 1 in Singapore and 26 in the PRC. The total contract sum of such projects amounted to HK$4,488.9 million, out of which HK$1,414.7 million was recognised as revenue during the Year. As at 31 December 2024, the Group had 196 projects on hand (including contracts in progress and contracts signed but yet to commence), including 39 in Hong Kong, 6 in Macau, 3 in Singapore and 148 in the PRC. The total contract sum and value of the outstanding works of such projects as at 31 December 2024 amounted to HK$13,951.4 million and HK$6,692.7 million, respectively.

During the Year, the Group's revenue derived from its fitting-out business increased by HK$542.1 million or 9.9% year-on-year to HK$5,992.4 million (Previous Year: HK$5,450.3 million). Such increase was mainly attributable to a number of sizeable fitting-out projects carried out in Macau and Singapore during the Year. As a result, the Group's revenue derived from its fitting-out business in Macau and Singapore increased by HK$418.9 million, as compared to the Previous Year.

The Group's gross profit derived from its fitting-out business during the Year increased by HK$114.1 million or 16.4% year-on-year to HK$810.9 million (Previous Year: HK$696.8 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 Year to 13.5% for the Year.

Alteration and addition and construction works

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

During the Year, the Group did not complete any alteration and addition and construction projects.

During the Year, the Group's revenue derived from its alteration and addition and construction business decreased by HK$8.1 million or 77.1% year-on-year to HK$2.4 million (Previous Year: HK$10.5 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$10.9 million during the Year (Previous Year: HK$0.7 million), whilst the gross loss margin was 454.2% (Previous Year: 6.7%). Such gross loss and gross loss margin were primarily attributable to the additional overheads and/or cost incurred for a number of construction projects of commercial and residential buildings due to the rectification of work defects.

Manufacturing, sourcing and distribution of interior decorative materials

One of the Group's core competencies lies in its manufacturing base and research and development centre in the PRC. Through the Group's subsidiary, 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^2. Dongguan Sundart manufactures interior decorative timber products including fire-rated timber doors and wooden furniture, and provides quality and reliable re-engineering and pre-fabrication services for sizeable fitting-out projects undertaken by the Group.

During the Year, the Group's revenue of its manufacturing, sourcing and distribution of interior decorative materials business derived from external customers increased by HK$1.5 million or 300% year-on-year to HK$2.0 million (Previous Year: HK$0.5 million). Such increase was primarily due to a new order for the sales of furniture samples from the Philippines during the Year.

In addition, the Group's gross profit derived from its manufacturing, sourcing and distribution of interior decorative materials business was HK$0.2 million during the Year (Previous Year: HK$0.1 million), whilst the gross profit margin was 10.0% (Previous Year: 20.0%). Such gross profit and gross profit margin for the Year mainly generated from an order made by a PRC's customer.

Principal risks

As at 31 December 2024, the Group was principally engaged in integrated fitting-out works in Hong Kong, Macau, Singapore and the PRC and manufacturing in the PRC of, and international sourcing and distribution of, interior decorative materials business. With an ever-changing business environment, the Group faces various business risks, challenges and uncertainties, including but not limited to: (i) the Group's contracts are non-recurring in nature and its business prospects heavily depend on its continuing success on project tenders; (ii) if the Group cannot effectively adapt to market conditions and customer preferences, or fails to provide competitive pricing, its success rate on project tenders may be adversely affected; (iii) the Group's estimated time and costs to determine the tender price and its failure to make accurate estimates may lead to cost overruns or even losses in its projects; (iv) changes in the social, political and economic landscape of the PRC may materially affect the Group's business; and (v) the Group relies on a few major customers. If the Group fails to retain such major customers, its business, financial condition and results of operations may be materially and adversely affected.

FINANCIAL REVIEW

Revenue, gross profit and gross profit margin

During the Year, the Group's revenue increased by HK$535.5 million or 9.8% year-on-year to HK$5,996.8 million (Previous Year: HK$5,461.3 million), its gross profit increased by HK$104.0 million or 14.9% year-on-year to HK$800.2 million (Previous Year: HK$696.2 million) and its gross profit margin increased to 13.3% (Previous Year: 12.7%). Such increase in revenue, gross profit and gross profit margin were primarily due to 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 income of HK$2.3 million for the Year (Previous Year: HK$22.1 million) which is primarily due to the increase in net loss from fair value changes of financial assets at FVTPL by HK$25.7 million as compared to the Previous Year. Details of other income, other gains and losses are set out in note 7 to the consolidated financial statements in this annual report.

Profit for the year

The Group's profit for the year decreased by HK$9.5 million or 2.9% year-on-year to HK$320.8 million (Previous Year: HK$330.3 million). Although the Group's gross profit increased during the Year, it was offset by the increases in impairment losses on trade and other receivables and administrative expenses, as well as the decrease in net other income as discussed above.

Basic and diluted earnings per share

The Company's basic and diluted earnings per share for the Year was HK14.86 cents (Previous Year: HK15.30 cents), decreased by HK0.44 cents or 2.9% year-on-year, which is in line with the decrease in profit for the year. Details of earnings per share are set out in note 15 to the consolidated financial statements in this annual report.

Material acquisition and disposal

No material acquisition and disposal of subsidiaries, associates and joint ventures was carried out by the Group during the Year.

Financial assets at FVTPL

As at 31 December 2024, the Group's financial assets at FVTPL comprised HK$17.0 million, HK$6.5 million and nil (31 December 2023: HK$14.8 million, nil and HK$59.0 million) of listed equity securities, financial products and unlisted equity fund, respectively.

During the Year, the Group purchased HK$34.9 million of financial products, two of which were disposed for HK$27.8 million. Further, the Group recognised net fair value loss of HK$57.4 million in profit or loss in respect of the financial assets at FVTPL, primarily as a result of the expiry of unlisted equity fund.

In terms of the prospects of the Group's financial assets at FVTPL, the performance of the listed equity securities and financial products held by the Group will be subject to the performance of the relevant financial markets which may change rapidly and unpredictably in the future.

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

The Group will continuously adopt a prudent investment strategy and assess the performance of its portfolio of investments so as to make timely and appropriate adjustments on its investments for the maximisation of returns to the Shareholders. In addition, as the Group is subject to the market risks associated with its investments, the management of the Group will closely monitor the performance of the Group's investments from time to time and take appropriate risk management actions.

Future plans for material investments or capital assets

As at 19 March 2025, the Group did not have any plans for material investments or capital assets.

CORPORATE FINANCE AND RISK MANAGEMENT

Liquidity and financial resources and capital structure

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

During the Year, the Group continued to maintain solid financial and cash positions. As at 31 December 2024, the Group's net current assets amounted to HK$3,147.6 million, representing an increase of HK$244.9 million from HK$2,902.7 million as recorded as at 31 December 2023. The Group's bank balances and cash amounted to HK$2,640.9 million, representing an increase of HK$764.2 million from HK$1,876.7 million as recorded as at 31 December 2023. Such increase was mainly generated from the operating activities.

As at 31 December 2024, the bank borrowings of the Group amounted to HK$10.9 million (31 December 2023: HK$0.3 million), out of which HK$10.9 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.

During the Year, the Group continued to maintain a healthy liquidity position. As at 31 December 2024, the Group's current assets and current liabilities amounted to HK$6,516.6 million and HK$3,369.0 million, respectively (31 December 2023: HK$6,701.1 million and HK$3,798.4 million, respectively). The Group's current ratio as at 31 December 2024 increased to 1.9 (31 December 2023: 1.8). The Group maintained sufficient liquid assets to finance its business operations during the Year.

As at 31 December 2024, the Group's gearing ratio of total debts (bank borrowings) divided by total equity was 0.3% (31 December 2023: 0.01%). The increase in gearing ratio was primarily due to the increase in the Group's bank borrowings.

As at 31 December 2024, the share capital and equity attributable to owners of the Company amounted to HK$1,246.8 million and HK$3,724.6 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$82.6 million and HK$55.5 million, respectively as at 31 December 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 31 December 2024 and 31 December 2023, respectively.

As at 31 December 2024, the Group had capital commitments of HK$163.1 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 31 December 2024, the Group's bank borrowings of HK$0.1 million were made in HK dollars at floating rates, and cash and cash equivalents held were mainly in HK dollars and RMB. As at 19 March 2025, 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 Year. The Group's management reviews the recoverability of trade receivables and closely monitors the financial position of the customers from time to time with a view of keeping the Group's credit risk exposure at a reasonably low level.

EVENTS AFTER THE REPORTING PERIOD

On 9 April 2025, Gloryeild, Lead Rise and the JV Company entered into a shareholders' deed in relation to the formation of the JV Company for the Acquisition. Gloryeild injected the Gloryeild Shareholder's Loan (1) to the JV Company and the consideration for the Acquisition was HK$240,000,000.

For details, please refer to the announcement of the Company dated 9 April 2025.

Save as disclosed herein, there are no other significant events subsequent to the Year which had materially affected the Group's operating and financial performance.

EMPLOYEES AND REMUNERATION POLICIES

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

As at 31 December 2024, the Group had 1,628 employees (31 December 2023: 1,782 employees). The Group's gross staff costs (including the Directors' emoluments) increased by HK$10.0 million or 2.0% year-on-year to HK$512.5 million for the Year (Previous Year: HK$502.5 million). Such increase was mainly attributable to the increase in salaries following the annual salary review.

PROSPECTS AND STRATEGIES

Looking ahead to 2025, the global economy is expected to remain weak, posing challenges that will constrain Hong Kong's economic outlook. In the 2024 Policy Address, the Hong Kong Government proposed a number of measures to foster economic diversification. These include establishing a Working Group on Developing Tourist Hotspots, announcing the Development Blueprint for Hong Kong's Tourism Industry 2.0, along with the Blueprint for Arts and Culture and Creative Industries Development, which aim to promote diverse and international development in the arts, culture and creative industries to make Hong Kong a premier tourism destination. Furthermore, the Three-Runway System at Hong Kong International Airport and the Kai Tak Sports Park will also promote the development of tourism industry and the mega event economy. Together with the resumption of the multiple-entry Individual Visit Scheme for Shenzhen permanent residents, these will inject new impetus into Hong Kong's tourism, catering and retail sectors.

In addition, the Hong Kong Government has implemented various measures to attract talents worldwide, including expanding the list of universities under the Top Talent Pass Scheme, proactively inviting top-tier talents to Hong Kong through the Quality Migrant Admission Scheme, and extending the pilot arrangement for graduates from the Greater Bay Area campus of Hong Kong universities to work in Hong Kong for two years, the influx of professionals and students stimulates demand in the residential market. With a cycle of interest rate cuts underway, alongside the abolition of demand-side management measures and the relaxation of maximum loan-to-value ratios of property mortgage loans, are expected to significantly enhance market purchasing power, further stimulate real estate demand, and drive the development of the fitting-out industry in Hong Kong.

In Macau, the Individual Visit Scheme has been expanded to 59 cities in the PRC and permanent residents of Zhuhai City can visit Macau once a week. Meanwhile, residents of the Guangdong-Macao In-depth Cooperation Zone in Hengqin can apply for a one-year multiple-entry permit to Macau, further broadening the pool of tourists from the PRC. The opening of the Qingmao and Hengqin border 24-hour checkpoints, along with infrastructure developments such as the Macau Light Rapid Transit Hengqin line, Shenzhen-Zhongshan Link and Jinhai Bridge, enhances the connectivity between Macau and other cities in the Greater Bay Area, creating a new multi-destination tourism experience. Furthermore, the expansion of Macau International Airport is expected to inject new impetus into Macau's tourism industry.

Moreover, the Macau Government is systematically implementing the "Development Plan for Appropriate Economic Diversification of the Macao Special Administrative Region (2024-2028)". This plan promotes the high-quality development of the comprehensive tourism and leisure industry while continuing to deepen "Tourism +" and enriching non-gaming elements to highlight Macau's diverse cultural characteristics and foster tourism integration. According to the gaming concession agreements, Macau's six gaming concessionaires have committed to investing in diversified cultural tourism projects so as to promote moderate economic diversification and sustainable development, and develop Macau into a world centre of tourism and leisure. In addition, a number of integrated entertainment resorts in Macau are carrying out renovation or expansion projects. It is expected that investment and construction projects in Macau will continue to increase, thus boosting demand for the fitting-out industry in Macau. The Group will actively seize opportunities to secure large-scale and high-end fitting-out projects with exceptional services delivery.

In Singapore, the economy is expected to grow steadily at approximately 2.5% in 2025, driven by manufacturing, trade and financial services. The construction and real estate sectors are poised to benefit from government initiatives promoting urban sustainability and green infrastructure. The Singapore Green Plan 2030, a national initiative, serves as a cornerstone of its sustainability efforts, emphasising carbon emissions reduction, energy-efficient buildings, and the adoption of green construction materials.

In addition, the Contractors Registration System will set higher benchmarks for contractors' financial capability, operational experience and business track records, thus enhancing their quality and credibility and unlocking greater growth potential in Singapore. The Group believes that these developments will further stimulate growth in fitting-out industry in Singapore. The Group will fully leverage its expertise and regional experience to actively explore opportunities to participate in large-scale and high-end fitting-out projects in Singapore.

At the Central Economic Work Conference, the PRC Government outlined the key economic policy priorities for 2025, including expanding domestic demand, stabilising the real estate and stock markets, maintaining stable economic growth, ensuring employment and price stability, and promoting the development of residents' incomes in tandem with economic growth. At the same time, the conference emphasised to reverse the downturn and stabilise the real estate market, to fully unleash the potential of rigid demand and improved housing demand, and to promote a new model of real estate development.

Furthermore, the national housing and urban-rural development work conference identified five key tasks for housing development in 2025: (i) continuously promoting the stabilisation of the real estate market; (ii) fostering the construction of a new real estate development model; (iii) vigorously implementing urban renewal; (iv) creating an upgraded version of "China Construction"; and (v) building safe, comfortable, green, and smart homes. It is expected that various countercyclical policies will be further strengthened to facilitate the ongoing recovery of the PRC's economy. Meanwhile, more proactive macroeconomic policies will contribute to stabilise the real estate market. With the positive changes in the PRC's real estate market, new demand in the fitting-out industry is expected to emerge. The Group remains vigilant to the changes in the real estate market in the PRC and will implement appropriate business strategies in response to the evolving real estate market.

Looking ahead to 2025, the global economic slowdown and uncertain world conditions continue to present a challenging business environment. The Group will remain attentive to macroeconomic conditions and seize opportunities arising from the deep integration of the Hong Kong and Macau regions with other parts of the Greater Bay Area. Coupled with the various development projects launched by countries along the Belt and Road Initiative, such as Singapore and the Philippines, the Group is committed to enhancing its operational and management models and optimising its business plan deployment in the light of the characteristics of different markets.

The Group will also improve its capability to execute contracts with high-quality standards, while continuing to strengthen cooperative relationships with existing major customers through exceptional services delivery. It aims to attract more high-quality customers to secure long-term stable orders while maintaining satisfactory profitability level. Furthermore, the Group has prudently exported interior decorative materials to overseas markets to create new impetus for its growth. Meanwhile, the Group has preserved its competitiveness and resilience amid economic challenges through prudent financial discipline to promote its sustainable growth.

Biographies of Directors and Senior Management

DIRECTORS

Executive directors

Mr. Ng Tak Kwan (吳德坤), aged 70, is the executive Director and chief executive officer of the Company. He is also a director of each subsidiary of the Company, excluded Sundart Beijing, 北京承達置業有限公司 (Beijing Sundart Real Estate Co., Ltd.*), Dongguan Sundart, Glory One Investments Limited, Grow Path International Limited, 廣東承達智能環保建材科技有限公司 (Guangdong Sundart Digital Decoration Materials Technology Limited*) (formerly known as 梅州承達裝飾材料製造有限公司) (Meizhou Sundart Decorative Materials Manufacturing Company Limited*), 廣州承達實業有限公司 (Guangzhou Sundart Industrial Company Limited*), 承達創建建設工程有限公司 (Sundart Chuangjian Construction Engineering Co., Ltd.*), 北京承達創科裝飾工程有限公司 (Sundart Chuangke Engineering & Contracting (Beijing) Limited*), Peak Gain Development Limited, Proper Wealth Group Limited, Sundart Construction Services (Philippines) Inc. and 武漢承達創建實業有限公司 (Wuhan Sundart Development Industrial Company Limited*). Mr. Ng is one of the founders of the Group. He has been mainly focusing on the Group's daily operations since its commencement of business in 1986. He is also a member of the Remuneration Committee. Mr. Ng left the Group in 1996 and re-joined in October 1998. Currently, Mr. Ng is primarily responsible for the overall management of the business development of the Group. Mr. Ng obtained a bachelor degree of science in civil engineering from the University of Calgary, Canada in June 1978. Mr. Ng is a non-executive director of Rykadan Capital Limited, a company listed on the Stock Exchange (stock code: 2288).

Mr. Ng Chi Hang (吳智恒), aged 49, is the executive Director. He is also a director of each subsidiary of the Company, excluded Sundart Beijing, 北京承達置業有限公司 (Beijing Sundart Real Estate Co., Ltd.*), 承達創建建設工程有限公司 (Sundart Chuangjian Construction Engineering Co., Ltd.*), 北京承達創科裝飾工程有限公司 (Sundart Chaungke Engineering & Contracting (Beijing) Limited*) and Sundart Construction Services (Philippines) Inc.. Mr. Ng joined the Group as a quantity surveyor in Sundart Timber in September 2005 and is mainly responsible for overseeing the overall operation of the Group in Macau and Singapore. Prior to joining the Group, Mr. Ng was a quantity surveyor of Bridgewater & Coulton Limited from April 2000 to September 2002. Mr. Ng obtained a bachelor degree of science in surveying from the University of Hong Kong, Hong Kong in December 1998 and a master degree of science in construction and real estate from the Hong Kong Polytechnic University, Hong Kong in November 2004. He became a member of the Hong Kong Institute of Surveyors and professional member of the Royal Institution of Chartered Surveyors in February 2003. He has been a registered professional surveyor in the quantity surveying division of the Surveyors Registration Board of Hong Kong since April 2005.

Mr. Ding Jingyong (丁敬勇), aged 38, is the executive Director. He is also the president of Sundart Beijing and a director of 承達創建建設工程有限公司 (Sundart Chuangjian Construction Engineering Co., Ltd.*). Mr. Ding joined Sundart Beijing in 2013 and worked as a senior marketing manager of Team 3 of the marketing department until May 2014. From June 2014 to March 2015, he served as a general manager of Team 3 of the marketing department of Sundart Beijing. From April 2015 to July 2016, he worked as a vice president of Sundart Beijing. From August 2016 to January 2018, he was a vice president and a general manager of the marketing department of Sundart Beijing. Mr. Ding has been a vice president of Jangho Co since August 2019. Mr. Ding is a non-executive director of Steve Leung Design Group Limited, a company listed on the Stock Exchange (stock code: 2262), from 23 June 2021 to present. Mr. Ding obtained a bachelor's degree in civil engineering from Hubei University of Technology Engineering and Technology College in 2008 and obtained a master's degree in business and administration from Fudan University in 2020.

Mr. Guan Yihe (關义和), aged 41, is the executive Director. He is a director of each subsidiary of the Company, excluded Sundart Beijing, 北京承達置業有限公司 (Beijing Sundart Real Estate Co., Ltd.*), 承達創建建設工程有限公司 (Sundart Chuangjian Construction Engineering Co., Ltd.*), 北京承達創科裝飾工程有限公司 (Sundart Chuangke Engineering & Contracting (Beijing) Limited*), 承達工程服務(澳門)有限公司 (Sundart Engineering Services (Macau) Limited) and 承達國際供應(澳門)一人有限公司 (Sundart International Supply (Macau) Limited). He is also the president of Dongguan Sundart, 廣東承達智能環保建材科技有限公司 (Guangdong Sundart Digital Decoration Materials Technology Limited*) (formerly known as 梅州承達裝飾材料製造有限公司) (Meizhou Sundart Decorative Materials Manufacturing Company Limited*), 廣州承達實業有限公司 (Guangzhou Sundart Industrial Company Limited*) and 武漢承達創建實業有限公司 (Wuhan Sundart Development Industrial Company Limited*). Mr. Guan has over 16 years of experience in sales and marketing, and tendering for construction and architectural projects. He has been a director of business development and operation of the Company since February 2022. From June 2008 to September 2009, he was a sales representative of Jangho Curtain Wall Australia Pty Ltd. From October 2009 to January 2022, he was a vice president, a marketing manager and a sales representative of Jangho HK and Jangho Curtain Wall Macao Co., Ltd. Mr. Guan obtained a bachelor's degree in arts majoring in English from Nanyang Institute of Technology in 2006 and obtained a master's degree in management majoring in educational economics and management from Jinan University in 2008. Mr. Guan further completed a bachelor's degree in civil engineering from Zhejiang University in 2019.

Mr. Xie Jianyu (謝健瑜), aged 45, is the executive Director and chief financial officer of the Company. He is also a director of each subsidiary of the Company, excluded Sundart Beijing, 北京承達置業有限公司 (Beijing Sundart Real Estate Co., Ltd.*), 承達創建建設工程有限公司 (Sundart Chuangjian Construction Engineering Co., Ltd.*), 北京承達創科裝飾工程有限公司 (Sundart Chuangke Engineering & Contracting (Beijing) Limited*) and Sundart Construction Services (Philippines) Inc. He joined the Group in June 2012 and is mainly responsible for overseeing the financing, accounting and internal control, human resource and administrative management of the Group. He is also a member of the Internal Control Committee. Prior to joining the Group, Mr. Xie was the financial manager of cost control department of ATLANTIS Holding Norway AS from March 2006 to December 2008, the chief accountant of Workz Middle East FZE from January 2009 to March 2010 and the financial director of Middle East & North Africa Group of J&H Emirates LLC from April 2010 to June 2012. Mr. Xie obtained a bachelor degree in economics from Xiamen University (廈門大學), the PRC in July 2001 and a master degree of business administration from the University of Hong Kong, Hong Kong in November 2015. Mr. Xie became a certified management accountant of the Institute of Management Accountants, the USA and a member of the Association of Chartered Certified Accountants in February 2008 and September 2014, respectively.

Non-executive director

Mr. Liu Zaiwang (劉載望), aged 53, is the non-executive Director and the chairman of the Board. Mr. Liu is primarily responsible for the overall strategy, investment planning and human resource strategy of the Group. He is also a member and the chairman of each of the Nomination Committee and Internal Control Committee. In February 1999, Mr. Liu founded Jangho Co, the controlling shareholder of the Company, the A shares of which are listed on the Shanghai Stock Exchange (stock code: 601886), which is principally engaged in the industries of curtain wall, interior decoration and design. He is the legal representative, director and chairman of Jangho Co and is responsible for the overall management of Jangho Co. Mr. Liu also assumes several social positions including the deputy to the National People's Congress of Shunyi District, Beijing, the PRC (北京市順義區人大代表) and the vice-chairman of the board of the Northeastern University (東北大學), the PRC.

Independent non-executive directors

Ms. Tam Yin Ming Cecilia (譚燕明), aged 41, is an independent non-executive Director appointed on 19 July 2024. She is a member of each of the Remuneration and the Nomination Committees and the chairlady of the Audit Committee. Ms. Tam has over 20 years of experience in the fields of auditing, corporate restructuring and corporate finance. She handled various initial public offerings, merger and acquisition transactions and fund-raising exercises. She has been the managing director and a responsible officer of Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) of Ignite Capital (Asia Pacific) Limited since December 2024. She started her career in the audit department of an international accounting firm in 2005 and then worked in the reorganisation services group of Deloitte Touche Tohmatsu in 2007. She was an analyst of the investment banking division of Piper Jaffray Asia Limited from 2007 to 2009. From 2009 to 2010, she was a senior associate of UOB Asia (Hong Kong) Limited. From 2010 to 2018, she served at Quam Capital Limited, an indirect wholly-owned subsidiary of Quam Plus International Financial Limited (stock code: 952.HK), with her last position as a director. She was the head of corporate finance unit of RHB Capital Hong Kong Limited from 2018 to 2020, an executive director of Titan Financial Services Limited from 2020 to 2021 and an executive director of Elstone Capital Limited from 2022 to 2023. Prior to co-founding Ignite Capital (Asia Pacific) Limited, she worked in China Sunrise Capital Limited, a wholly-owned subsidiary of China First Capital Group Limited (stock code: 1269.HK) from 2023 to 2024 with her last position as executive director. Ms. Tam is a member of CPA Australia. She received a Bachelor of Commerce degree from The University of Melbourne, Australia in 2004.

Mr. Huang Pu (黃璞), aged 52, is the independent non-executive Director. He is also a member of each of the Audit, Remuneration and Nomination Committees and the chairman of the Remuneration Committee. Mr. Huang worked in Huifu Investment Information Limited (匯富投資資訊有限公司) from May 2001 to June 2003. Mr. Huang has worked as a general manager at Beijing Xicheng Jinrui Investment Fund Management Co., Limited (北京熙誠金睿股權投資基金管理有限公司) since 28 June 2018. Currently, Mr. Huang is also an investment consultant in Beijing Dazhong Investment Co,. Ltd (北京大中投資有限公司). He obtained a bachelor degree in statistics, a master degree in economics and a doctoral degree in finance from the Renmin University of China (中國人民大學), the PRC in July 1993, July 1996 and July 1999, respectively.

Mr. Li Zheng (李正), aged 67, is the independent non-executive Director. He is also a member of each of the Audit and Nomination Committees. Mr. Li has over 33 years of experience in legal practice. Mr. Li was a partner of Guangdong Run & Race Law Firm (廣東仁人律師事務所) from June 1996 to July 2010 and has been a partner of Guangdong Shentiancheng Law Firm (廣東深天成律師事務所) since August 2010. Mr. Li obtained a bachelor degree of laws from Jilin University (吉林大學), the PRC in August 1983 and was qualified as a lawyer in the PRC in June 1989. He was accredited as "Outstanding Young Lawyer (優秀中青年律師)" by Zhejiang Provincial Department of Justice (浙江省司法廳) and Zhejiang Law Society (浙江省律師協會) in October 1989. Mr. Li obtained the training certification of independent director in March 2011, October 2013, July 2014, October 2015, September 2017, August 2020, December 2022 and December 2023 respectively. Mr. Li 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.

SENIOR MANAGEMENT

Mr. Chung Tsz Lung Jimmy (鍾子龍), aged 64, is the director of Sundart Timber. He joined the Group as the assistant general manager in August 2000 and is mainly responsible for overseeing the operation of the projects in high-end commercial properties and planning and supervising the tender procedure and subcontracting. Prior to joining the Group, Mr. Chung worked as quantity surveyor, contracts manager, assistant maintenance supervisor and project manager in various companies in Hong Kong and Canada. Mr. Chung obtained a higher diploma and associateship in building technology and management from the Hong Kong Polytechnic, Hong Kong (now known as the Hong Kong Polytechnic University, Hong Kong) in November 1982 and November 1983, respectively. Mr. Chung became a member of the Chartered Institute of Building of the United Kingdom in March 1988.

Mr. Chan Chung Ming (陳仲明), aged 56, is the design manager of Sundart Timber. He joined the Group as a design coordinator in September 2000. He is mainly responsible for overseeing the interior fitting-out works and monitoring the progress of design application for the projects. Mr. Chan has over 29 years' experience in interior design and shop drawing presentation of interior decorations for various types of buildings. Prior to joining the Group, Mr. Chan was a design coordinator in Sundart (CIL) Engineering Limited (承達建材工程有限公司) from July 1996 to July 1999. Mr. Chan was awarded a certificate in building studies (architectural) from the Morrison Hill Technical Institute, Hong Kong in August 1992 and graduated from the City University of Hong Kong, Hong Kong in December 1996 with a higher diploma in architectural studies. In 2009 he attended the ISO 14001: 2004 introduction training in the HKQAA.

Mr. Chiu Yeuk Ho (趙若濠), aged 64, is the senior project manager of Sundart Timber. He joined the Group as a quality assurance officer in June 2004 and was promoted to project manager in April 2005. He is mainly responsible for organising the projects and monitoring the progress of the projects. Mr. Chiu has accumulated over 38 years' experience in construction industry. He started his career as an assistant engineering in Shui On Construction Company Limited (瑞安建築有限公司) from February 1984 to July 1987. After that, he was a project coordinator and estimator of Arrow Aluminum Products Limited in Canada from 1987 to October 1992 and a project manager of Pentad Construction Company Limited (大有建築有限公司) from November 1992 to March 1996. He was a project manager of G+H Montage (Hong Kong Projects) Limited from July 1996 to October 1997. Mr. Chiu was a senior project coordinator of Hyundai Engineering & Construction Co., Ltd from November 1997 to June 2004. Mr. Chiu obtained a bachelor degree in geography-survey science from the University of Alberta, Canada in June 1984.

Mr. Chan Tze Chiu (陳子昭), aged 62, is the senior project manager of Sundart Timber. He joined the Group as a project manager in January 2008 and was promoted to a senior project manager in July 2013. He is mainly responsible for organising the projects and monitoring the progress of the projects. Prior to joining the Group, Mr. Chan was the project manager of Enful Engineering Limited (銀豐工程有限公司) from August 1988 to August 1998. Mr. Chan obtained a bachelor degree in civil engineering from Huaqiao University (華僑大學), the PRC in July 1987.

Mr. Lau Mong Yu Alex (劉夢如), aged 62, is the senior purchasing manager of Sundart Timber. He joined the Group as a senior purchasing officer in August 2003. He is mainly responsible for coordinating all purchasing activities of the Group. With over 29 years of experience in the procurement field, Mr. Lau is experienced in procuring professional timber products and building and decoration related materials. Prior to joining the Group, Mr. Lau was the purchasing manager of Hong Kong Teakwood Works Limited (香港柚木製品有限公司) from March 1994 to October 2001.

Ms. Chui Muk Heung (徐木香), aged 56, is the Company Secretary and the chief accountant of the Company. Ms. Chui joined the Group as a senior accountant in November 2003. She is mainly responsible for the company secretarial, financial and accounting matters of the Group. Before joining the Group, Ms. Chui had worked as accounting professional in various companies including construction materials firms and accounting firms. She was employed as an accountant by K. Wah Construction Materials (Hong Kong) Limited (嘉華建材（香港）有限公司) in July 1997 and promoted to an assistant accounts manager in June 2001 and left in August 2002. Ms. Chui was accredited as an accounting technician in November 1990. She became a member of the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants in February 2000 and March 2000, respectively.

Mr. To Ka Wah Kevin (杜嘉華), aged 51, is the contracts manager of Sundart Timber. He joined the Group in March 2013 and is mainly responsible for participating in tender and quotation and handling contracts related matters. Prior to joining the Group, Mr. To had previously worked for several engineering companies and interior design companies. Mr. To obtained a bachelor degree of building in construction economics from the University of Technology Sydney, Australia in May 1998.

Corporate Governance Report

The Group has made continued efforts to incorporate the key elements of sound corporate governance into its management structure and internal procedures. The Group is committed to high standards of ethics and integrity in all aspects of business and ensuring that its affairs are conducted in accordance with applicable laws and regulations and for the benefits and in the interests of the Shareholders.

CORPORATE CULTURE AND VALUES

The Group is committed to ensuring that its affairs are conducted in accordance with its positive and progressive corporate culture and core values of open-minded, responsible and upright, which serves the guiding principles for the group's operation and the Board's decision making.

The Board provides guidance to the management by defining the purpose, values and strategic direction of the Group, and plays a vital role in instilling a culture that continually reinforces the values of acting lawfully, ethically and responsibly. All Directors must act with integrity, lead by example, and promote such a culture. For instance, appropriate policies and procedures are implemented to promote and reinforce the awareness of employees to act with honesty and integrity. By doing so, the Group believes that shareholder value will be maximised in the long term.

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 CG Code set out from time to time.

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

Code provision C.1.6 of the CG Code specifies that the independent non-executive Directors and other non-executive Directors should attend general meetings of the Company to gain and develop a balanced understanding of the views of the Shareholders. An independent non-executive Director and the non-executive Director was 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 Year. The Company has adopted the same Model Code for securities transactions by employees who are likely to be in possession of inside information of the Company. To the best knowledge of the Directors, there was no incident of non-compliance with the Model Code by the relevant employees during the Year.

THE BOARD

Composition of the Board

As at 31 December 2024, the Board consisted of nine Directors comprising five executive Directors, one non-executive Director and three independent non-executive Directors. The composition of the Board during the Year and up to date of this annual report are as follows:

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 *(Chairman)*
Ms. Yim *(re-designated as a non-executive Director 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 *(appointed on 1 April 2024 and re-designated as a non-executive Director on 29 April 2024)*
Ms. Tam *(appointed on 19 July 2024)*
Mr. Huang Pu
Mr. Li Zheng

For biographical details of all Directors and senior management of the Group, please see "Biographies of Directors and Senior Management" in this annual report. To the best knowledge of the Directors, save as disclosed in the biographies of the Directors, there was no financial, business, family or other material or relevant relationships among the members of the Board during the Year.

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 to comprise a minimum of three members and that the Audit Committee must be chaired by an independent non-executive Director.

Ms. Yim was re-designated 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 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.

Functions of the Board and delegation of powers

The principal function of the Board is to consider and approve the overall business plans and strategies of the Group, develop and implement the corporate governance function and supervise the implementation of these policies and strategies and the management of the Group. The Group has an independent management team, which is led by a team of senior management with substantial experience and expertise in the Group's business.

The Board delegates day-to-day operations of the Group to the executive Directors and management of the Group with department heads responsible for different aspects of the business/functions, while reserving certain key matters in making strategic decision for its approval. When the Board delegates aspects of its management and administration functions to management, it gives clear directions as to the powers of management, in particular, with respect to the circumstances where management needs to report back and obtain prior approval from the Board before making decisions or entering into any commitments on behalf of the Company.

Board and general meetings

The Directors can attend meetings in person or through other means of electronic communication in accordance with the Articles of Association. All minutes of the Board meetings were recorded in sufficient details of the matters considered by the Board and the decisions reached.

Pursuant to code provision C.5.1 of the CG Code, the Board should meet regularly and board meetings should be held at least four times a year. During the Year, the Board held 20 meetings, four of which were regular meetings.

The attendance record of each Director at the Board meetings, the Audit Committee meetings, the Remuneration Committee meetings, the Nomination Committee meetings, the Internal Control Committee meetings and the general meetings of the Company held during the Year was as follows:

	Attendance/Number of meetings held					
Directors	Board meetings	Audit Committee meetings	Remuneration Committee meetings	Nomination Committee meetings	Internal Control Committee meetings	2024 Annual general meeting
Executive Directors						
Mr. Ng Tak Kwan	20/20	N/A	4/4	N/A	N/A	1/1
Mr. Ng Chi Hang	20/20	N/A	N/A	N/A	N/A	1/1
Mr. Ding Jingyong	20/20	N/A	N/A	N/A	N/A	1/1
Mr. Guan Yihe	20/20	N/A	N/A	N/A	N/A	1/1
Mr. Xie Jianyu	20/20	N/A	N/A	N/A	2/2	1/1
Non-executive Director						
Mr. Liu	8/20	N/A	N/A	3/3	2/2	0/1
Ms. Yim *(appointed as an independent non-executive Director on 1 April 2024, re-designated as a non-executive Director on 29 April 2024 and resigned on 19 July 2024)*	5/9	0/0	1/1	N/A	N/A	1/1
Independent non-executive Directors						
Mr. Tam Anthony Chun Hung *(resigned on 1 April 2024)*	1/2	1/1	1/1	N/A	N/A	N/A
Ms. Tam *(appointed on 19 July 2024)*	2/9	1/1	0/0	0/0	N/A	N/A
Mr. Huang Pu	8/20	2/2	4/4	3/3	N/A	1/1
Mr. Li Zheng	8/20	2/2	N/A	3/3	N/A	0/1

Mechanism to ensure independent views to the Board

The Board has established a mechanism to ensure independent views and input are available to the Board. The mechanism covers the channels for the Directors to seek advice from external professional advisors in appropriate circumstances at the Company's expenses in performing their duties; the Chairman of the Board meets with the independent non-executive Directors at least once annually; and the Nomination Committee reviews the composition of the Board and the independence of the independent non-executive Directors annually. The Board has reviewed and considered that the aforementioned mechanism has been properly implemented and remains effective during the Year.

Directors' appointment and re-election

Each of the Directors is engaged on a service agreement for a term of 3 years, subject to retirement and re-election provisions set out in the Articles of Association, the Listing Rules and the BVI Business Companies Act. The appointment may be terminated by giving 3 months' written notice in accordance with the terms of the service agreement.

In compliance with code provision 4(2) of Core Shareholder Protection Standards as set out in Appendix A1 to the Listing Rules, any person appointed by the directors to fill a casual vacancy on or as an addition to the board shall hold office until the first annual general meeting after appointment, and shall then be eligible for re-election. By virtue of article 74(3) of the Articles of Association, the Directors shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the Board or as an addition to the existing Board. Any Director so appointed shall hold office until the next following annual general meeting of the Company and shall then be eligible for re-election. Accordingly, Ms. Tam, the newly appointed Director will hold office until the AGM pursuant to article 74(3) of the Articles of Association and, being eligible, offer herself for re-election at the AGM.

In compliance with code provision B.2.2 of the CG Code, every director should be subject to retirement by rotation at least once every three years. Furthermore, pursuant to article 75(1) of the Articles of Association, at each annual general meeting, one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. A retiring director shall be eligible for re-election.

Independent non-executive Directors

Ms. Tam was appointed as an independent non-executive Director on 19 July 2024. Ms. Tam obtained legal advice from a firm of solicitors qualified to advise on Hong Kong law on 9 July 2024 in accordance with Rule 3.09D of the Listing Rules before her appointment became effective. Ms. Tam has confirmed she understood her obligation as a director of a listed issuer.

Ms. Yim was appointed as an independent non-executive Director on 1 April 2024, re-designated as a non-executive Director on 29 April 2024 and resigned on 19 July 2024. Ms. Yim obtained legal advice from a firm of solicitors qualified to advise on Hong Kong law on 21 March 2024 in accordance with Rule 3.09D of the Listing Rules before her appointment became effective. Ms. Yim has confirmed she understood her obligation as a director of a listed issuer.

Save as disclosed under the paragraph headed "Compliance with the Listing Rules" above, the Company has had three independent non-executive Directors which complies with Rules 3.10(1) and 3.10A of the Listing Rules. Among these three independent non-executive Directors, Ms. Tam has appropriate professional qualifications or accounting or related financial management expertise as required by Rule 3.10(2) of the Listing Rules. The Nomination Committee reviewed the independence of independent non-executive Directors and was of the view that each of Ms. Tam, Mr. Huang Pu and Mr. Li Zheng satisfied the requirement under Rule 3.13 of the Listing Rules. The Company considers each of Ms. Tam, Mr. Huang Pu and Mr. Li Zheng continues to be independent.

Each of Mr. Huang Pu and Mr. Li Zheng has served the Company for more than 9 years. During the period of their tenure, they have provided independent professional advice and insight to the Board. They have never been involved in the daily management of the Company. The Board considered that the long service of the above independent non-executive Directors will not affect their exercise of independent judgment and was satisfied that each of Mr. Huang Pu and Mr. Li Zheng has the required integrity and experience to continue fulfilling the role of an independent non-executive Director, and believes that they are still independent.

Chairman and chief executive officer

According to code provision C.2.1 of the CG Code, the roles of the chairman and the chief executive should be separate and should not be performed by the same individual. Mr. Liu is the chairman of the Board and Mr. Ng Tak Kwan is the chief executive officer. Therefore, code provision C.2.1 of the CG Code has been complied with.

Directors' and officers' liabilities

The Company has arranged for appropriate insurance covering the liabilities in respect of legal action against the Directors and officers that may arise out of its corporate activities. The insurance coverage is reviewed on an annual basis.

Continuing professional development

According to code provision C.1.4 of the CG Code, all Directors shall participate in continuous professional development to develop and refresh their knowledge and skills to ensure their contribution to the Board remains informed and relevant. The Company would arrange and/or introduce some Director's training courses for the Directors to develop and explore their knowledge and skills.

Two new directors was appointed to the Board on 1 April 2024 and 19 July 2024, respectively. The newly appointed Directors received comprehensive, formal and tailored induction comprising guided reading on or before the first occasion of their appointment, so as to ensure that they have appropriate understanding of the business and operations of the Group and that they are fully aware of their responsibilities and obligations under the Listing Rules and relevant regulatory requirements. The Directors are continually updated on the legal and regulatory developments, as well as business and market changes, to facilitate the discharge of their responsibilities.

In order to ensure the Directors' contribution to the Board remains informed and relevant and to develop and refresh knowledge and skills of the Directors, the Company has encouraged and funded suitable trainings for Directors to participate in continuous professional developments. During the Year, the record of the trainings of the Directors, on a named basis, is set out in the table below.

Directors	Reading journals, written training materials and/or updates	Attending courses, seminars, conferences and/or forums
Executive Directors		
Mr. Ng Tak Kwan	✔	✔
Mr. Ng Chi Hang	✔	✔
Mr. Ding Jingyong	✔	✔
Mr. Guan Yihe	✔	✗
Mr. Xie Jianyu	✔	✔
Non-executive Director		
Mr. Liu	✔	✔
Ms. Yim *(appointed as an independent non-executive Director on 1 April 2024, re-designated as a non-executive Director 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. Tam *(appointed on 19 July 2024)*	✔	✔
Mr. Huang Pu	✔	✔
Mr. Li Zheng	✔	✔

Note: All of the abovementioned trainings are relevant to the Group's business, economy, corporate governance, rules and regulations, accounting, financial or professional skills and/or directors' duties and responsibilities.

BOARD COMMITTEES

Audit Committee

The Audit Committee was established with written terms of reference which are in compliance with the CG Code and are available on the respective websites of the Stock Exchange and the Company. The primary duties of the Audit Committee are to make recommendations to the Board on the appointment and removal of the external auditor, review the financial statements, provide advice in respect of financial reporting, review the risk management and internal control systems, and the effectiveness of the Group's internal audit function.

Save as disclosed under the paragraph headed "Compliance with the Listing Rules" above, the Audit Committee comprises three independent non-executive Directors. It was chaired by Mr. Tam Anthony Chun Hung (resigned on 1 April 2024), Ms. Yim (appointed on 1 April 2024 and resigned on 29 April 2024) and Ms. Tam (appointed on 19 July 2024); and the members are Mr. Huang Pu and Mr. Li Zheng.

The Audit Committee has performed the following works during the Year and up to the date of this annual report:

- to review, *inter alia*, the annual results of the Group for the years ended 31 December 2023 and 2024, and the interim results of the Group for the six months ended 30 June 2024;
- to review of the Group's risk management, internal control systems, financial reporting systems, and financial and accounting principles and policies;
- to review of the audit plan for the year ended 31 December 2024;
- to recommend to the Board to re-appoint the external auditor at the 2024 and 2025 annual general meetings;
- to review the effectiveness of the internal audit function of the Company;
- to review the findings in the internal control report;
- to review the 2024 and 2025 internal audit plans;
- to review the continuing connected transactions of the Group; and
- to review the compliance with the terms of the Amended Deed.

Remuneration Committee

The Remuneration Committee was established with written terms of reference which are in compliance with the CG Code and are available on the respective websites of the Stock Exchange and the Company. The primary duties of the Remuneration Committee are to make recommendations to the Board on the overall remuneration policy and structure relating to all Directors and senior management of the Group, review performance based remuneration and ensure none of the Directors determine their own remuneration.

The Remuneration Committee comprises two independent non-executive Directors and one executive Director. It was chaired by Mr. Huang Pu; and the members are Mr. Tam Anthony Chun Hung (resigned on 1 April 2024), Ms. Yim (appointed on 1 April 2024 and resigned on 29 April 2024), Ms. Tam (appointed on 19 July 2024) and Mr. Ng Tak Kwan.

The Remuneration Committee has performed the following works during the Year and up to the date of this annual report:

- to review, *inter alia*, the performance and remuneration package of the Directors;
- to review the Company's policy and structure for remuneration of all members of senior management of the Group;
- to recommend to the Board on the proposed remuneration of executive Directors (where Mr. Ng Tak Kwan abstained from voting in determining his own remuneration) and senior management with effective from July 2024; and
- to recommend to the Board the remuneration package for two newly appointed Directors, Ms. Yim and Ms. Tam.

Pursuant to code provision E.1.5 of the CG Code, the remuneration of the members of the senior management by band for the Year is set out below:

Remuneration bands (HK$)	Number of individual(s)
1,000,001 to up to 2,000,000	7

Further particulars in relation to Directors' remuneration and the five highest paid employees as required to be disclosed pursuant to Appendix D2 to the Listing Rules are set out in notes 12 and 13 to the consolidated financial statements, respectively in this annual report.

Remuneration policy for Directors and senior management

The remuneration payable to the employees includes salaries and allowances. The Group's remuneration policies are formulated based on the performance of individual employees and are reviewed regularly. Subject to the Group's profitability, the Group may also provide a discretionary bonus to employees as an incentive for their contribution to the Group. The primary goal of the remuneration policy with regard to the remuneration packages of the executive Directors is to enable the Group to retain and motivate the executive Directors by linking their compensation with performance as measured against corporate objectives achieved. Each of the executive Directors is entitled to the remuneration packages including basic salaries and discretionary bonuses.

The Company's Share Option Scheme was adopted pursuant to a resolution passed on 1 December 2015. The Company believes that by offering the eligible persons a shareholding stake in the Company, the interests of the eligible persons and the Company will align and thereby the eligible persons will have additional incentives to improve the Company's performance. For details, please see "Directors' Report — Share Option Scheme" in this annual report.

Nomination Committee

The Nomination Committee was established with written terms of reference which are in compliance with the CG Code and are available on the respective websites of the Stock Exchange and the Company. The primary duties of the Nomination Committee include reviewing the structure, size, and composition of the Board, assessing the independence of independent non-executive Directors and making recommendations to the Board on matters relating to the appointment of Directors.

The Board is empowered under the Articles of Association to appoint any person as a Director either to fill a casual vacancy or, as an additional member of the Board. Qualified candidates will be proposed by the Nomination Committee to the Board for consideration and the selection criteria are mainly based on the assessment of their professional qualifications and experience. The Board selects and recommends candidates for directorship to the Shareholders having regards to the balance of skills and experience appropriate to the Group's business.

The Nomination Committee comprises one non-executive Director and three independent non-executive Directors. It was chaired by Mr. Liu; and the members are Mr. Huang Pu, Mr. Li Zheng and Ms. Tam (appointed on 19 July 2024).

The Nomination Committee has performed the following works during the Year and up to the date of this annual report:

- to review the structure, size and composition (including the skills, knowledge and experience) of the Board as well as the policy concerning the diversity of the members of Board;
- to assess the independence of the independent non-executive Directors;
- to review the policy for nomination of directors, performed by the Nomination Committee;
- to review the nomination procedures and the process and criteria adopted by the Nomination Committee to select and recommend candidates for directorship;
- to review the achievement of the measurable objectives set out in the board diversity policy;
- to determine the rotation of the Directors at the 2024 and 2025 annual general meetings;
- to recommend Ms. Yim to the Board for the appointment as an independent non-executive Director and subsequent re-designation as a non-executive Director; and
- to recommend Ms. Tam to the Board for the appointment as an independent non-executive Director.

Nomination policy

The Company has adopted a nomination policy for the Nomination Committee to select and recommend candidates for directorship. Details of the nomination procedures and process and the selection criteria are disclosed below.

Nomination procedures and process
The Nomination Committee will review the structure, size and composition of the Board and make recommendations on any proposed changes of the Board. The Nomination Committee will identify or select suitable candidates by referrals, advertising or recommendations from an independent third agency with due consideration of the selection criteria (as hereinafter mentioned). By conducting evaluation of candidates, including interviews, presentations, background checks and third-party reference checks, the Nomination Committee will determine a candidate suitable for directorship and make recommendations to the Board for appointment. The Nomination Committee will also review the performance of retiring Directors and make recommendation to the Board for the continuance, re-appointment or removal of Directors. The Board will have the final authority on determining the selection of nominees.

Selection criteria
While recommending any potential Board members or re-appointment of existing members to the Board, the Nomination Committee shall consider a number of factors, including but not limited to the following:

- skills, knowledge and experience relevant to the industry and the operations of the Group;
- diversity need in all aspects as set out in the board diversity policy;
- integrity, character, judgment, independence, corporate experience, length of service, potential conflicts of interest and other commitments;
- commitment in respect of sufficient time to effectively discharge fiduciary duties of Directors;
- details of substantial interest in the Group and the relationship with the existing Directors;
- number of listed company directorship for independent non-executive Directors; and
- any other factors as the Nomination Committee may deem fit to consider in the best interests of the Group and the Shareholders.

Amendments to the nomination policy
In case of any amendments or clarifications issued by the relevant authorities, not being consistent with the nomination policy, such amendments or clarifications shall prevail upon the nomination policy and the nomination policy will be amended accordingly. The Nomination Committee has the power to amend the nomination policy from time to time.

Board diversity policy
The Company has adopted a board diversity policy. A summary of this policy, the measurable objectives set for implementing this policy, and the progress made towards achieving those objectives are disclosed below.

Summary of the board diversity policy
With a view to achieving a sustainable and balanced development, the Company sees increasing diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development. In designing the Board's composition, Board diversity has been considered from a number of aspects, including but not limited to gender, age, cultural and educational background, professional experience, skills and knowledge. All Board appointments will be based on merit, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

Measurable objectives

Selection of candidates will be based on a range of diversified perspectives, including but not limited to gender, age, cultural and educational background, professional experience, skills and knowledge. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board. The Board's composition will be disclosed in the corporate governance report annually in accordance with the Listing Rules.

Monitoring

The Nomination Committee has reviewed the achievement of the measurable objectives as set out in the board diversity policy.

Diversity of the Board

The Company is committed to equal opportunities in all aspects of its business and does not discriminate on grounds of gender, family status, disability, nationality, race, ethnicity, religious or philosophical belief, age, sexual orientation, or any other factor.

The Company recognises and embraces diversity in the boardroom. The Company believes that a diversity of perspective can benefit the Company and diversity can be achieved by considering factors such as gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. All Board appointments are therefore made based on merit, and candidates are considered against various objective criteria, with due regard for the benefits of diversity on the Board.

As at 31 December 2024 and up to the date of this annual report, the Board comprised 9 Directors, consisting of 8 male Directors and 1 female Director. The gender diversity of the Board was achieved. The Board aims to maintain at least the current level of female representation, and this target will be reviewed by the Nomination Committee annually.

The existing members of the Board possess a diverse range of expertise, including experts from the fitting-out industry, as well as specialists in investment and finance. Some of them are professionals in project management, finance, accounting and legal with extensive experience. The Nomination Committee will continue to monitor and actively consider different aspects of diversity in the boardroom, take into account the factors of gender diversity when recruiting suitable candidates for mid to senior management of the Company in the future, and recommend further actions or plan to the Board when necessary, so as to develop a pipeline of potential successors for the Board and continue to enhance gender diversity in the Board in the coming years. Gender diversity at workforce levels (including our senior management) is disclosed under the "Environment, Social and Governance Report" of this annual report.

In view of the present size and complexities of the Group's operations and the nature of the risks and challenges it faces, the Board considers that the Group's board diversity policy was effective.

ACCOUNTABILITY AND AUDIT

Directors' and auditor's responsibilities for the consolidated financial statements

All Directors acknowledge their responsibility to prepare the Group's consolidated financial statements for each financial period to give a true and fair view of the state of affairs of the Group and of the results and cash flows for that period. In preparing the consolidated financial statements for the Year, the Board has selected suitable accounting policies and applied them consistently, made judgments and estimates that are prudent, fair and reasonable and prepared the consolidated financial statements on a going concern basis. The Directors are responsible for taking all reasonable and necessary steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities. A statement by auditor about their reporting responsibilities on the consolidated financial statements is set out in the independent auditor's report in this annual report. The Directors continue to adopt the going concern approach in preparing the consolidated financial statements and are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

Auditor's remuneration

During the Year, the remuneration paid or payable to the auditor of the Company, BDO Limited, in respect of their audit and non-audit services was as follows:

	HK$'000
Audit service fee	1,400
Non-audit service fee (included interim financial review and tax compliance services)	574
Total	1,974

CORPORATE GOVERNANCE FUNCTIONS

The Board has performed the following corporate governance duties of the Company in accordance with the written terms of reference adopted by the Board during the Year and up to the date of this annual report:

- to develop and review the policies and practices on corporate governance of the Company and make recommendations;
- to review and monitor the training and continuous professional development of Directors and management of the Group;
- to review and monitor the Group's policies and practices on compliance with legal and regulatory requirements;
- to develop, review and monitor the code of conduct and compliance manual, if any, applicable to Directors and employees of the Group; and
- to review the Company's compliance with the CG Code and the disclosure in the corporate governance report of the Company.

RISK MANAGEMENT AND INTERNAL CONTROL

The Group has a risk management procedure and an internal control system that are characteristics of a clear governance structure, policy procedure and reporting mechanism, to help the Group manage its risks in all business segments.

The Group has established an organisational structure for risk management, composed of the Board, the Audit Committee, the risk management team, and the business departments, management and staff of the Group. The Board evaluates and determines the nature and extent of risks that the Group is willing to accept in achieving its strategic objectives, and ensures that it establishes and maintains proper and effective risk management and develops a suitable corporate risk culture. The Board also monitors the coordination among the staff, corporate strategy, risk, internal control and compliance.

The Group has also developed and adopted a management system for corporate risks, which provides effective solutions to risk identification, evaluation and management. For at least once a year, the risk management team identifies the risks affecting the Group in realising its business objectives, works out ratings and rankings for such risks based on their possibility and impact, formulates solutions and strategies to significant risks, and designates the key risk owner in charge of addressing such risks.

The Board has an ongoing responsibility for maintaining the Group's system of internal control, the evaluation and management of risk and reviewing their effectiveness as a whole and safeguarding the interests of the Company and the Shareholders. In addition, the Group has engaged an independent professional advisory firm to assist the Board and the Audit Committee in on-going monitoring of the internal control systems of the Group by identifying deficiencies in the design and implementation of internal controls and proposing recommendations for improvement. The Directors have reviewed the need for an internal audit function within the Group and are of the view that in light of the size, nature and complexity of the business of the Group, it would be more cost effective to appoint external independent professionals to perform internal control functions for the Group in order to meet its needs.

Risk management report and internal control report are submitted to the Audit Committee and the Board annually. The Board had performed annual review on the changes in the nature and extent of significant risks (including ESG risks); the effectiveness of the Group's risk management and internal control systems for the Year, including but not limited to the Group's ability to cope with its business transformation and changing external environment; the scope and quality of management's ongoing monitoring of risks (including ESG risks) and of the internal control systems; the extent and frequency of communication with the Board in relation to results of risk management and internal control review; significant control failures or weaknesses identified and their related implications; effectiveness of the Group's process for financial reporting and the Listing Rules compliance. The Board considers the Group's risk management and internal control systems are effective and adequate.

The risk management and internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

PROCEDURES AND INTERNAL CONTROLS FOR THE HANDLING AND DISSEMINATION OF INSIDE INFORMATION

The Group complies with the requirements of the SFO and the Listing Rules. The Group discloses inside information to the public as soon as reasonably practicable unless the information falls within any of the Safe Harbours as provided in the SFO. Before the information is fully disclosed to the public, the Group ensures the information is kept strictly confidential. If the Group believes that the necessary degree of confidentiality cannot be maintained or that confidentiality may have been breached, the Group would immediately disclose the information to the public. The Group is committed to ensuring that information contained in announcements are not false or misleading as to a material fact, or false or misleading through the omission of a material fact in view of presenting information in a clear and balanced way, which requires equal disclosure of both positive and negative facts.

SHAREHOLDERS ENGAGEMENT

The Company values communication with the Shareholders. The Company uses two-way communication channels to account to Shareholders for the performance of the Company. Enquiries and suggestions from Shareholders are welcomed, and enquiries may be put to the Board through the following channels to the Company Secretary:

1. By mail to the Company's principal place of business at 19/F, Millennium City 3, 370 Kwun Tong Road, Kowloon, Hong Kong;

2. By fax number 2490 0685; or

3. By email at ir@sundart.com

The Company uses a number of formal communication channels to account to the Shareholders for the performance of the Company. These include (i) the publication of interim and annual reports; (ii) the annual general meeting or extraordinary general meeting providing a forum for the Shareholders to raise comments and exchange views with the Board; (iii) updated key information of the Group available on the respective websites of the Stock Exchange and the Company; (iv) the Company's website offering communication channel between the Company and its Shareholders; and (v) the Company's branch share registrar in Hong Kong serving the Shareholders in respect of all share registration matters.

The Company aims to provide its Shareholders with high standards of disclosure and financial transparency. The Board is committed to providing clear, detailed, timely manner and on a regular basis information of the Group through the publication of interim and annual reports and/or dispatching circulars, notices, and other announcements.

The Company strives to take into consideration its Shareholders' views and inputs, and address Shareholders' concerns. Shareholders are encouraged to attend the annual general meeting for which at least 20 clear business days' notice shall be given. The chairman of the Board as well as chairmen of the Audit Committee, the Nomination Committee and the Remuneration Committee, or in their absence, the Directors are available to answer the Shareholders' questions on the Group's businesses at the meeting. To comply with code provision F.2.2 of the CG Code, the management of the Group will ensure the external auditor to attend the annual general meeting to answer questions about the conduct of the audit, the preparation and content of the auditor's report, the accounting policies and auditor independence.

The Board has established a Shareholders' communication policy. In light of the policies and communication channels already in force, and the annual general meeting of the Company held during the Year which enabled the Directors to exchange views with the Shareholders and answer their questions, the Board has reviewed and considered that the Company's Shareholders' communication policy has been appropriately implemented and remains effective during the Year.

In order to promote effective communication, the Company also maintains a website (www.sundart.com) which includes the latest information relating to the Group and its businesses.

SHAREHOLDERS' RIGHTS

As one of the measures to safeguard shareholders' interests and rights, separate resolutions are proposed at shareholders' meetings on each substantial issue, including the election of individual Directors, for Shareholders' consideration and voting. Besides, various rights of Shareholders, including the right to propose resolutions, are contained in the Articles of Association.

The summary of certain rights of the Shareholders is disclosed below.

Procedures for convening general meetings and putting forward proposals at general meetings

According to article 49 of the Articles of Association, any one or more Shareholder(s) holding at the date of deposit of the requisition not less than one-tenth of the issued Shares carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Company Secretary, to require an extraordinary general meeting to be called by the Board for the transaction of any business or resolution specified in such requisition; and add resolutions to the meeting agenda of such meeting; and such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit the Board fails to proceed to convene such meeting for a day not more than 28 days after the date on which the notice convening the meeting is given, the requisitionist(s) himself (themselves), or any of them representing more than one-half of the total voting rights of all of them, may do so in the same manner but any meeting so convened shall not be held after the expiration of three months from the date of deposit of requisition, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Any requisition to convene an extraordinary general meeting or proposal to be put forward at the general meeting can be addressed to the principal place of business in Hong Kong of the Company marked with the attention of the Board or the Company Secretary or to the Hong Kong branch share registrar of the Company at Computershare Hong Kong Investor Services Limited, 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong. The requisitionists must state in their request(s) the objects of the extraordinary general meeting to be convened, and such request must be signed by all the requisitionists. Upon receipt, the Company will verify the requisitionists' particulars and if the request is in order, the Company will convene the extraordinary general meeting in accordance with the Articles of Association.

Procedures for propose a person for election as a Director

The procedures for proposing a person for election as a Director are posted on the Company's website at www.sundart.com.

DIVIDEND POLICY

The Board adopted a dividend policy in recommending dividends, to allow the Shareholders to participate in the Company's profits and the Company to maintain adequate reserves to meet its future growth.

The Directors intend to declare dividends, if any, in HK dollars with respect to Shares on a per Share basis and will pay such dividends in HK dollars. Any final dividend for a financial year will be subject to the Shareholders' approval. The Directors consider that dividends to be declared and paid will depend on a number of factors. The Directors intend, subject to certain limitations, and in the absence of any circumstances which might reduce the amount available for distribution whether by losses or otherwise, to distribute to the Shareholders approximately 40% of profits available for distribution for the financial years. Such declarations of dividends, however, will only be recommended by the Directors after taking into account, among other things, the Group's results of operations, cash flows and financial condition, operating and capital requirements, prevailing economic climate, the amount of distributable profits based on Hong Kong Financial Reporting Standards, the memorandum of association of the Company, the Articles of Association, the BVI Companies Act, applicable laws and regulations and such other factors which the Directors may deem relevant. There is, however, no assurance that dividend of such amount or any amount will be declared or distributed in any financial year.

The Board will continually review the dividend policy and reserves the right in its sole and absolute discretion to update, amend and/or modify the dividend policy at any time. The dividend policy shall in no way constitute a legally binding commitment by the Company in respect of future dividend and/or in no way obligate the Company to declare a dividend at any time or from time to time.

CONSTITUTIONAL DOCUMENTS

There was no change to the Company's constitutional documents during the Year. The Company's constitutional documents are available on the respective websites of the Stock Exchange and the Company.

COMPANY SECRETARY

The Company Secretary is Ms. Chui Muk Heung. Details of the biography of the Company Secretary are set out in the section headed "Biographies of Directors and Senior Management" in this annual report.

The Company Secretary reports to the chief executive officer directly and is responsible to the Board for ensuring that the Board procedures, applicable laws, rules and regulations are followed as well as the Board activities are efficiently and effectively conducted. She is also responsible for ensuring that the Board is fully appraised of the relevant corporate governance developments relating to the Group and facilitating the induction and professional development of the Directors.

According to the Rule 3.29 of the Listing Rules, the Company Secretary has taken no less than 15 hours of relevant professional training for the Year.

Environmental, Social and Governance Report

ABOUT THE REPORT

The Group is strongly committed to its corporate social responsibilities in addition to its business development.

This ESG report provides details on the Group's ESG performance during the Year, in compliance with the Environmental, Social and Governance Reporting Guide (the "**ESG Reporting Guide**") as set out in Appendix C2 to the Listing Rules.

Reporting Scope

The ESG report addresses the environmental and social issues identified in the materiality assessment for the Group's core businesses under direct management control for the Year. Relevant information includes the management policies, measures, compliance and ESG performance, and more.

Compared with the previous year, the reporting scope of this Year has not changed. Unless otherwise specified, the businesses that have been covered include fitting-out works in Hong Kong, Macau, Singapore and the PRC; and manufacturing in the PRC of, and international sourcing and distribution of, interior decorative materials.

Reporting Standard

The reporting standard adopted herein follows the principles of materiality, quantitative, balance and consistency as stated in the ESG Reporting Code:

Principles	Descriptions
Materiality	The purpose of the materiality assessment is to identify significant ESG issues that have business-related implications for the Group and to examine their direct and indirect effects on stakeholders and the Group's long-term sustainability. The relevant issues are identified by engaging with the key stakeholders and holding internal discussions. The section titled Materiality Assessment provides a summary of the results.
Quantitative	The ESG performance is disclosed in accordance with the ESG Reporting Guide using reliable methodologies and environmental and social key performance indicators ("**KPIs**"), and internationally recognised methodologies for specific calculations with measurable figures so that the effectiveness of our ESG policies and management systems can be evaluated and validated. Please refer to the relevant data and notes for details.
Balance	The Group discloses both positive and negative issues and performance regarding its business. The environmental and social KPIs are calculated and presented in accordance with the ESG Reporting Guide. As shown in the relevant sections of the report, robust methodologies are utilised. Data comparisons in the recent years are provided to compare the year-on-year ESG performance.
Consistency	In comparison with the previous year, the ESG report adopts the same methodologies, standards, and reporting scope to remain consistency.

ESG GOVERNANCE

The Group maintains its pledge to govern its operations with sustainability concepts and the key principles of ESG, as well as setting its business strategies.

Board Oversight

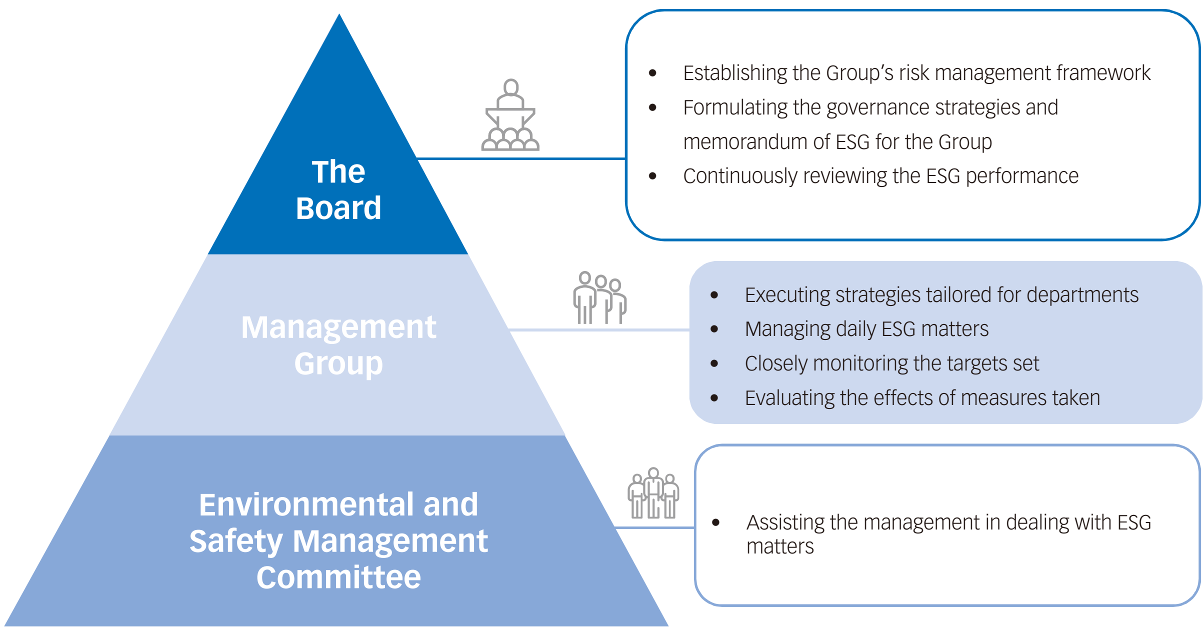
The Board is responsible for overseeing Sundart's sustainability management, formulating the Group's governance strategies and policies, regularly evaluating ESG performance, and addressing underlying issues. The Group implements specific strategies for each department, manages daily ESG challenges, and closely monitors the advancement of the ESG goals, assessing the consequences of the measures taken with the support of diverse management groups. After a review by the management, the ESG report will be approved by the Board.

To support management in addressing relevant ESG challenges, the Group has established dedicated teams, including the environmental and safety management committee comprised of individuals with specialised management expertise and professional background.

The Board has incorporated sustainability objectives and action plans into the development roadmap for each business unit to substantially enhance the effectiveness of the ESG initiatives. The objectives, targets and programmes set for 2024 were achieved and evaluated during the management review meeting. Details are shown under the sections "Product responsibility", "Caring for employees", and "Protecting our environment" section.

ESG Risk Management

The Board has established an overarching risk management framework to govern the Group's risk assessment, evaluation, and mitigation efforts. This procedure ensures the suitability and efficacy of our risk management strategy and internal control systems. Key ESG concerns such as energy consumption, environmental pollution, and health and safety are fully incorporated into the risk management framework.



ENGAGEMENT OF STAKEHOLDERS

Fostering robust relationship with stakeholder is a top priority for the Group. We regularly engage our internal and external stakeholders through diverse approaches to provide effective progress updates that address their concerns and expectations; thereby enhancing mutual trust between the Group and its stakeholders. This aids us in identifying the material issues relevant to our business operations.

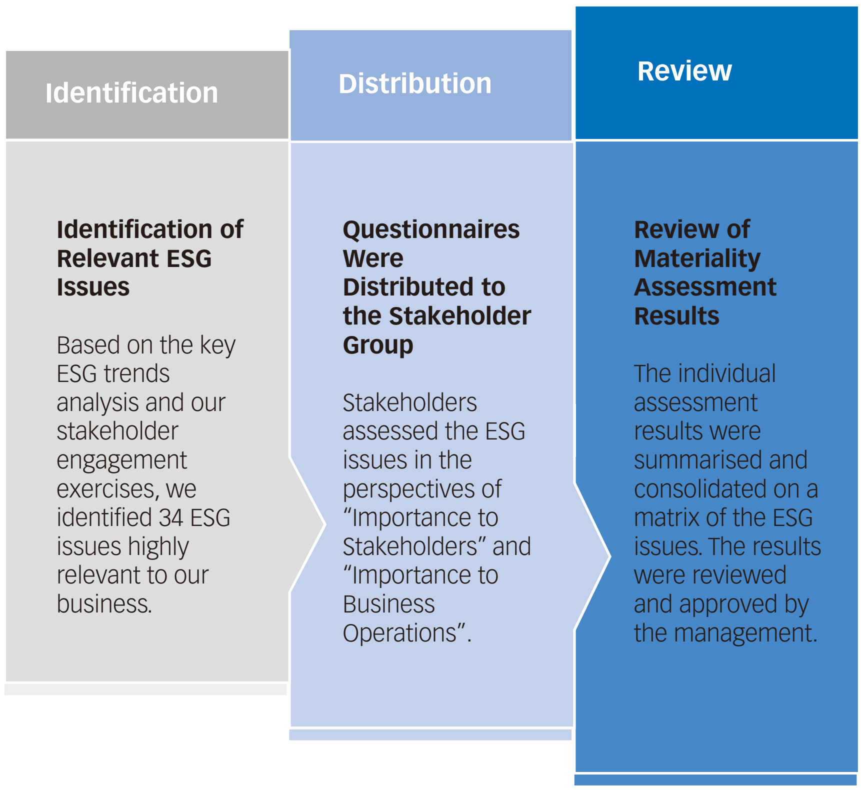
Stakeholders comprise groups directly influenced by our business or that influence our operations, such as employees, customers, owners, shareholders, investors, suppliers, business partners, governments and regulators, community organisations and others.

As illustrated in the table below, the Group maintains effective communication with the important stakeholder groups through multiple channels.

Stakeholder groups	Communication channels
Staff	• Conferences and counselling • Training and staff activities • Performance assessment
Customers and owners	• Customer hotlines and emails • Sales services and after-sale return visits • Questionnaires
Shareholders and investors	• General meetings • Annual and interim reports • Announcements and communications
Suppliers and business partners	• Conferences • Inspections and appraisals • Industry meetings
Governments and regulatory authorities	• Public forums • Government websites • Advertising and consulting
Community organisations and others	• Voluntary activities • Charitable services • Collaboration with social enterprises

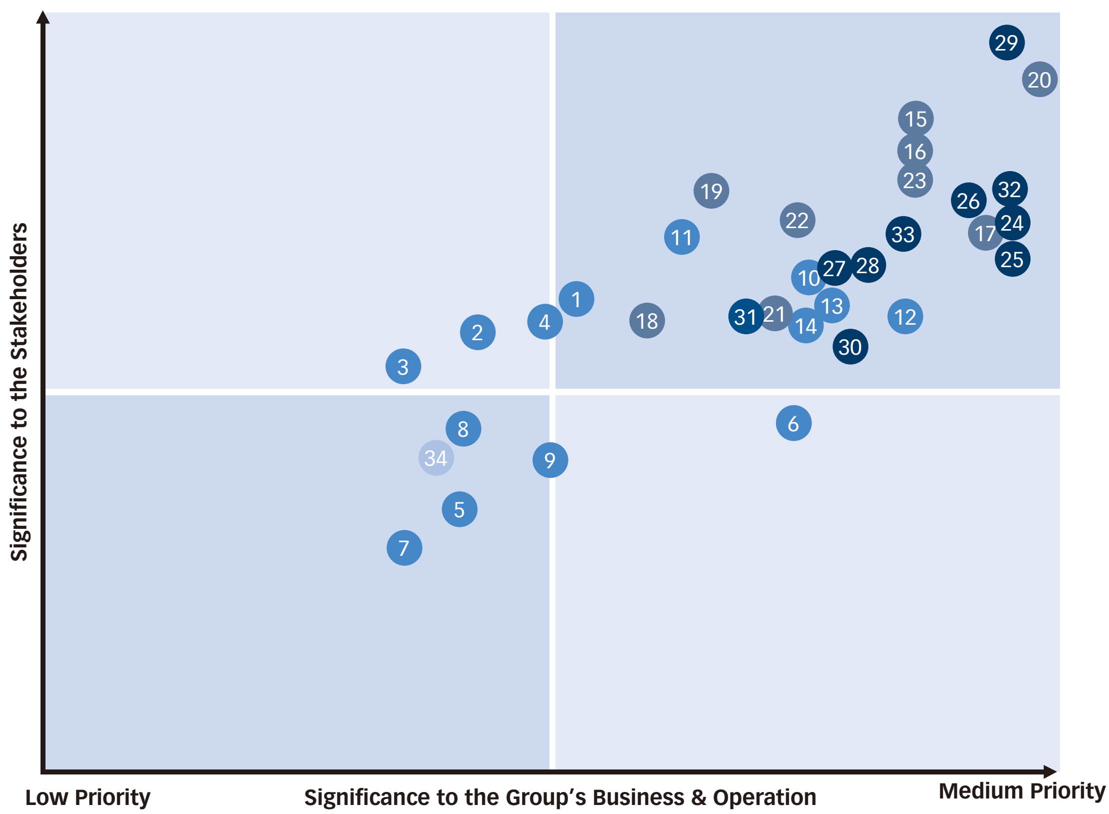
MATERIALITY ASSESSMENT

An independent consultant was engaged to conduct a materiality assessment through an online stakeholder survey. This process was instrumental in identifying and understanding the most material ESG issues of importance to the Group and its stakeholders. By addressing our stakeholder concerns, we developed the ESG report framework and formulated the ESG management strategies based on the view of stakeholders. The following graph shows the steps of establishment of materiality assessment.



Our key stakeholder groups provided feedback perspectives on the importance of 34 identified ESG-related topics. The materiality assessment matrix below shows the outcome of prioritising these subjects. The issues that fell in the upper-right quadrant of the matrix were identified as most influential to our business activities and stakeholders. This analysis forms the foundation of our sustainability efforts and disclosure.

Materiality Matrix



Environment	Social	
	Employment	**Operation**
1. Air emission 2. Greenhouse gas emission 3. Decarbonisation 4. Conversion of ecosystem 5. Nature-related risk and opportunity management 6. Circular economy 7. Environmental data management 8. Climate change mitigation 9. Climate risk management 10. Energy efficiency 11. Water & effluents 12. Use of materials 13. Waste Management 14. Environmental compliance	15. Labour rights 16. Labour/Management relations 17. Employee retention 18. Diversity and equal opportunity 19. Non-discrimination 20. Occupational health and safety 21. Employee training 22. Employee development 23. Prevention of child labour and forced labour	24. Customer satisfaction 25. Customer service quality and complaints handling 26. Customer health and safety 27. Marketing and product and service labelling compliance 28. Intellectual property 29. Customer privacy and data protection 30. Responsible supply chain management 31. Fair operating practices on supplier 32. Ethical business 33. Socio-economic compliance **Community** 34. Community involvement

By understanding the most important ESG topics to the Group and its stakeholders, we can formulate our business and ESG strategies and concentrate on the issues of higher priority. Materiality assessment is a key component of our stakeholder engagement. More importantly, we can address the expectations and concerns of the stakeholders, as summarised below:

Key concerns from stakeholders	Our responses	Section
Customer Privacy and Data Protection	We ensure fair handling of personal data through comprehensive guidelines that mandate obtaining customer consent before data collection, using data solely for business purposes, prohibiting unauthorised modifications or disclosures, and securely storing and encrypting confidential information.	PROTECTION OF CUSTOMER PRIVACY
Occupational Health and Safety	To demonstrate our commitment to providing the employees a health and safety environment to work, we have received the ISO 45001 Occupational Health and Safety Management System accreditation.	CARING FOR EMPLOYEES – Occupational health and safety
Labour Rights	We are dedicated to attracting and retaining top talent by offering competitive rewards and benefits, such as paid leave, medical coverage, and retirement plans, not only meet but also often exceed statutory requirements. We ensure fair employment practices in contract management and regularly benchmark remuneration against industry standards.	CARING FOR EMPLOYEES – Remuneration and benefits
Labour/Management Relations	To foster strong management relationships and support mental health, we organised a variety of activities to not only boosted morale but also encouraged social connections among colleagues; thereby, enhancing the overall workplace environment and strengthening relationships between management and employees.	CARING FOR EMPLOYEES – Work life balance
Ethical Business	Our core values shape the ethical standards in our operation. Business ethics covers the areas of prevention of bribery, fraud and money laundering, anti-corruption, protection of customer privacy, and intellectual property rights and so on. Details of effort can be found under the related section.	BUSINESS ETHICS

BUSINESS ETHICS

The Group addresses "Open-minded, Responsible and Upright" as its core values. We constantly uphold ethical standards throughout the entire business operation.

Prevention of bribery, fraud and money laundering

The Group is fully committed to upholding relevant laws and regulations regarding prevention of bribery, fraud, and money laundering in locations where we operate, including:

- the Prevention of Bribery Ordinance and the Anti-Money Laundering and Counter-Terrorist Financing Ordinance in Hong Kong;
- the Prevention and Suppression of the Crime of Money Laundering in Macau;
- the Anti-Unfair Competition Law in the PRC; and
- the Prevention of Corruption Act of Singapore, and other applicable laws and regulations.

These laws and regulations forbid acts such as money laundering, dishonest business practices and personnel accepting or offering incentives intended to sway business judgements.

On commencement of employment with the Group, all employees must sign a code of conduct outlining expectation around integrity with the Group. A summary is listed below:

1. Soliciting or accepting advantages including gifts, loans, fees, rewards, office facilities, employment, contracts, services and discounts, etc. from customers, suppliers or any other person in connection with the Group's interests is strictly prohibited. Acceptance of voluntarily given advantages may, however, be considered if:

   i) the acceptance will not influence the decision and behaviour of the recipient;

   ii) the recipient will not feel obliged to do something in return for the offer;

   iii) the recipient can openly discuss the acceptance without reservation; and

   iv) the nature and value of advantage (such as advertising or promotional gift) are such that refusal could be regarded as unsociable or impolite.

2. Under no circumstances should the staff offer bribes or similar advantages to any person or company in order to obtain or retain business, to acquire confidential business information or to obtain approval or certification of work completion of the Group's projects, or to seek for any other return of personal advantages.

To enhance the Board's disciplinary authority and the scope of applicable sanctions, the Group engaged with the legal advisors to provide training to the Board. For instance, training on Listing Rule amendments regarding expanded liability, stricter individual statements due to issues like bribery, and ensuring awareness of implications when publicly commenting on individuals. This underscores our zero-tolerance stance against impropriety.

Anti-corruption

The Group has provided anti-corruption training materials to our employees to strengthen their sense and awareness.

Training materials are mainly sourced from Independent Commission Against Corruption ("**ICAC**"). Directors and staff can easily access to these materials through email and our internal portal for reference. Topics focused on corruption risks prevalent in construction, exploring instances such as acquiring Basic Legal concepts and knowledge about corruption and bribery, obtaining relevant practise guidelines, introducing and analysing different cases and providing online professional ethics materials for engineers and architects. To enhance participants' understanding of ethical conduct, real-world examples and case studies are used as learning materials.

In joining the Construction Industry Integrity Charter 2.0 in August 2024, we ensure compliance with ethical standards and effective corruption prevention strategies within the construction industry. The Charter not only provides an analysis of various case studies that illustrate real-world instances of corruption but also offers online professional ethics materials specifically designed for engineers and architects. This equips our colleagues with the necessary tools to navigate ethical dilemmas effectively.

We have also internally promoted ICAC's Ethics Promotion Programme for the construction industry and shared relevant news articles. This helps socialise good governance practices and misconduct red-flags within our operations.

Whistleblowing and investigation

The Group has implemented whistleblowing policy and procedures, allowing internal parties and business partners to confidentially report any suspected violations or unethical conduct to the independent non-executive directors ("**INEDs**"). The types of concerns including crimes, sexual or physical abuse and fraud, bribery and corruption etc. The identity of whistleblowers and details shared are kept strictly confidential.

Reporters can raise concerns in writing by submitting a "Whistle Blowing Form" through emails to INEDs. Reporters can also directly make a report to the Audit Committee depending on the seriousness and suspected members. Upon receiving a complaint, the INEDs/Audit Committee will promptly initiate a thorough investigation. Where allegations are substantiated, appropriate disciplinary or legal actions are taken based on the severity of misconduct. This may involve penalties up to involvement of law enforcement under extreme circumstances. The "Whistle Blowing Form" will be completed to clearly state the actions taken to handle the reported case by a different INED to ensure impartiality and objectivity.

Based on the effectiveness of related oversight measures, there were no material instances of non-compliance with anti-bribery, anti-fraud or anti-money laundering laws and regulations reported within the Group during the Year. No legal cases concerning corrupt practices were brought against the Group or its employees during the Year.

Protection of customer privacy

Through its fitting out, manufacturing and distribution activities, the Group routinely handles customer personal data. We recognise privacy protection as a top priority in compliance with all applicable laws and regulations, such as:

- the Personal Data (Privacy) Ordinance (2021 Revised Edition) in Hong Kong;
- the Personal Data Protection Act in Macau;
- the Protection of Consumer Rights and Interests Law in the PRC; and
- the Personal Data Protection Act 2012 (2020 Revised Edition) of Singapore.

These laws and regulations require fair and lawful handling of personal details. The Group has implemented strict guidelines to ensure accuracy of data collection and responsible employee management of customer information. Key points from the privacy policy include:

1. obtaining customer consent before collecting any personal data;

2. using data solely for business purposes relevant to the customer;

3. prohibiting unauthorised data modification or disclosure without approval; and

4. appropriately storing and encrypting all confidential data with access restrictions.

By diligently applying these requirements, no material privacy breaches were reported over the Year. We remain committed to empowering customer trust and fortifying compliance as data usage evolutions require.

Intellectual property rights

The Group believes the protection of intellectual property rights is essential for its substantial business development. The Group protects its intellectual property rights through registration and maintenance of trademarks.

By continuously review of pertinent provisions in contracts and agreements, it serves as the first line of defences against any potential leakage of sensitive information. Careful maintenance and updates of contract language helps safeguard proprietary knowledge and trade secrets from unauthorised disclosure.

PRODUCT RESPONSIBILITY

The Group is committed to delivering high quality, professional products and services that meet our customers' needs. We rigorously comply with all relevant laws and regulations pertaining to quality standards, such as:

- the Construction Law in the PRC;

- the Buildings Ordinance and the Building (Minor Works) Regulations in Hong Kong;

- the General Regulation of Urban Construction in Macau; and

- the Building Control Act of Singapore.

Contractors are required to appoint qualified building professionals to supervise designated activities, as prescribed by applicable legislation. Robust monitoring and quality assurance systems must also be established to ensure compliance.

Project quality and product safety

Beyond defining departmental and third-party roles, the Group implements standardised procedures for fitting out projects. The Group obtains requisite licenses and qualifications and engages building professionals as mandated by each project's nature, scale and risks. A quality inspection standard has been established in compliance with prevailing local regulations and technical specifications. Key steps to consistently delivering high quality are outlined as follows:

1

Phase 1: Pre-construction

- Preparing a proposal with parties involved in a project
- Checking and confirming the construction plan with customers and owners
- Clarifying the specific items and delivery date of a project

2

Phase 2: During the construction

- Implementing construction specifications and quality standards set
- Arranging supervisors to monitor the construction sites
- Checking the quality of semi-finished products as and when necessary

3

Phase 3: Post-construction

- Examining items stated on the work completion and acceptance list
- Revisiting the customer satisfactory level on the project

The Group maintains ISO 9001 certification for its comprehensive quality management system. HKQAA conducts an annual examination to verify that the Group's management system complies with the pertinent authentication standards and regulations. This rigorous process-driven approach builds confidence among clients in our capabilities and service reliability.

Based on the above measures, the Group did not identify any material breach of the relevant laws and regulations in relation to intellectual property rights, project quality and product safety during the Year.

Note:

Aspect B6 as set out in Appendix C2 to the Listing Rules in relation to General Disclosure of the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to advertising and labelling matters relating to products and services are not applicable to the Group due to its business nature.

After-sales services and handling of complaints

The Group places a high importance on providing sales services. We adhere strictly to relevant regulations, such as:

- the Supply of Services (Implied Terms) Ordinance in Hong Kong;
- the Consumer Protection Law in Macau;
- the Protection of Customer Rights and Interests Law in the PRC; and
- the Consumer Protection (Fair Trading) Act of Singapore.

Customers reserve the right to acquire product and service information, and service provider must provide prudent and technically sound solutions during designated support periods, in accordance with laws and regulations.

Comprehensive after-sales services are guaranteed under warranty maintenance. Deceptive or unfaithful promotions or competitions are strictly prohibited. We pay high attention to customers' experience by establishing a sincere, proper and truthful business practice, which is vital in retaining customer interests. We have established various communication channels to understand customers' actual needs in real-time. Post-sale feedback is also gathered to continually strengthen offerings and competitiveness.

All complaints trigger the Group's complaint handling procedure, in accordance with which the complaints will be primarily handled by employees in the customer service department or jointly handled by such employees and the pertinent business personnel. Responsible employees are accountable for timely, suitable solutions. The Group will then conduct a thorough investigation plan and formulate corrective or preventive measures to enhance future quality and satisfaction rates.

Based on the above measures, the Group did not identify any material breach of the relevant laws and regulations in relation to sales services and there were no substantiated complaints relating to the provision and use of products and services that have a significant impact to the Group during the Year.

Note:

KPI B6.1 as set out in Appendix C2 to the Listing Rules in relation to percentage of total products sold or shipped subject to recalls for safety and health reasons is not applicable to the Group due to its business nature.

SUPPLY CHAIN AND RISK MANAGEMENT

The Group is committed to maximising value through our production process, while enhancing the equality and effectiveness of our supply chain management in addition to assuring high product quality. The Group has established sound policies and procedures, such as the evaluation and control of suppliers and the procedure for selection of subcontractors.

Selection of Suppliers

Supply chain risk management is an essential element of the Group's quality control system. We place great importance on sustainably managing procurement to address ESG risks and meet the increasing expectation of our customers.

An evaluation and control of suppliers and subcontractors' procedure was established to define process on selection, evaluation and re-evaluation and control of suppliers and subcontractors. Before establishing any new relationships with suppliers or subcontractors, the purchase department is responsible to conduct an extensive background investigation. New suppliers and subcontractors undergo rigorous screening of compliance records, quality, reputation, financial viability and capacity to meet our standards by performing the new supplier/subcontract evaluation report. A supplier or subcontractor is added to the approved list once they have successfully passed the assessments. Unless customers specify otherwise, we contract only with approved suppliers who are assessed as lower risk. Materials are sourced from customer-designated suppliers with strong sustainability credentials whenever possible. Child or forced labour is strictly prohibited across our supply base.

Evaluation on Suppliers

Annual evaluation assesses suppliers and subcontractors to comprehend their business situations and quality control performance with the goal of forming long-term business relationships with outstanding suppliers and subcontractors during the management review meeting. Environmental and social standards are regularly communicated to suppliers in order to encourage sustainable practices. The locations of the vendors who worked with the Group throughout the Year are shown below:

	2024
Total number of suppliers	**630**
By geographical region	
Hong Kong	**435**
The PRC	**28**
Singapore	**102**
Macau	**45**
Others (including the Italy, United States, Germany etc.)	**20**

Note:

The number of suppliers includes those for the fitting out projects in Hong Kong, Macau, and Singapore.

CARING FOR EMPLOYEES

Occupational health and safety

The Group is fully committed to prioritising the occupational health and safety of its employees. Beside establishing the health and safety policy statement and the corporate health and safety manual for internal use, we have also built a comprehensive management system that has achieved ISO 45001 Occupational Health and Safety Management System accreditation, demonstrating our long-standing commitment to providing a supportive, dynamic, fair and safe workplace for all staff. This commitment includes stringent compliance with relevant legal standards in the locations where we operate, such as the Production Safety Law in the PRC, the General Regulation of Working Safety and Hygiene in the Construction Industry in Macau, Workplace Safety and Health Act in Singapore as well as the Occupational Safety and Health Ordinance and the Construction Sites (Safety) Regulations in Hong Kong.

These laws require employers to supervise the safety of construction projects and manufacturing process; and provide clear guidelines and training on construction procedures, manual labour operations, accident prevention and first aid, and work environment hygiene.

The Group has created and put into place the following security protocols to protect the health and safety of its employees through project planning, safety management, training and publicity.

Project Planning	
✓	The Group has made an effort to ensure project planning safety by: 1. establishing a sound engineering safety management system to provide clear guidelines for safety; 2. conducting risk assessment of the projects to ensure those appropriate countermeasures and preventive actions taken for alleviating the corresponding risks; 3. regularly arranging personnel to inspect the construction sites and check if they are up to our internal safety standards; and 4. providing employees with protective equipments, guidance books and safety training to build employees' occupational safety and health awareness.
✓	The project managers are required to introduce safety controls to minimise the potential impacts of the risk events that may induce negative effects on the project flow.
✓	The site personnel like site supervisors are required to provide an immediate remedy with proper record management whenever there are any safety issues found.

Safety Management	
✓	To effectively manage safety, the Group has set up a safety management committee to: 1. oversee the implementation of the health and safety policies; 2. update the policies annually in response to industry trends, regulations and standards; and 3. ensure that the Group maintains a high-level performance on health and safety.
✓	The Group has also engaged an accredited independent safety inspector to: 1. check the Group's safety performance twice a year; and 2. report the results to the Labour Department.
✓	By the above-mentioned, the Group can continuously modify and optimise the existing safety management.

Employee Training and Publicity	
✓	The Group has provided tailored training courses for different workers according to the characteristics and difficulties of the projects. To reduce the probability of preventable mishaps, all employee (including administrative personnel) must complete the mandatory basic safety training courses which was offered by the Group before entering construction sites.
✓	The Group also conducts regular fire drills, introductions to the use of fire extinguishers and first-aid training to enhance employees' on-the-spot emergency knowledge.
✓	On-site Safety & Health training plan was established, providing on-site training to employees, including induction training, site-specific training and toolbox training: 1. toolbox training – grinding wheel; 2. toolbox training – shelving; and 3. induction training.

The following table illustrates the number of work-related fatalities occurred in the past three years:

	2024	2023	2022
Number of work-related fatalities	0	0	0

The number of work-related injury cases and the lost days due to it were as follow:

	Number of work-related injury cases		Number of lost days due to work injury	
	2024	2023	2024	2023
Offices and Projects in Hong Kong and Macau	0	2	0	63
Offices and Projects in Beijing and Shanghai	2	1	138	2
Offices and Projects in Singapore	0	1	0	122
Factory in Dongguan and office in Shenzhen	5	13	169	832
Total	7	17	307	1,019

Based on the above measures, the Group did not identify any major non-compliance with the relevant laws and regulations and standards in respect of occupational health and safety during the Year.

Remuneration and benefits

The Group is committed to attracting and retaining top talent through competitive rewards and benefits. All practices strictly adhere to legislation such as the Employment Ordinance of Hong Kong and Labour Laws across locations, including the Labour Relations Law in Macau, the Employment Act in Singapore, the Labour Law in the PRC. Core benefits such as paid leave, medical coverage and retirement plans meet or exceed the minimum statutory requirements. Employment contracts are entered into and terminated in a fair and equitable manner.

Remuneration is regularly benchmarked against industry peers to ensure competitiveness. Including but not limited to:

- annual leave;
- marriage leave;
- compassionate leave;
- study leave;
- examination leave;
- mandatory and voluntary provident fund schemes;
- medical insurance; and
- compensate employees by means of alternative leave or overtime allowance for their overtime work due to the prevailing department's workload.

In addition, an Employee Share Option Scheme was adopted from 1 December 2015 to align incentives with long-term value creation. By motivating high-performing individuals and strengthening loyalty, the programme supports the Group success.

The Group also utilises a performance appraisal system, which includes the sufficient incentive and promotions to recognise those who perform well, to verify lawful, fair treatment of all employees. The grant of performance incentives is based on the financial performance of the Group and the performance of each individual employee.

Based on the above measures, the Group did not identify any major non-compliance with the laws and regulations relating to remuneration and benefits during the Year.

The average number of employees (excluded causal daily paid workers) by gender, age, function and geographical location are as follows:

		Offices and Projects in Hong Kong and Macau		Offices and Projects in Beijing and Shanghai		Factory in Dongguan and office in Shenzhen		Offices and Projects in Singapore	
		2024	2023	**2024**	2023	**2024**	2023	**2024**	2023
Overall		**334**	319	**802**	894	**470**	530	**30**	27
Gender	Male	**257**	243	**657**	721	**398**	448	**18**	16
	Female	**77**	76	**145**	173	**72**	82	**12**	11
Age	Below 30	**32**	33	**281**	346	**56**	63	**7**	6
	31-40	**93**	89	**360**	371	**133**	148	**12**	12
	41-50	**96**	92	**111**	127	**174**	200	**5**	3
	51 or above	**113**	105	**50**	50	**107**	119	**6**	6
Function	Management	**5**	5	**2**	2	**4**	4	**0**	0
	Business operation	**288**	271	**629**	706	**313**	360	**25**	22
	Operation support	**9**	12	**127**	142	**124**	134	**0**	0
	Back office	**32**	31	**44**	44	**30**	32	**5**	4

The employee turnover rate *(note 1)* by gender, age, function, and geographical location are as follows:

		Offices and Projects in Hong Kong and Macau				Offices and Projects in Beijing and Shanghai				Factory in Dongguan and office in Shenzhen				Offices and Projects in Singapore			
		2024		2023		**2024**		2023		**2024**		2023		**2024**		2023	
		#	**%**	#	%	**#**	**%**	#	%	**#**	**%**	#	%	**#**	**%**	#	%
Overall		**44**	**1.10**	59	1.54	**260**	**2.70**	428	3.99	**279**	**4.95**	571	8.98	**11**	**3.01**	6	3.06
Gender	Male	**34**	**1.10**	40	1.37	**210**	**2.66**	361	4.17	**254**	**5.31**	510	9.48	**6**	**2.71**	4	4.26
	Female	**10**	**1.09**	19	2.08	**50**	**2.87**	67	3.25	**25**	**2.92**	61	6.24	**5**	**3.47**	2	2.88
Age	Below 30	**8**	**2.06**	15	3.76	**125**	**3.71**	252	6.08	**46**	**8.10**	107	14.19	**1**	**1.16**	1	2.78
	31-40	**13**	**1.17**	15	1.41	**89**	**2.06**	117	2.63	**115**	**7.06**	201	11.3	**3**	**2.04**	2	2.68
	41-50	**14**	**1.22**	17	1.54	**33**	**2.47**	46	3.03	**94**	**3.97**	206	8.59	**3**	**4.84**	1	6.06
	51 or above	**9**	**0.66**	12	0.95	**13**	**2.01**	13	2.17	**24**	**1.43**	57	3.99	**4**	**5.71**	2	5.56
Function	Management	**0**	**0**	0	0	**0**	**0**	2	8.00	**0**	**0**	1	2.08	**0**	**0**	0	0
	Business operation	**37**	**1.07**	48	1.47	**207**	**2.74**	341	4.03	**246**	**6.55**	500	11.58	**10**	**3.29**	5	3.80
	Operation support	**2**	**1.80**	1	0.74	**42**	**2.76**	65	3.82	**28**	**1.88**	64	3.99	**0**	**0**	0	0
	Back office	**5**	**1.31**	10	2.67	**11**	**2.06**	20	3.82	**5**	**1.44**	6	1.54	**1**	**1.64**	1	3.13

– total number of employees leaving employment
% – turnover rate

Notes:

1. Employee turnover rate = monthly average of employees leaving employment in the specified category/monthly average number of employees in the specified category.

Development and training

The Group encourages each employee's personal development in order to maintain their long-term growth. Through on-the-job training, external training and induction training; the Group assists its employees in realising the value of their contributions. The Group has a well-established training system that allows it to design and schedule staff training events in line with their enrolment date and the nature of his or her work.

Induction training	
Purpose	Assisting the new joiners to understand the structure and missions of the Group, the staff's role in achieving the business objectives and success of the Group, human resource policies of the Group, standard operating procedures, and more.
Implementation	Receiving the training in the first week upon the staff's arrival

On-the-job training	
Purpose	Strengthening the staff's professional knowledge
Implementation	1. Formulating annual training plan according to the staff needs
	2. Cooperating with the professional teams to hold a series of training activities (e.g. safety supervision, occupational health and safety, first-aid, engineering management, environmental protection, ISO management)

External training	
Purpose	Ensuring staff's personal developmental needs are satisfied
Implementation	Providing training subsidies

The number and percentage of employees trained *(note 1)* monthly per employee category are as follows:

		Number and percentage of employees trained			
		2024		2023	
Overall		**2,049**	**10.45%**	1,241	5.85%
Gender	Male	**1,708**	**10.7%**	1,085	6.33%
	Female	**341**	**9.33%**	156	3.81%
Function	Management	**24**	**18.05%**	14	10.53%
	Business operation	**1,821**	**12.1%**	1,034	6.34%
	Operation support	**63** *(Note 2)*	**2.02%**	153	4.45%
	Back office	**141**	**10.65%**	40	2.96%

Notes:

1. Percentage of employees trained = monthly average number of employees trained in the specified category ÷ monthly average number of employees in the specified category.

2. The number of trained employees in operation support decreased in 2024.

The average training hours completed monthly per employee category are as follows:

Average training hours completed per employee gender and function			
		2024	2023 *(note 2)*
Overall		**0.51**	0.56
Gender	Male	**0.56**	0.63
	Female	**0.30**	0.28
Function	Management	**0.88**	1.01
	Business operation	**0.59**	0.61
	Operation support	**0.1** *(Note 2)*	0.43
	Back office	**0.52**	0.28

Work-life balance

While competitive compensation and benefits are crucial for attraction and retention, the Group places equal importance on our employees' overall well-being. To support mental health, a variety of activities are organised by the "Sundart Cheers" to encourage work-life balance and foster camaraderie. In 2024, events were planned monthly with consideration for diverse interests and activity levels. Including plate class, car race, dim sum class and barbecue gathering etc. The well-rounded slate of activities helped boost morale and encourage social connections despite ongoing challenges.

Equal opportunities and anti-discrimination

A "People-oriented" approach is at the heart of our long-term vision to facilitate human capital management. We believe that the full potential of our workforce is realised when we embrace diversity in all its forms.

The Group is dedicated to creating a diverse environment and firmly believes that no employee or job applicant should face discrimination due to race, colour, religion, sex, sexual orientation, age and so on, in any form of job applications, internal transfers, and promotions. To support this commitment, we have adopted non-discriminatory hiring and employment practices.

Employers should cultivate a workplace where employees are treated fairly and with respect, in accordance with applicable labour laws and regulations, including the Employment Ordinance in Hong Kong, the Labour Relations Law in Macau, the Employment Act in Singapore, the Labour Law in the PRC and others.

Based on the measures above, the Group did not identify any major non-compliance with the laws and regulations relating to equal opportunities and anti-discrimination during the Year.

Child and forced labour-free workplace

The Group is fully committed to respecting human rights and dignity across our global operations. We strictly adhere to labour regulations in all locations, including minimum working age laws.

Recruitment

The Group firmly prohibits child and forced labour. Recruitment processes are merit-based and non-discriminatory. Candidates present legal documentation and no applicant is subject to forced, indentured or child labour. Open recruitment is conducted for hiring employees based on the job requirements to select best-fit candidates, as well as on fair, open and voluntary principles. Labour being forced to work by means of physical punishment, abuse, involuntary servitude, peonage or trafficking is strictly forbidden. We also avoid collaboration with suppliers and subcontractors having a known history in employing child or forced labour in their operations.

During the Employment

The Group reserves the right to end the labour relationship immediately if any cases of child labour or forced labour are found in our operations. In order to avoid it from happening, whenever suspicious case is found, the Group will also conduct an investigation to review and discuss with the management.

With regular inspections, the Group did not identify any major non-compliance with the relevant laws and regulations in respect of labour standards during the Year.

PROTECTING OUR ENVIRONMENT

As a responsible fitting-out contractor, the Group puts a great emphasis on environmental, social and governance in every aspect of its operations. The Group believes that all employees are responsible to protect the environment. As a result, we have put in place an environmental management system that has been certified to the international standard ISO14001:2015.

The Group has developed several policies to effectively manage the emissions of waste, noise, exhaust gas, dust, sewage and greenhouse gases in compliance of the applicable environmental laws and regulations. In our daily operations, we additionally referred to the Hong Kong Green Office Guide published by the Hong Kong Green Building Council.

During the Year, the Group was not aware of any material non-compliance with laws and regulations relating to air and greenhouse gas ("**GHG**") emissions, discharges into water and land, generation of waste and use of resources, including, among others, the Environmental Protection Law, the Environmental Protection and Management Act of Singapore and the Law on the Prevention and Control of Atmospheric Pollution of the PRC. Furthermore, the Group was not aware of any issue in sourcing water that is fit for purpose.

Environmental targets

The Group has set out reduction targets on energy and resources consumption to achieve in three years with the baseline year (i.e. 2020):

- Reducing electricity consumption as well as its contributing greenhouse emissions by not less than 5%;
- Reducing water consumption by not less than 5%;
- Reducing usage of paper and toner by not less than 5%; and
- Reducing usage of protective materials by not less than 5%.

In order to achieve the above targets, measures have been implemented during the Year. Reminders were also sent to the staff to raise their awareness on resources efficiency. Examples are shown in the list below:

- Placing labels at conspicuous places to remind reducing the usage of electrical devices (i.e. photocopiers) thus the electricity consumptions;
- Reminding to turn off unnecessary lights;
- Sticking labels on the faucets to remind of water conversations;
- Arranging regular checks of the water pipes to avoid unnecessary leakages;
- Using environmentally friendly papers for photocopying;
- Scanning and on-screening review to a larger extent to reduce the use of paper and toners; and
- Using greener and more environmentally friendly materials for packaging and protection.

Based on the reduction measures implemented by the Group, we have already achieved most environmental targets in 2024, figures are stated below during the Year including:

- Reduced usage of electricity consumption by more than 4%;
- Reduced usage of water consumption by more than 39%;
- Reduced usage of protective material consumption by more than 22%; and
- Reduced usage of paper and toner by more than 45%.

MINIMISING ENVIRONMENTAL IMPACTS

Disposal and management of waste

The Group generates various types of waste through its fitting-out and manufacturing operations. We strictly adhere with the Waste Disposal Ordinance in Hong Kong, the Environmental Law in Macau, the Environmental Protection Law in the PRC, the Hazardous Waste (Control of Export, Import and Transit) Act of Singapore, all other applicable laws and while handling wastes.

Employees are required to manage and dispose of waste strictly according to the Group's waste management guidelines. Non-hazardous wastes must be separated and placed in designated locations for proper processing. Chemicals used on construction sites should not be dumped directly into sewers, they must be stored in sealed containers in the specified areas, and disposed of legally by authorised third parties. These steps are being taken to ensure our business activities have no appreciable adverse effects.

Our main wastes are paper and toner cartridges used in offices, as well as protective materials for fitting-out works. The following are the non-hazardous waste amounts:

Type of non-hazardous wastes *(notes 1,2 and 3)*	**Unit**	**2024**	2023
Protective materials for fitting-out works *(note 4)*	Tonne	**179.62**	113.39
Paper *(note 5)*	Tonne	**14.86**	15.44
Paper (fitting-out works in Hong Kong and Macau only)	Tonne	**2.66**	3.91
Toner cartridges *(note 6)*	Tonne	**0.15**	0.14

Notes:

1. Although paints and solvents were used in the fitting-out works of the Group, only a limited amount of them was disposed of. Therefore, disclosure of the data of such waste was not applicable.

2. The Group did not generate any material hazardous wastes for the fitting-out works for both years.

3. Disclosure for the data of packaging materials was not applicable, as the Group did not consume packaging materials during fitting-out works.

4. The protective material consumption for fitting-out works in Hong Kong, Singapore and Macau. Its waste production amount varied with the nature of the projects in place and client requirements.

5. The figures included the paper consumption for projects works in Hong Kong and Macau, the offices in Hong Kong, Macau, Beijing, Shanghai, Shenzhen, Singapore as well as the factory in Dongguan.

6. The figures included the toner cartridge consumption in Hong Kong and Macau regarding material consumption for printing in offices and site offices.

Construction wastes should be properly sorted by classification to separate out any recyclable materials that can, whenever possible, be treated for upcycling by recycling agents. To transfer additional non-recyclable construction waste to a certified landfill in line with local laws, the Group is responsible for getting in touch with qualified transportation companies.

The Group also encourages office staff to reduce wastes by:

- Reusing old copies by copying or printing on the blank side of the used paper;

- Adopting appropriate fonts or downsizing models to reduce the number of copies;

- Utilising electronic media for internal and external communication;
- Only printing out the cover page of the document when necessary;
- Reusing stationery, plastic binding ring, envelopes and other materials whenever possible until they are completely consumed;
- Encouraging the use of rechargeable batteries;
- Recycling packaging boxes and fillings; and
- Installing air-conditioners and refrigerators with environmentally friendly refrigerants.

Use of water resources

The Group is aware that the water resources are limited. Water resource management must be prioritised before it adversely affects our business operations. Therefore, preventative actions were implemented both internally and externally. The Group is dedicated to raising staff understanding of the "use only when necessary" principle. The Group sourced water from the municipal supply and had no issue in sourcing water which is fit for purpose.

The Group strictly complies with all sewage disposal laws and regulations, such as the Water Pollution Prevention and Control Law in the PRC and the Water Pollution Control Ordinance in Hong Kong, which prohibit the direct release of sewage and pollutants into open water. The Group's operations do not result in any significant direct effluent discharges.

To conserve overall amounts of drinkable water, whenever possible, sewage treatment facilities are utilised to purify wastewater at construction sites before it is used for cleaning and dust suppression.

A Sewage Management Guideline has been established by the Group to regulate its sewage treatment practices. At project sites, the Group installs sewage purification systems and mandates that untreated sewage (such as mud sewage) not be discharged straight into storm water drains. Prior to being discharged into sewage systems, it must be filtered and processed in the sedimentation tanks. For drainage systems and U-channels, a regular cleaning and maintenance programme is put in place to maintain proper operation. Currently, local municipal water supplies are the main source of water resources supply at the Group's production bases. The Group's water consumptions are as follows:

Year	Unit	Volume	Intensity *(note 1)*
2024 *(note 2)*	**m^3/m^2**	**59,111**	**0.65**
2023	m^3/m^2	69,486	0.74

Notes:

1. The intensity figures were reported in cubic meter per square meter of area.
2. The figures include the water consumption volume for fitting out projects in Hong Kong and Singapore, and the factory in Dongguan.

Use and efficiency of energy

Being ecologically conscious during the project's execution and throughout the Group's general operations is essential. As a result, the Group has established guidelines for resource management to reduce the environmental impacts of its electricity use. Examples include requiring employees to adhere to resource-saving initiatives, and using certified energy-efficient appliances and equipment to manage the potential risks brought on by climate change. In the air-conditioned room the optimal temperature should be set at 25.5°C, or the power-saving mode should be adopted.

The Group has also adopted other measures to save energy at the offices and project sites:

- Turning off unnecessary indoor lights beyond normal office hours;
- Setting the machines to power off when being idle for a certain period;
- Using energy-efficient exterior lighting at construction sites;
- Prioritising energy-efficient lighting equipment, machines and fixtures when procuring new machinery; and
- Performing regular inspections and preventive maintenances on machinery and equipments to reduce the fatigue and distraction risk in the operations, and to maximise energy efficiency.

The Group's business mainly uses electricity as the source of energy. The electricity consumptions are as follows:

Year	Unit	Projects *(note 1)*		Offices *(note 2)*		Dongguan Factory	
		Amount	Intensity *(note 3)*	Amount	Intensity *(note 3)*	Amount	Intensity *(note 3)*
2024	**kWh**	**572,505**	**276.40**	**756,225**	**90.92**	**4,006,002**	**50.01**
2023	kWh	845,118	281.53	679,712	61.08	3,467,462	43.28

Notes:

1. Projects included site office consumption of fitting out projects in Hong Kong and Singapore. Electricity usage of fitting out project sites in Hong Kong, Macau and the PRC were not included in the statistics as the electricity consumed were supplied directly by the main contractor or landlord and the relevant usage was not provided to the Group.

2. The figures represented electricity consumption amount and its intensity of Hong Kong, Macau, Beijing, Shanghai, Shenzhen and Singapore offices.

3. The intensity figures were reported in kilowatt hour ("**kWh**") per square meter of area.

Noise pollution

During fitting-out projects, the operation of machinery and various project work procedures produce disruption or unwanted noise, which may potentially affected the physical and mental health of nearby residents. The Group strictly abides by the Noise Control Ordinance in Hong Kong, the Prevention and Control of Environmental Noise Law in Macau, the Prevention and Control of Environmental Noise Pollution in the PRC, as well as any other relevant laws and regulations. To mitigate the impact of noise from industrial or electrical equipment, the Group has established Noise Management Guidelines. Here are some steps made to lessen the noise pollution that is created. For instance:

- Maximising the use of quiet mechanical tools whenever possible, such as "Quality Powered Mechanical Equipment" approved by the Environmental Protection Department;
- Placing tools producing higher noise levels, such as pumps, further away from the noise-sensitive areas such as residential areas, schools and hospitals;
- Improving the processes to reduce unnecessary knocking and cutting works;

- Prohibiting activities with high noise intensity during early morning and night hours;
- Installing noise barriers near noisy mechanical equipment;
- Shutting down machinery and equipment not in use from time to time and conduct regular maintenance and repair for equipment; and
- Monitoring noise intensity regularly.

Air emissions

The Group is committed to complying with all applicable laws and regulations governing air quality, including the Air Pollution Control Ordinance and Air Pollution Control (Construction Dust) Regulation in Hong Kong, the site pollution control guidelines in Macau, the Air Pollution Prevention and Control Law in the PRC, and other relevant laws and regulations. The Group operates with insignificant direct exhaust emissions *(note)*. Still, it implements the following practices to ensure that its activities adhere to applicable environmental standards.

During fitting-out works, chemicals called volatile organic compounds ("**VOC**"), are often released from paints and other finishes leading to unpleasant smells and lower indoor air quality. The Group works to convince customers to select low VOC coatings at the planning phase to reduce VOC concentrations at the fitting-out site. This approach helps to minimise potential dangers to both human health and the environment. Additionally, any unused volatile finishes must also be kept in firmly closed containers.

In addition, the Group adopts a series of dust control measures to reduce the impact on the surrounding environment, such as:

- Spraying water continuously during excavation, drilling, cutting, polishing, crushing and so on;
- Providing cleaning equipments at the exit of the transport vehicles, including high-pressure water guns to wash the body and wheels of the transport vehicle before leaving the construction site;
- Covering the stockpile of dusty materials with impermeable coating or store them in sheltered areas;
- Setting hoarding of not less than 2.4 metres high from ground level along the boundary of the construction site adjoining the street or public area;
- Collecting pulverised fuel ash concrete or any other dusty materials collected by filtering devices in enclosed containers; and
- Conducting regular inspection on the dust concentration level at the construction site to evaluate the effectiveness of dust control measures.

Note:

Disclosure of direct exhaust emissions data is not applicable as significant gas emissions were not directly generated in the Group's operating activities.

Greenhouse gas

In order to successfully manage our influence on climate change, the Group continuously tracks and analyses GHG emissions. The main source of GHG emissions for the Group is energy use. The amount of GHG that the Group released is listed below *(note 1)*:

		Carbon dioxide equivalent				
	Unit	**Scope 1** *(note 2)*	**Scope 2** *(note 3)*	**Scope 3** *(note 4)*	**Total**	**Intensity** *(note 5)*
2024	**Tonnes**	**75.76**	**3,109.32**	**55.87**	**3,240.95**	**0.04**
2023	Tonnes	78.68	2,821.64	46.91	2,947.23	0.03

Notes:

1. The data did not include the energy consumption that the Group cannot directly manage and control. The greenhouse gas emission is calculated with reference to the Greenhouse Gas Protocol published by the World Business Council for Sustainable Development and the World Resources Institute, and the Reporting Guidance on Environmental KPIs of the Stock Exchange. The figures included the carbon dioxide emission for projects in Hong Kong and Macau, the offices in Hong Kong, Macau, Beijing, Shanghai, Shenzhen, Singapore as well as the factory in Dongguan.

2. Scope 1 emissions refer to the mobile fuel used by the vehicles directly related to the project works. The increase of Scope 1 emission was due to the growth of operation in Singapore and additional vehicle from Hong Kong operation.

3. The figures resulted from purchased electricity.

4. The figures resulted from electricity used for processing fresh water. The calculation is based on "How to prepare an ESG Report Appendix 2: Reporting Guidance on Environmental KPIs" published by HKEx.

5. The intensity figures were reported in tonnes of carbon dioxide equivalent per square metre of area.

Green building

The Group aims at achieving an effective balance between land usages and environmental conservation such as energy and water-saving as well as waste reduction while conducting real practices. To enhance its overall effectiveness while minimising its effects on the environment, the Group continues to incorporate green features into the designs and products. In addition to assisting project owners to obtain the highest possible ratings under Hong Kong Building Environment Assessment Method ("**BEAM**") Plus certification established by the Hong Kong Green Building Council Limited ("**HKGBC**") for new building projects, we are devoted to implementing best practices.

To further our efforts in incorporating sustainable development and the latest green technologies into our customers' projects, the Group will also keep expanding its team and be committed to attracting more talents with qualifications in green building, energy, and environmental design, such as LEED Pro, BEAM Pro, and BEAM Plus.

CLIMATE RISK AND RESILIENCE

The Group is strongly committed to minimising environmental impacts arising from our business. We aim to take proactive steps to address climate change and preserve natural resources for future generations. As we recognise that climate risks threaten long-term business continuity, reducing our carbon footprint is a core strategic priority.

Climate stewardship is progressively being integrated into how we manage internal systems and execute projects. Our approach complies with applicable legislation and global protocols emphasising needed climate action. Climate risk oversight strengthens how climate-related issues are considered from project planning through to completion.

Climate Physical Risk (Acute and Chronic)

Impacts

- Direct damage to the facilities in the factory may occur due to an increase in the number of extreme climate events, such as flooding and typhoons;
- Decrease in production capability due to operational difficulties and supply chain disruptions under extreme weather events may increase the risk of delayed delivery and failure of order fulfilment. This may end up in contract cancellation or even compensation claims by clients;
- Change in precipitation pattern may affect the water availability;
- Temperature rise may increase the electricity costs and the risk of heatstroke and machinery breakdown, which increases the cost of occupational safety incidents, maintenance for machinery, and reputational damage; and
- The insurance premiums may be increased and the availability of insurance may be decreased on assets located at "high-risk" locations like those with rising sea levels.

Countermeasures

- Renting project site offices near to the major project work sites which provide indoor air-conditioning, water dispensers, shower facilities to ensure site staff are protected from extreme heat and heat stroke;
- Procuring work uniforms that are made of cooler materials;
- Offering iced drinks, portable electric fans, cooling towels, hats for construction workers; and
- Covering the project tools and placing machines that are sensitive to water and humidity damage to an elevated level upon any rainstorm signals to avoid loss.

Climate Transition Risk

Impacts

- Increased costs resulting from fines and legal proceedings in the event of non-compliance of the newly implemented regulations;
- Increased production costs due to changing input prices (e.g., energy, water) and output requirements (e.g., waste treatment); and
- Increased research and development and/or procurement expenditures to introduce new and alternative technologies.

Countermeasures

- Continuously assessing the potential environmental impacts of our business operations with the goal of minimising those impacts;
- Closely monitoring the GHG emissions produced by the operations; and
- Developing strategies to reduce the environmental impacts at sources.

SUPPORTING OUR COMMUNITY

The Group firmly believes that upholding the highest standards of business conduct is essential in defining our values and guiding principles. Established in 2011, "Sundart Cheers" has been recognised by the management and colleagues for its dedicated efforts in coordinating activities that significantly contribute to public welfare, charity and community care.

Members regularly collaborate to conceive and organise various activities which have a positive impact on society, and help "Bring Communities Together". These contributions are aligned with the Group's commitment to corporate social responsibility and strengthen employment relations. In 2024, we participated in "Skip Lunch Day," the "Charity Mooncake Campaign," and "Gift for Love," donating a total of HK$1.5 million.

In addition, we organized a volunteer visiting activity to encourage management and staff to actively participate in outreach to provide warmth and gifts to vulnerable communities.

Directors' Report

The Directors are pleased to present their annual report and the audited consolidated financial statements of the Group for the Year.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company and provides corporate management services. The principal activities of its subsidiaries are set out in note 47 to the consolidated financial statements in this annual report.

RESULTS AND APPROPRIATIONS

The results of the Group for the Year are set out in the consolidated statement of profit or loss and other comprehensive income on page 85 in this annual report.

The Directors proposed the payment of a final dividend of HK6 cents per Share and a special dividend of HK14 cents per Share for the Year to the Shareholders on the register of members of the Company on 10 June 2025, in an aggregate amount of HK$431.6 million.

BUSINESS REVIEW

The review of the business of the Group during the Year and the discussion on the Group's future business development are set out in the sections headed "Chairman's Statement" and "Management Discussion and Analysis", and the description of principal risks and uncertainties facing the Group and key financial performance indicators are set out in the section headed "Management Discussion and Analysis". The financial risk management objectives and policies of the Group are set out in note 41 to the consolidated financial statements in this annual report. In addition, discussions on the Group's relationships with key stakeholders, environmental policies and performance and compliance with relevant laws and regulations which have a significant impact on the Group are as follows:

Relationship with key stakeholders

The Group's success also depends on the support from key stakeholders which comprise employees, customers and subcontractors and suppliers.

Employees

Employees are regarded as important and valuable assets of the Group. The objective of the Group's human resource management is to reward and recognise performing staff by providing a competitive remuneration package and implementing a performance appraisal system with appropriate incentives, and to promote career development and progression by appropriate trainings and by providing opportunities within the Group for career advancement.

Customers

The Group's principal customers are property developers, hotel owners and main contractors in Hong Kong, Macau, Singapore and the PRC. The Group provides professional and quality services in fitting-out business whilst maintaining long term profitability, business and asset growth. The Group maintains good reputation and long-term working relationships with its customers in the provision of product re-engineering and pre-fabrication technique for sizeable fitting-out projects to meet its customers' requirements.

Subcontractors and suppliers

The Group firmly believes that its subcontractors and suppliers are equally important in cost control and increasing its bargaining power on procurement of materials, which further secures its competitiveness when bidding for tenders. The Group proactively communicates with its subcontractors and suppliers to ensure they are committed to delivering high-quality and sustainable products and services. Unless the customers require the Group to engage subcontractors and suppliers nominated by them, the Group will select subcontractors and suppliers from its approved lists of subcontractors and suppliers. In addition, during the continuance of the contracts with the subcontractors, the Group will provide them with its internal guidelines on safety and environmental issues and require them to follow. The Group effectively implements the subcontractor assessment process to monitor the performance of its subcontractors by conducting regular site visits, evaluation on the performance of the contract and other measures.

Environmental policies and performance

The Group believes that its business also depends on its ability to meet the customers' requirements in respect of safety, quality and environmental aspects. To meet the customers' requirements on safety, quality and environmental aspects, the Group has established safety, quality and environmental management systems. Through the systematic and effective control of its operations, compliance with safety, quality and environmental requirements can be further assured. The Group believes that its certifications to ISO 9001 and ISO 14001 enhance its public image and credibility and also help the Group improve its customers' confidence in its services. Details of the Group's environmental policies and performance are set out in the section headed "Environmental, Social and Governance Report" in this annual report.

Compliance with relevant laws and regulations

The Group mainly undertakes fitting-out works in Hong Kong, Macau, Singapore and the PRC, alteration and addition and construction works in Hong Kong and the operations of manufacturing, sourcing and distribution of interior decorative materials are primarily carried out in Hong Kong, Macau, the Philippines and the PRC. The Directors confirmed that during the Year, the Group had obtained all the registrations and certifications required for its business and operations and had complied with the applicable laws and regulations in Hong Kong, Macau, Singapore, Philippines and the PRC in all material respects.

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results, assets and liabilities of the Group for the past five financial years is set out on page 160 in this annual report.

SHARE CAPITAL

Details of movements during the Year in the share capital of the Company are set out in note 36 to the consolidated financial statements in this annual report.

DISTRIBUTABLE RESERVES

As at 31 December 2024, the Company's reserves available for distribution to the Shareholders in accordance with the Articles of Association amounted to HK$1,602.6 million.

Details of movements in the reserves of the Group and the Company during the Year are set out in the consolidated statement of changes in equity on page 88 and note 37 to the consolidated financial statements, respectively in this annual report.

DIRECTORS

The Directors during the Year and up to the date of this annual report were:

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 *(Chairman)*
Ms. Yim *(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 *(appointed on 1 April 2024 and re-designated as a non-executive Director on 29 April 2024)*
Ms. Tam *(appointed on 19 July 2024)*
Mr. Huang Pu
Mr. Li Zheng

In accordance with article 75(1) of the Articles of Association and pursuant to code provision B.2.2 of the CG Code, Mr. Ng Tak Kwan, Mr. Ding Jingyong and Mr. Guan Yihe shall retire by rotation at the AGM and, being eligible, will offer themselves for re-election at the AGM. In addition, the newly appointed Director of, Ms. Tam will hold office until the AGM pursuant to article 74(3) of the Article of Association and, being eligible, offer herself for re-election at the AGM.

Information regarding the Directors' and chief executive's emoluments are set out in note 12 to the consolidated financial statements in this annual report.

DIRECTORS' PROFILES

For details of the Directors' profiles, please see "Biographies of Directors and Senior Management" in this annual report.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Nomination Committee reviewed the independence of independent non-executive Directors and was of the view that each of Ms. Tam Yin Ming Cecilia, Mr. Huang Pu and Mr. Li Zheng satisfied the requirement under Rule 3.13 of the Listing Rules. The Company, based on the review by the Nomination Committee, considers that Ms. Tam, Mr. Huang Pu and Mr. Li Zheng continue to be independent.

DIRECTORS' SERVICE CONTRACTS

None of the Directors who are proposed for election or re-election at the AGM has a service contract with the Company which is not determinable within one year without payment of compensation, other than statutory compensation.

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

As at 31 December 2024, the interests and short positions of the Directors and 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 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 are set out as follows:

Long position in 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 *(note)*	Interest in controlled corporation	1,281,516,117	59.38%

Note:

These Shares were indirectly held by Jangho Co through Jangho HK and Reach Glory. As Jangho Co was approximately 27.86% beneficially owned by Beijing Jiangheyuan (a company which was 85% and 15% beneficially owned by Mr. Liu and his spouse, 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 31 December 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 31 December 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	Beneficial owner	353,144,337	16.36%
Yunnan Co *(note 6)*	Interest in controlled corporation	353,144,337	16.36%

Notes:

1. 2,158,210,000 Shares were in issue as at 31 December 2024.

2. 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.

3. 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.

4. 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.

5. 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.

6. 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 31 December 2024.

SHARE OPTION SCHEME

The Company's Share Option Scheme was adopted pursuant to a resolution passed on 1 December 2015 for the purpose of providing incentives or rewards to eligible persons who the Board considers, in its sole discretion, have contributed or will contribute to the Group. Under the Share Option Scheme, the Board may grant options to eligible persons, including directors of the Company and its subsidiaries, to subscribe for the Shares. Eligible persons of the Share Option Scheme, amongst others, include any executives, any employee (including proposed, full-time or part-time employee), a director or proposed director (including an independent non-executive director), a direct or indirect shareholder of any member of the Company and its subsidiaries and an associate of any of the aforementioned persons.

The Board shall set out in the offer the terms on which the option is to be granted. The maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other schemes of the Company must not exceed 30% of the Shares in issue from time to time. No options shall be granted under the Share Option Scheme at any time if such grant shall result in the scheme limit being exceeded.

The total number of securities (excluding treasury shares) 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 Year and as at the date of this annual report. The Company may seek approval of its Shareholders in general meeting for refreshing such 10% limit.

The maximum number of Shares issued and to be issued upon exercise of the options granted to each eligible person (including both exercised and outstanding options) in any 12-month period shall not exceed 1% of the Shares in issue for the time. Any further grant of share options in excess of this limit is subject to Shareholders' approval in a general meeting.

Any grant of options to any Director, chief executive or substantial shareholder (as such term as defined in the Listing Rules) of the Company, or any of their respective associates under the Share Option Scheme is subject to the prior approval of the independent non-executive Directors (excluding independent non-executive Directors who or whose associates is the grantee of an options). Where any grant of options to a substantial shareholder or an independent non-executive Director, or any of their respective associates, would result in the Shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant (i) representing in aggregate over 0.1% of the Shares in issue on the date of such grant; and (ii) having an aggregate value, based on the closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange on the date of grant, in excess of HK$5.0 million, such further grant of the options shall be subject to prior approval of the Shareholders with such person and his associates abstaining from voting in favour of general meeting.

An offer for the grant of option must be accepted within 28 days from the offer date. Options granted shall be taken up upon payment of HK$1 as consideration for the grant of option. Options may be exercised at any time from the date which option is deemed to be granted and accepted and expired on the date as the Board in its absolute discretion determine and which shall not exceeding a period of 10 years from the date on which the share options are deemed to be granted and accepted but subject to the provisions for early termination thereof contained in the Share Option Scheme.

The exercise price is determined by the Board, and shall not be less than whichever is the highest of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of offer; and (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheet for the five business days immediately preceding the offer date.

The Share Option Scheme shall be valid and effective for a period of 10 years commenced from 1 December 2015 and its remaining life is 11 months (expiring on 30 November 2025). There had been no share option granted since the adoption of the Share Option Scheme and up to the date of this annual report, and no share options were granted, exercised, cancelled or lapsed during the Year. No share options were outstanding at the beginning and the end of the Year. No shares are expected to be issued in relation to the share options, and the proportion of such shares divided by the weighted average number of shares in issue during 2024 would be nil. Accordingly, there are no share options subject to any vesting period under the Share Option Scheme.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed above, at no time during the Year 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 Year.

EQUITY-LINKED AGREEMENTS

Save as disclosed under the paragraph headed "Share Option Scheme" above, no equity-linked agreements were entered into by the Group, or existed during the Year.

CONNECTED TRANSACTIONS

Save as the transactions disclosed below, none of the related party transactions set out in note 46 to the consolidated financial statements in this annual report constituted non-exempt continuing connected transactions or connected transactions under Chapter 14A of the Listing Rules during the Year.

Continuing connected transactions

Business cooperation framework agreement with Jangho Co

Jangho Co is a substantial shareholder of the Company and is therefore a connected person of the Company within the meaning of the Listing Rules. Mr. Liu is the legal representative, director and chairman of Jangho Co which was approximately 27.86% beneficially owned by Beijing Jiangheyuan (a company which was 85% and 15% beneficially owned by Mr. Liu and his spouse, Ms. Fu, respectively) and approximately 25.53% beneficially owned by Mr. Liu as at 31 December 2024.

On 21 November 2022, the Company (for itself and on behalf of its subsidiaries) entered into a framework agreement on mutual provision of services (the "**Business Cooperation Framework Agreement**") with Jangho Co (for itself and on behalf of its subsidiaries, but excluding the members of the Group) ("**Jangho Group**"), for a term commenced from 21 November 2022 and ended on 31 December 2024. Under the Business Cooperation Framework Agreement, Jangho Group agreed to subcontract fitting-out works in relation to the projects undertaken by Jangho Group to the Group. The maximum annual transaction amounts for the three years ended 31 December 2024 are HK$10 million, HK$20 million and HK$20 million, respectively ("**The Group's Annual Caps**"). During the Year, the aggregate transaction amount under The Group's Annual Caps was HK$14.5 million.

Meanwhile, the Group agreed to subcontract specialised works and/or technical advisory services in relation to the projects undertaken by the Group to Jangho Group under the Business Cooperation Framework Agreement. The maximum annual transaction amounts for the three years ended 31 December 2024 are HK$10 million, HK$30 million and HK$30 million, respectively ("**Jangho Group's Annual Caps**"). During the Year, the aggregate transaction amount under Jangho Group's Annual Caps was HK$1.7 million.

For details of the Business Cooperation Framework Agreement, please refer to the announcement of the Company dated 21 November 2022.

Tenancy agreements

As at 31 December 2024, the Company was owned as to 59.38% by Reach Glory, an indirect wholly-owned subsidiary of Jangho Co. Reach Glory is a substantial shareholder of the Company and thus a connected person of the Company within the meaning of the Listing Rules.

Jangho Curtain Wall was a direct wholly-owned subsidiary of Jangho Co and a fellow subsidiary of Reach Glory, hence an associate of Reach Glory and thus a connected person of the Company within the meaning of the Listing Rules.

Jangho Smart was owned as to 50% by Jangho Curtain Wall and 50% by Jangho Co. It is a fellow subsidiary of Reach Glory, hence an associate of Reach Glory and thus a connected person of the Company within the meaning of the Listing Rules.

Beijing Huayu was a direct wholly-owned subsidiary of Jangho Chuangxin, which is ultimately owned as to 89.5% by Mr. Liu, and 10.5% by his spouse, Ms. Fu. It is therefore an associate of Mr. Liu and thus a connected person of the Company within the meaning of the Listing Rules.

On 10 March 2023, Sundart Real Estate, as the landlord, entered into three tenancy agreements (collectively, "**Tenancy Agreements**") with each of Jangho Curtain Wall, Jangho Smart and Beijing Huayu, as tenants, respectively, pursuant to which the landlord agreed to lease the properties to the respective tenants for a fixed term commenced from 10 March 2023 to 28 February 2025.

A summary of the principal terms of the respective Tenancy Agreements is set out as follows:

Landlord	Tenant	Property	Total construction area (m^2)	Monthly rent *(Note)*	Usage
Sundart Real Estate	Jangho Curtain Wall	2nd Floor – 6th Floor, Block no. 5, Aidi Lixiang Centre, Yard no. 10, Duyang South Street, Shunyi District, Beijing, the PRC* (中國北京市順義區杜楊南街10號院艾迪理想中心5號樓2-6層)	5,569	RMB466,212	Office
Sundart Real Estate	Jangho Smart	7th Floor (North), Block no. 5, Aidi Lixiang Centre, Yard no. 10, Duyang South Street, Shunyi District, Beijing, the PRC* (中國北京市順義區杜楊南街10號院艾迪理想中心5號樓7層北半部分)	580	RMB48,555	Office
Sundart Real Estate	Beijing Huayu	9th Floor and 10th Floor, Block no. 5, Aidi Lixiang Centre, Yard no. 10, Duyang South Street, Shunyi District, Beijing, the PRC* (中國北京市順義區杜楊南街10號院艾迪理想中心5號樓9層、10層)	1,983.06	RMB138,344	Office

Note: The monthly rent includes heating fees but excludes tax, management fees and air conditioning fees.

The maximum annual cap for the transactions under the respective Tenancy Agreements for the period from 10 March 2023 to 28 February 2025 are as follows (the "**Tenancy Annual Caps**"):

Tenant	From 10 March 2023 to 31 December 2023 *(RMB)*	From 1 January 2024 to 31 December 2024 *(RMB)*	From 1 January 2025 to 28 February 2025 *(RMB)*
Jangho Curtain Wall	4,526,768	5,594,544	932,424
Jangho Smart	471,453	582,660	97,110
Beijing Huayu	1,343,276	1,660,128	276,688
Total	6,341,497	7,837,332	1,306,222

During the Year, the transaction amount under each of the Tenancy Agreements was the same as the Tenancy Annual Caps.

For details of the Tenancy Agreements, please refer to the announcement of the Company dated 10 March 2023.

Construction management services entrustment agreement

As at 31 December 2024, Jangho Chuangxin is ultimately owned as to 89.5% by Mr. Liu, the non-executive Director and a controlling shareholder of the Company, and 10.5% by his spouse, Ms. Fu, and thus an associate of Mr. Liu and a connected person of the Company within the meaning of the Listing Rules.

On 31 May 2024, Guangdong Sundart, as the landlord, and Jangho Chuangxin, as the agent, entered into the construction management services entrustment agreement (the "**Entrustment Agreement**"), pursuant to which the landlord entrusted the agent to conduct the overall construction management of the manufacturing plant and the warehouse to be developed at the land owned by the Group at East Side of Kechuang Avenue, Guangzhou (Meizhou) Industries Transfer Industrial Park (Land Parcel No. GZ230035-1)* (廣州(梅州)產業轉移工業園科創大道東側(宗地編號:GZ230035-1)) for a fixed term commenced from 1 June 2024 to 31 May 2026. The maximum annual caps for the three years ending 31 May 2026 are RMB3,062,500, RMB5,250,000 and RMB2,187,500, respectively (the "**Entrustment Annual Caps**"). During the Year, the transaction amount under the Entrustment Agreement was the same as the Entrustment Annual Caps.

For details of the Entrustment Agreement, please refer to the announcement of the Company dated 31 May 2024.

The Business Cooperation Framework Agreement, the Tenancy Agreements and the Entrustment Agreement constituted continuing connected transactions of the Company under Chapter 14A of the Listing Rules. As each of the applicable percentage ratios (other than the profits ratio) in respect of transactions under the Business Cooperation Framework Agreement, the Tenancy Agreements and the Entrustment Agreement are, on an annual basis, more than 0.1% but less than 5%, the transactions are subject to the reporting, annual review and announcement requirements but are exempt from the circular and Shareholders' approval requirements under Rule 14A.76(2)(a) of the Listing Rules.

The independent non-executive Directors have reviewed and confirmed that the continuing connected transactions for the Year have been entered into (i) in the ordinary and usual course of the business of the Group; (ii) on normal commercial terms or better; (iii) on terms that are fair and reasonable according to the relevant agreements governing them and in the interests of the Shareholders as a whole; and (iv) within the caps as disclosed in the relevant announcements. The auditor of the Company was engaged to report on the continuing connected transactions entered into by the Group for the Year in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "*Assurance Engagements Other Than Audits or Reviews of Historical Financial Information*" and with reference to Practice Note 740 (Revised) "*Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules*" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued an unqualified letter containing its findings and conclusions in respect of the continuing connected transactions in accordance with Rule 14A.56 of the Listing Rules.

The Board confirmed that the Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules in relation to the aforesaid continuing connected transactions.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS OF SIGNIFICANCE

Save as those disclosed under the paragraph headed "Connected Transactions" above and in note 46 to the consolidated financial statements in this annual report, no other transactions, arrangements and contracts of significance, to which the Company or any of its subsidiaries was a party and in which a Director or a connected entity of a Director had a material interest, whether directly or indirectly, subsisted at the end of the Year or at any time during the Year.

CONTRACTS OF SIGNIFICANCE BETWEEN THE GROUP AND THE CONTROLLING SHAREHOLDERS AND THEIR RESPECTIVE SUBSIDIARIES

For particulars of the contracts of significance between the Group and the controlling shareholders of the Company or their respective subsidiaries or the contracts of significance for the provision of services to the Group by the controlling shareholders of the Company or their respective subsidiaries, please see the paragraph headed "Connected Transactions" above and note 46 to the consolidated financial statements in this annual report, respectively.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into by the Group or existed during the Year.

COMPETING BUSINESS

During the Year, none of the Directors or the controlling shareholders of the Company and their respective associates had any interests in a business, apart from the business of the Group, which competes or is likely to compete, either directly or indirectly, with the business of the Group or has any other conflict of interest with the Group which would be required to be disclosed under Rule 8.10 of the Listing Rules.

Non-competition undertaking

In order to avoid any possible future competition between the Group and each of the controlling shareholders of the Company, each of the controlling shareholders of the Company as a covenantor (the "**Covenantor**") executed the Amended Deed, 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.

The independent non-executive Directors have reviewed on the compliance with the terms of the Amended Deed and considered that the Covenantors have complied with the terms of the Amended Deed and the enforcement of the undertakings contained therein by the parties thereto.

PERMITTED INDEMNITY PROVISION

Pursuant to the Articles of Association, every Director shall be entitled to be indemnified out of the assets or profits of the Company against all losses or liabilities which he may sustain or incur in or about the execution of the duties of his office or otherwise in relation thereto.

The Company has arranged appropriate directors' and officers' liability insurance coverage for its Directors and officers.

EMOLUMENT POLICY

The emolument policy of the employees of the Group was set up by the Remuneration Committee on the basis of their merit, qualifications and competence. The emolument of the Directors are decided by the Remuneration Committee, having regard to the Company's operating results, individual performance and comparable market statistics.

The Company has adopted a Share Option Scheme as an incentive to eligible persons, details of which are set out under the paragraph headed "Share Option Scheme" above.

RETIREMENT BENEFIT SCHEMES

Details of the Group's retirement benefit schemes are set out in note 43 to the consolidated financial statements in this annual report.

TAX RELIEF AND EXEMPTION

The Directors are not aware of any tax relief and exemption available to the Shareholders by reason of their holding of the Company's securities.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association or applicable laws of the BVI where the Company is incorporated, which would oblige the Company to offer new Shares on a pro-rata basis to existing Shareholders.

SANCTIONS

During the Year, two meetings of the Internal Control Committee were held on 27 March 2024 and 29 August 2024, respectively, to review, *inter alia*, the Group's guidelines and procedures with respect to sanction law matters. The Internal Control Committee was of the view that such guidelines and procedures, which have been complied with, were effective and well-functioned.

As at 31 December 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.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors as at the date of this annual report, the Company has maintained a sufficient public float as required under the Listing Rules throughout the Year.

CHARITABLE DONATIONS

Charitable donations made by the Group during the Year amounted to HK$1.5 million.

MAJOR CUSTOMERS, SUBCONTRACTORS AND SUPPLIERS

For the Year, the aggregate amount of revenue attributable to the Group's five largest customers accounted for 56.6% of the Group's total revenue and the revenue from its largest customer accounted for 23.8% of its total revenue.

In addition, the Group's purchases attributable to its five largest subcontractors and suppliers accounted for less than 30% of the Group's total purchases.

During the Year, none of the Directors, their close associates or any Shareholders (which, to the best knowledge of the Directors, own more than 5% of the total number of issued Shares) had any interests in any of the Group's five largest customers.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the Year.

AUDITOR

The Group's consolidated financial statements and the related notes thereto for the Year as set out in this annual report have been audited by BDO Limited, to the amounts set out in the Group's audited consolidated financial statements for the Year. A resolution to re-appoint BDO Limited as the auditor of the Company will be submitted for Shareholders' approval at the AGM.

On behalf of the Board
Ng Tak Kwan
Chief Executive Officer and Executive Director

Hong Kong, 19 March 2025

Independent Auditor's Report

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TO THE SHAREHOLDERS OF SUNDART HOLDINGS LIMITED 承達集團有限公司
(incorporated in British Virgin Islands with limited liability)

Opinion

We have audited the consolidated financial statements of SUNDART HOLDINGS LIMITED 承達集團有限公司 (the "Company") and its subsidiaries (together the "Group") set out on pages 85 to 159, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policies information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the HKICPA's "Code of Ethics for Professional Accountants" (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters *(Continued)*

Contract revenue from fitting-out works

We identified the contract revenue from fitting-out works as a key audit matter as they are quantitatively significant to the consolidated financial statements as a whole and there are significant judgments exercised by the management of the Group in determining the total outcome of the projects as well as the stage of completion of construction works and the amount of contract revenue recognised.

The Group recognises contract revenue by reference to the progress towards complete satisfaction of the relevant performance obligation using input method, measured based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. If actual contract costs deviates significantly from the budgets, the actual profit for each of the individual projects would differ significantly from the estimate. Accordingly, recognition of contract revenue involves a significant degree of management estimates and judgment, with estimates being made to assess the total contract costs and stage of completion of the contract. The details of the accounting policies and estimation uncertainty in relation to revenue recognition on fitting-out works are set out in notes 3 and 4, respectively, to the consolidated financial statements.

As disclosed in note 5 to the consolidated financial statements, the contract revenue from fitting-out works amounted to HK$5,992,431,000 for the year ended 31 December 2024.

Our response:

Our procedures in relation to contract revenue and contract costs included:

- Understanding the Group's internal process over the recognition of contract revenue;
- Discussing with the project managers, quantity surveyors and the management of the Group and checking the supporting documents including contracts and variation orders to evaluate the reasonableness of the management's estimation of the budgeted contract costs, on a sample basis;
- Checking to the interim assessment issued by the customer during the year to evaluate the reasonableness of contract revenue recognised to the revenue during the year, on a sample basis;
- Recalculating the percentage of completion based on accumulated actual cost incurred to date over the total budget cost, on a sample basis; and
- Agreeing the contract costs, on a sample basis, incurred to date to the subcontractor payment certificates and supplier invoices.

Key Audit Matters *(Continued)*

Estimated provision of expected credit losses ("ECL") for trade receivables (including unbilled receivables) and contract assets

We identified the estimated provision of ECL for trade receivables and contract assets as a key audit matter due to the significance to the consolidated financial position as a whole and the use of judgement and estimates by the management of the Group in determining the allowance for credit losses.

As shown in notes 24 and 27 to the consolidated financial statements, as at 31 December 2024, the carrying amounts of trade receivables and contract assets are HK$2,146,773,000 (net of allowance for credit losses of HK$206,078,000) and HK$1,011,449,000 (net of allowance for credit losses of HK$32,355,000), respectively.

As disclosed in note 4 to the consolidated financial statements, the management of the Group estimates the amount of lifetime ECL of trade receivables and contract assets. For trade receivables and contract assets that the Group does not have reasonable and supportable information that is available without undue cost or effort to measure ECL on individual basis, collective assessments is performed through grouping of various debtors that have similar loss patterns, after considering internal credit ratings of trade debtors, ageing, repayment history and/or past due status of respective debtors. Estimated loss rates are based on historical observed default rates over the expected life of the debtors and are adjusted for reasonable and supportable forward-looking information that is available without undue costs or effort. In addition, trade receivables and contract assets that are credit-impaired are assessed for ECL individually. The loss allowance of trade receivables and contract assets is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows with the consideration of expected future credit losses.

As disclosed in note 41 to the consolidated financial statements, the impairment losses of HK$40,643,000 and reversal of impairment loss of HK$4,209,000 in respect of the trade receivables and contract assets were recognised in profit or loss by the Group for the year ended 31 December 2024, respectively.

Our response:

Our procedures in relation to the estimated provision of ECL for trade receivables and contract assets included:

- Obtaining an understanding of key process on how the management estimates the ECL of trade receivables and contract assets including the individual assessment on the credit-impaired trade receivables and contract assets and the use of collective assessment;
- Testing the integrity of information used by management to develop the internal credit rating, by checking relevant websites and other supporting information for the nature and industry of the trade debtors, on a sample basis;
- Checking the appropriateness of the data used by management to develop the internal credit rating, including the trade receivable ageing analysis and contract assets as at 31 December 2024, on a sample basis, by comparing individual items in the analysis with the relevant invoice/progress certificate and/or other supporting documents;
- Challenging management's basis and judgement in identification of credit-impaired trade receivables and contract assets as at 31 December 2024, and the reasonableness of management's grouping of the remaining trade debtors into different categories in the collective assessment; and
- Discussing with the specialist appointed by the Group and involving our specialist to evaluate the appropriateness of the valuation methodology adopted by the management and the reasonableness of the assumptions including estimated loss rates applied in each category in the collective assessment and forward-looking information.

Other Information in the Annual Report

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Directors' Responsibilities for the Consolidated Financial Statements

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are also responsible for overseeing the Group's financial reporting process. The Audit Committee assists the directors in discharging their responsibility in this regard.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with the terms of our 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.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements *(Continued)*

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

BDO Limited
Certified Public Accountants
Lau Kin Tat, Terry
Practising Certificate no. P07676

Hong Kong, 19 March 2025

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2024

	Notes	**2024 HK$'000**	2023 HK$'000
Revenue	5	**5,996,777**	5,461,344
Cost of sales		**(5,196,573)**	(4,765,129)
Gross profit		**800,204**	696,215
Other income, other gains and losses	7	**2,278**	22,139
Impairment losses under expected credit loss model, net of reversal	8	**(53,011)**	(17,013)
Selling expenses		**(15,565)**	(8,253)
Administrative expenses		**(244,597)**	(218,829)
Other expenses		**(97,930)**	(83,500)
Share of profit (loss) of an associate		**58**	(5,028)
Finance costs	9	**(2,163)**	(834)
Profit before tax		**389,274**	384,897
Income tax expense	10	**(68,477)**	(54,629)
Profit for the year attributable to owners of the Company	11	**320,797**	330,268
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		**(37,994)**	(15,870)
Share of other comprehensive expense of an associate		**(473)**	(62)
		(38,467)	(15,932)
Other comprehensive expenses for the year		**(38,467)**	(6,122)
Total comprehensive income for the year attributable to owners of the Company		**282,330**	324,146
Earnings per share			
Basic and diluted *(HK cents)*	15	**14.86**	15.30

Consolidated Statement of Financial Position

At 31 December 2024

	Notes	2024 HK$'000	2023 HK$'000
Non-current assets			
Property, plant and equipment	16	**240,831**	231,240
Right-of-use assets	17	**55,570**	12,660
Investment properties	18	**149,818**	164,659
Goodwill	19	**1,510**	1,510
Interest in an associate	20	**92,471**	92,886
Financial assets at fair value through profit or loss	21	**23,535**	14,834
Deferred tax assets	35	**35,475**	29,629
		599,210	547,418
Current assets			
Inventories	23	**30,960**	65,156
Trade and other receivables and bills receivable	24	**2,757,489**	3,202,045
Amounts due from related companies	25	**297**	305
Amounts due from fellow subsidiaries	26	**4,625**	1,721
Contract assets	27	**1,011,449**	1,423,938
Tax recoverable		**15,331**	10,532
Financial assets at fair value through profit or loss	21	**–**	59,000
Other financial assets at amortised cost	22	**–**	9,533
Pledged bank deposits	28	**55,524**	52,186
Bank balances and cash	28	**2,640,930**	1,876,726
		6,516,605	6,701,142
Current liabilities			
Trade and other payables	29	**2,454,592**	2,913,308
Bills payable	30	**612,931**	604,073
Amounts due to fellow subsidiaries	31	**3**	278
Tax payable		**62,306**	46,044
Bank borrowings	32	**10,904**	316
Lease liabilities	33	**11,985**	10,349
Contract liabilities	34	**216,270**	224,043
		3,368,991	3,798,411
Net current assets		**3,147,614**	2,902,731
Total assets less current liabilities		**3,746,824**	3,450,149

Consolidated Statement of Financial Position
At 31 December 2024

	Notes	2024 HK$'000	2023 HK$'000
Capital and reserves			
Share capital	*36*	**1,246,815**	1,246,815
Reserves		**2,477,799**	2,195,466
Equity attributable to owners of the Company		**3,724,614**	3,442,281
Non-current liabilities			
Deferred tax liabilities	*35*	**3,240**	5,186
Lease liabilities	*33*	**18,970**	2,682
		22,210	7,868
		3,746,824	3,450,149

The consolidated financial statements on pages 85 to 159 were approved and authorised for issue by the board of directors on 19 March 2025 and are signed on its behalf by:

Ng Tak Kwan
Director

Xie Jianyu
Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 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	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	–	–	–	–	–	–	(15,870)	–	–	(15,870)
Share of other comprehensive expense of an associate	–	–	–	–	–	–	(62)	–	–	(62)
Profit for the year	–	–	–	–	–	–	–	–	330,268	330,268
Total comprehensive income (expense) for the year	–	–	–	–	9,810	–	(15,932)	–	330,268	324,146
Transfer from accumulated profits to statutory reserve	–	–	–	3,589	–	–	–	–	(3,589)	–
Dividend paid *(note 14)*	–	–	–	–	–	–	–	–	(129,493)	(129,493)
At 31 December 2023	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	–	–	–	–	–	–	(37,994)	–	–	(37,994)
Share of other comprehensive expense of an associate	–	–	–	–	–	–	(473)	–	–	(473)
Profit for the year	–	–	–	–	–	–	–	–	320,797	320,797
Total comprehensive income (expense) for the year	–	–	–	–	–	–	(38,467)	–	320,797	282,330
Transfer from accumulated profits to statutory reserve	–	–	–	5,750	–	–	–	–	(5,750)	–
Unclaimed dividends write back	–	–	–	–	–	–	–	–	3	3
At 31 December 2024	1,246,815	19,700	60	98,545	16,274	6,615	(125,922)	(277,406)	2,739,933	3,724,614

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.

Consolidated Statement of Cash Flows

For the year ended 31 December 2024

	2024 HK$'000	2023 HK$'000
Operating activities		
Profit before tax	**389,274**	384,897
Adjustments for:		
Finance costs	**2,254**	887
Interest income	**(50,529)**	(36,288)
Share of (profit) loss of an associate	**(58)**	5,028
Depreciation of property, plant and equipment	**16,999**	16,715
Depreciation of right-of-use assets	**14,941**	15,869
Impairment losses under expected credit loss model, net of reversal	**53,011**	17,013
Loss (gain) on disposal of property, plant and equipment	**1,162**	(59)
Loss from fair value changes of investment properties	**11,551**	4,064
Net loss from fair value changes of financial assets at fair value through profit or loss	**57,366**	31,659
(Reversal of) write-down of inventories to net realisable value	**(10,174)**	863
Operating cash flows before movements in working capital	**485,797**	440,648
Decrease (increase) in inventories	**44,370**	(15,505)
Decrease (increase) in trade and other receivables and bills receivable	**344,429**	(255,919)
Decrease in amounts due from related companies	**1**	1,253
Increase in amounts due from fellow subsidiaries	**(2,975)**	(667)
Decrease (increase) in contract assets	**409,625**	(119,596)
(Decrease) increase in trade and other payables	**(419,254)**	314,586
Increase (decrease) in bills payable	**22,118**	(37,619)
Decrease in amounts due to fellow subsidiaries	**(274)**	(369)
(Decrease) increase in contract liabilities	**(7,277)**	120,284
Cash generated from operations	**876,560**	447,096
Income tax paid	**(79,950)**	(50,207)
Income tax refunded	**15,785**	4,456
Net cash from operating activities	**812,395**	401,345

Consolidated Statement of Cash Flows
For the year ended 31 December 2024

	Notes	2024 HK$'000	2023 HK$'000
Investing activities			
Interest received		**50,659**	36,380
Proceeds from disposal of financial assets at fair value through profit or loss		**27,782**	39,699
Withdrawal of other financial assets at amortised cost		**52,299**	74,746
Proceeds from disposal of property, plant and equipment		**–**	91
Purchases of financial assets at fair value through profit or loss		**(34,849)**	(11,403)
Purchases of other financial assets at amortised cost		**(42,671)**	(25,670)
Purchases of property, plant and equipment		**(30,106)**	(18,578)
Purchases of right-of-use assets		**(25,831)**	–
Withdrawal of pledged bank deposits		**117,952**	198,803
Placement of pledged bank deposits		**(122,405)**	(189,581)
Withdrawal of fixed deposits with original maturity of more than three months		**992,548**	94,000
Placement of fixed deposits with original maturity of more than three months		**(1,230,039)**	(792,548)
Net cash used in investing activities		**(244,661)**	(594,061)
Financing activities			
Dividends paid	*45*	**–**	(129,493)
Unclaimed dividends write back	*45*	**3**	–
Proceeds from bank borrowings		**42,397**	18,575
Repayment of bank borrowings		**(31,809)**	(18,785)
Principal paid on lease liabilities		**(14,575)**	(15,985)
Interest paid on lease liabilities		**(873)**	(788)
Interest paid on bank borrowings		**(1,381)**	(99)
Net cash used in financing activities		**(6,238)**	(146,575)
Net increase (decrease) in cash and cash equivalents		**561,496**	(339,291)
Cash and cash equivalents at the beginning of the year		**1,178,178**	1,527,653
Effect of foreign exchange rate changes on cash and cash equivalents		**(34,783)**	(10,184)
Cash and cash equivalents at the end of the year		**1,704,891**	1,178,178
Represented by:			
Bank balances and cash		**2,640,930**	1,876,726
Less: Fixed deposits with original maturity of more than three months		**(936,039)**	(698,548)
		1,704,891	1,178,178

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

1. GENERAL INFORMATION

The Company is a public limited company incorporated in the British Virgin Islands (the "BVI") on 21 May 2001 as an international business company, governed by the International Business Companies Act (Cap 291) and was automatically re-registered as a BVI business company with limited liability on 1 January 2007 under the BVI Companies Act, and its shares are listed on The Stock Exchange of Hong Kong Limited. The addresses of the registered office and principal place of business of the Company are Commerce House, Wickhams Cay 1, P.O. Box 3140, Road Town, Tortola, BVI, VG1110 and 19/F, Millennium City 3, 370 Kwun Tong Road, Kowloon, the Hong Kong Special Administrative Region ("Hong Kong"), respectively.

The ultimate holding company of the Company is Jangho Group Company Limited ("Jangho Co"), a joint stock company incorporated in the PRC and listed on the Shanghai Stock Exchange. The Company's ultimate controlling party is Mr. Liu Zaiwang ("Mr. Liu"), the chairman of Jangho Co.

The Company acts as an investment holding company and provides corporate management services. The principal activities of the Company's subsidiaries are set out in note 47.

The consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is also the functional currency of the Company.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2024 for the preparation of the consolidated financial statements:

HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants
HKFRS 16 (Amendments)	Lease Liability in a Sales and Leaseback
HKAS 7 and HKFRS 7 (Amendments)	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

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

The new and amendments to HKFRSs listed above did not have material impact on the amounts recognised in the current and prior periods and are not expected to significantly affect the current or future periods.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

New and amendments to HKFRSs that have been issued but are not yet effective

The Company has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKAS 21 and HKFRS 1 (Amendments)	Lack of Exchangeability[1]
HKFRS 9 and HKFRS 7 (Amendments)	Classification and Measurement of Financial Instruments[2]
HKFRS 9 and HKFRS 7 (Amendments)	Contracts Referencing Nature-dependent Electricity[2]
HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7 (Amendments)	Annual Improvements to HKFRS Accounting Standards — Volume 11[2]
HKFRS 18	Presentation and Disclosure in Financial Statements[3]
HKFRS 19	Subsidiaries without Public Accountability: Disclosures[3]
HK Int 5	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause[3]
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]

1 Effective for annual periods beginning on or after 1 January 2025
2 Effective for annual periods beginning on or after 1 January 2026
3 Effective for annual periods beginning on or after 1 January 2027
4 No mandatory effective date yet determined but available for adoption

The directors of the Company are currently assessing the potential impact of HKFRS 18 and amendments to HKFRS 9 and HKFRS 7. The directors do not anticipate that the application of the remaining new and amendments to HKFRSs will have material impact on the consolidated financial statements in the foreseeable future.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES

3.1 Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") and by the Hong Kong Companies Ordinance.

The directors of the Company have, at the time of approving the consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

The 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 at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 *Share-based Payment*, leasing transactions that are accounted for in accordance with HKFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 *Inventories* or value in use in HKAS 36 *Impairment of Assets*.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For certain financial instruments and investment properties which are transacted at fair value and a valuation technique that unobservable inputs is to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that at initial recognition the results of the valuation technique equals the transaction price.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES *(Continued)*

3.1 Basis of preparation of consolidated financial statements *(Continued)*

In addition, for financial reporting purposes, 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.

3.2 Accounting policies

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

Investments in associates

An associate is an entity over which the Group has significant influence.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, investments in associates are initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associates.

The Group assesses whether there is an objective evidence that the interest in an associate may be impaired. When any objective evidence exists, the entire carrying amount of the investment is tested for impairment in accordance with HKAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES *(Continued)*

3.2 Accounting policies *(Continued)*

Revenue from contracts with customers

The Group engages in the provision of fitting-out works and alteration and addition and construction works. Under the terms of contracts, the Group's performance creates and enhances the properties which the customers control during the course of work performed 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 stage of completion is assessed by reference to the contract costs incurred for work performed to date relative to the estimated total contract costs.

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 conditional 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. 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 Group generally provides customers with one to two years maintenance period from the date of the practical completion of the project. 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 of the project and the remaining portion will be released within the specified terms in the contract upon the issue of certificate of completion of making good defects after the expiry of the defect liability period.

The maintenance period serves as an assurance that the construction services performed comply with agreed upon specifications and such assurance cannot be purchased separately. Retentions receivable is intended to protect the customer from the Group's failing to adequately complete its obligations under the contract, rather than for the provision of finance. The Group accounts for this in accordance with HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets* and had not accounted for as separate performance obligations and hence no revenue is allocated to them.

For revenue from provision of fitting-out works and alteration and addition and construction works that contain variable consideration such as variations in contract work and claims, the Group estimates the amount of consideration to which it will be entitled using either (a) the expected value method; or (b) the most likely amount method, depending on which method better predicts the amount of consideration to which the Group will be entitled. The estimate amount of variable consideration is included in the transaction price only to the extent that it is highly probable that such an inclusion will not result in significant revenue reversal in the future when the uncertainty associated with the variable consideration is subsequently resolved. At the end of each reporting period, the Group updates the estimated transaction price (including updating its assessments of whether an estimate of variable consideration is constrained) to represent faithfully the circumstances present at the end of the reporting period and the changes in circumstances during the reporting period.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES *(Continued)*

3.2 Accounting policies *(Continued)*

Leases

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application or arising from business combinations, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases of leased properties, machinery and equipment that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis or another systematic basis over the lease term.

Right-of-use assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES *(Continued)*

3.2 Accounting policies *(Continued)*

Leases *(Continued)*

The Group as a lessee *(Continued)*

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

Lease modifications

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability, less any lease incentives receivable, based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use assets. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group as a lessor

Classification and measurement of leases

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risk and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease.

Lease modification

Changes in considerations of lease contracts that were not part of the original terms and conditions are accounted for as lease modifications, including lease incentives provided through forgiveness or reduction of rentals.

The Group accounts for a modification to an operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES *(Continued)*

3.2 Accounting policies *(Continued)*

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's operations are translated into the presentation currency of the Group (i.e. HK$) using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during the period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve.

Employee benefits

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

Retirement benefit costs

Payments to the Mandatory Provident Fund Scheme ("MPF Scheme") and other defined contribution retirement benefit schemes are recognised as an expense when employees have rendered services entitling them to the contributions.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES *(Continued)*

3.2 Accounting policies *(Continued)*

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences using liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and does not give rise to equal taxable and deductible temporary difference. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. For the purposes of measuring deferred tax for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Property, plant and equipment

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes. Property, plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

If a property becomes an investment property because its use has changed as evidenced by end of owner occupation, any difference between the carrying amount and the fair value of that item at the date of transfer is recognised in other comprehensive income and accumulated in revaluation reserve. On the subsequent sale or retirement of the property, the relevant revaluation reserve will be transferred directly to accumulated profits.

Depreciation is recognised so as to write off the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in profit or loss.

Construction in progress is stated at cost less any impairment losses, and is not depreciated. It is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES *(Continued)*

3.2 Accounting policies *(Continued)*

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties include land held for undetermined future use, which is regarded as held for capital appreciation purpose.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at fair value, adjusted to exclude any prepaid or accrued operating lease income.

Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

Impairment on property, plant and equipment and right-of-use assets

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment and right-of-use assets to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss, if any.

The recoverable amount of property, plant and equipment and right-of-use assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established. The recoverable amount is determined for the cash-generating unit to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit. An impairment loss is recognised immediately in profit or loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost of inventories are determined on a weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES *(Continued)*

3.2 Accounting policies *(Continued)*

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contract with customers which are initially measured in accordance with HKFRS 15 *Revenue from Contracts with Customers*. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss ("FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

Financial assets

Classification and subsequent measurement of financial assets

(i) *Financial assets at amortised cost*

Debt instrument, including trade and other receivables and bills receivable that is held within a business model whose objective is to collect contractual cash flows; and the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, which is subsequently measured at amortised cost.

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

(ii) *Financial assets at FVTPL*

Financial assets that do not meet the criteria for being measured at amortised cost are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the "other gains and losses" line item.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES *(Continued)*

3.2 Accounting policies *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets and other items subject to impairment assessment under HKFRS 9 *Financial Instruments*

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets including trade and other receivables and bills receivable, amounts due from related companies, amounts due from fellow subsidiaries, other financial assets at amortised cost, pledged bank deposits and bank balances, and contract assets which are subject to impairment assessment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables (including unbilled receivables), bills receivable and contract assets.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) *Significant increase in credit risk*

In assessing whether the credit risk has increased significantly since initial recognition, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor; and/or
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES *(Continued)*

3.2 Accounting policies *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets and other items subject to impairment assessment under HKFRS 9 *Financial Instruments (Continued)*

(i) *Significant increase in credit risk (Continued)*

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) *Definition of default*

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) *Credit-impaired financial assets*

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;

(e) the disappearance of an active market for that financial asset because of financial difficulties; or

(f) the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES *(Continued)*

3.2 Accounting policies *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets and other items subject to impairment assessment under HKFRS 9 *Financial Instruments (Continued)*

(iv) *Write-off policy*

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) *Measurement and recognition of ECL*

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Lifetime ECL for certain trade receivables, bills receivable and contract assets are considered on a collective basis taking into consideration past due information and relevant credit information such as forward looking macroeconomic information.

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- past-due status;
- nature, size and industry of debtors; and
- external credit ratings where available.

The grouping is regularly reviewed by the management of the Group to ensure the constituents of each group continue to share similar credit risk characteristics.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES *(Continued)*

3.2 Accounting policies *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities (including trade and other payables, bills payable, amounts due to fellow subsidiaries, bank borrowings and lease liabilities) are subsequently measured at amortised cost, using the effective interest method.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

Estimation uncertainty on supply and installation contracts of fitting-out works

As detailed in note 3, the Group recognises contract revenue by reference to the progress towards complete satisfaction of the relevant performance obligation using input method, measured based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. If actual contract costs deviates significantly from the budgets, the actual profit for each of the individual projects would differ significantly from the estimate. Accordingly, recognition of contract revenue involves a significant degree of management estimates and judgement, with estimates being made to assess the total contract costs and stage of completion of the contract.

Provision of ECL for trade receivables (including unbilled receivables) and contract assets

Trade receivables and contract assets considered to be credit-impaired are assessed for ECL individually.

In addition, for trade receivables and contract assets that the Group does not have reasonable and supportable information that is available without undue cost or effort to measure ECL on individual basis, collective assessment is performed by grouping debtors based on the Group's internal credit ratings.

The provision of ECL is sensitive in estimates, the information about the ECL and the Group's trade receivables and contract assets are disclosed in note 41.

Fair values of investment properties

Investment properties are stated at fair values based on the valuation performed by an independent professional valuer. The determination of the fair value involves certain assumptions of market conditions which are set out in note 18.

In relying on the valuation report, the directors of the Company have exercised their judgement and are satisfied that the method of valuation is reflective of the current market conditions. Changes to these assumptions, including the potential risk of any market volatility, or other unexpected incidents would result in changes in the fair values of the Group's investment properties and the corresponding adjustments to the amount of gain or loss reported in the consolidated statement of profit or loss and other comprehensive income.

As at 31 December 2024, the carrying amount of the Group's investment properties is HK$149,818,000 (2023: HK$164,659,000).

5. REVENUE

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

	2024 *HK$'000*	2023 *HK$'000*
Contract revenue from fitting-out works	**5,992,431**	5,450,273
Contract revenue from alteration and addition and construction works	**2,364**	10,532
Manufacturing, sourcing and distribution of interior decorative materials	**1,982**	539
	5,996,777	5,461,344

For the year ended 31 December 2024

	Fitting-out works *HK$'000*	Alteration and addition and construction works *HK$'000*	Manufacturing, sourcing and distribution of interior decorative materials *HK$'000*	Total *HK$'000*
Geographical markets				
Hong Kong	**2,017,394**	**2,364**	**30**	**2,019,788**
Macau	**261,684**	**–**	**–**	**261,684**
The Republic of Singapore ("Singapore")	**1,356,543**	**–**	**–**	**1,356,543**
The PRC	**2,356,810**	**–**	**433**	**2,357,243**
The Republic of the Philippines (the "Philippines")	**–**	**–**	**1,519**	**1,519**
Total	**5,992,431**	**2,364**	**1,982**	**5,996,777**
Timing of revenue recognition				
A point in time	**–**	**–**	**1,982**	**1,982**
Over time	**5,992,431**	**2,364**	**–**	**5,994,795**
Total	**5,992,431**	**2,364**	**1,982**	**5,996,777**

5. REVENUE *(Continued)*

For the year ended 31 December 2023

	Fitting-out works *HK$'000*	Alteration and addition and construction works *HK$'000*	Manufacturing, sourcing and distribution of interior decorative materials *HK$'000*	Total *HK$'000*
Geographical markets				
Hong Kong	1,883,415	10,532	–	1,893,947
Macau	42,009	–	–	42,009
Singapore	1,157,365	–	–	1,157,365
The PRC	2,367,484	–	433	2,367,917
Others	–	–	106	106
Total	5,450,273	10,532	539	5,461,344
Timing of revenue recognition				
A point in time	–	–	539	539
Over time	5,450,273	10,532	–	5,460,805
Total	5,450,273	10,532	539	5,461,344

Note: The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December 2024 and the expected timing of recognising revenue are as follows:

	Construction contracts	
	2024 **HK$'000**	2023 *HK$'000*
Within one year	**3,440,891**	4,193,885
More than one year but not more than two years	**1,694,135**	430,575
Over two years	**657,036**	9,169
	5,792,062	4,633,629

Certain services are for periods of one year or less. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

6. 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 year ended 31 December 2024

	Fitting-out works in Hong Kong *HK$'000*	Fitting-out works in Macau *HK$'000*	Fitting-out works in Singapore *HK$'000*	Fitting-out works in the PRC *HK$'000*	Alteration and addition and construction works in Hong Kong *HK$'000*	Manufacturing, sourcing and distribution of interior decorative materials *HK$'000*	Segment total *HK$'000*	Elimination *HK$'000*	Consolidated *HK$'000*
Revenue									
External revenue	2,017,394	261,684	1,356,543	2,356,810	2,364	1,982	5,996,777	–	5,996,777
Inter-segment revenue	–	–	–	–	–	525,569	525,569	(525,569)	–
Segment revenue	2,017,394	261,684	1,356,543	2,356,810	2,364	527,551	6,522,346	(525,569)	5,996,777
Segment profit (loss)	77,618	15,995	225,145	(49,302)	(29,953)	201,886	441,389	–	441,389
Share of profit of an associate									58
Unallocated other income									60,604
Unallocated corporate expenses									(110,614)
Unallocated finance costs									(2,163)
Profit before tax									389,274

6. OPERATING SEGMENTS *(Continued)*

Segment revenue and results *(Continued)*

For the year ended 31 December 2023

	Fitting-out works in Hong Kong HK$'000	Fitting-out works in Macau HK$'000	Fitting-out works in Singapore HK$'000	Fitting-out works in the PRC HK$'000	Alteration and addition and construction works in Hong Kong HK$'000	Manufacturing, sourcing and distribution of interior decorative materials HK$'000	Segment total HK$'000	Elimination HK$'000	Consolidated HK$'000
Revenue									
External revenue	1,883,415	42,009	1,157,365	2,367,484	10,532	539	5,461,344	–	5,461,344
Inter-segment revenue	(780)	–	–	–	–	329,406	328,626	(328,626)	–
Segment revenue	1,882,635	42,009	1,157,365	2,367,484	10,532	329,945	5,789,970	(328,626)	5,461,344
Segment profit (loss)	153,800	76,190	136,340	(19,268)	(2,083)	86,040	431,019	–	431,019
Share of loss of an associate									(5,028)
Unallocated other income									44,910
Unallocated corporate expenses									(85,170)
Unallocated finance costs									(834)
Profit before tax									384,897

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 3. 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 profit (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.

6. OPERATING SEGMENTS *(Continued)*

Segment assets and liabilities

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

	2024 HK$'000	2023 HK$'000
Segment assets		
Fitting-out works in Hong Kong	**1,115,422**	1,657,920
Fitting-out works in Macau	**212,991**	76,085
Fitting-out works in Singapore	**178,777**	260,642
Fitting-out works in the PRC	**2,198,542**	2,613,714
Alteration and addition and construction works in Hong Kong	**63,575**	99,688
Manufacturing, sourcing and distribution of interior decorative materials	**214,136**	117,113
Total segment assets	**3,983,443**	4,825,162
Unallocated corporate assets		
Property, plant and equipment	**43,842**	46,271
Right-of-use assets	**1,191**	1,104
Investment properties	**149,818**	164,659
Interest in an associate	**92,471**	92,886
Financial assets at FVTPL	**23,535**	73,834
Other financial assets at amortised cost	**–**	9,533
Deferred tax assets	**35,475**	29,629
Other receivables, prepayments and deposits	**74,255**	66,038
Tax recoverable	**15,331**	10,532
Pledged bank deposits	**55,524**	52,186
Bank balances and cash	**2,640,930**	1,876,726
Total consolidated assets of the Group	**7,115,815**	7,248,560

	2024 HK$'000	2023 HK$'000
Segment liabilities		
Fitting-out works in Hong Kong	**518,835**	653,921
Fitting-out works in Macau	**70,312**	47,076
Fitting-out works in Singapore	**135,231**	257,833
Fitting-out works in the PRC	**2,264,200**	2,473,714
Alteration and addition and construction works in Hong Kong	**53,989**	63,155
Manufacturing, sourcing and distribution of interior decorative materials	**110,437**	61,070
Total segment liabilities	**3,153,004**	3,556,769
Unallocated corporate liabilities		
Other payables	**160,695**	196,842
Tax payable	**62,306**	46,044
Bank borrowings	**10,904**	316
Lease liabilities	**1,052**	1,122
Deferred tax liabilities	**3,240**	5,186
Total consolidated liabilities of the Group	**3,391,201**	3,806,279

6. OPERATING SEGMENTS *(Continued)*

Segment assets and liabilities *(Continued)*

For the purposes of monitoring segment performances and allocating resources among segments:

- all assets are allocated to operating segments other than certain property, plant and equipment, certain right-of-use assets, investment properties, interest in an associate, financial assets at FVTPL, other financial assets at amortised cost, deferred tax assets, certain other receivables, prepayments and deposits, tax recoverable, pledged bank deposits and bank balances and cash.

- all liabilities are allocated to operating segments other than certain other payables, tax payable, bank borrowings, certain lease liabilities and deferred tax liabilities.

Other segment information

For the year ended 31 December 2024

	Fitting-out works in Hong Kong *HK$'000*	Fitting-out works in Macau *HK$'000*	Fitting-out works in Singapore *HK$'000*	Fitting-out works in the PRC *HK$'000*	Alteration and addition and construction works in Hong Kong *HK$'000*	Manufacturing, sourcing and distribution of interior decorative materials *HK$'000*	Segment total *HK$'000*	Unallocated *HK$'000*	Consolidated *HK$'000*
Amounts included in the measure of segment profit or loss or segment assets:									
Additions of property, plant and equipment	268	1,353	25	1,288	–	27,137	30,071	35	30,106
Additions of right-of-use assets	–	1,514	1,589	–	–	54,758	57,861	994	58,855
Depreciation of property, plant and equipment	4,114	265	52	5,459	–	4,645	14,535	2,464	16,999
Depreciation of right-of-use assets	637	505	2,373	–	–	10,520	14,035	906	14,941
Net impairment loss on trade and other receivables and bills receivable recognised (reversed) in profit or loss	141	(97)	–	39,195	17,981	–	57,220	–	57,220
Net impairment loss on contract assets (reversed) recognised in profit or loss	(8,854)	–	(258)	4,903	–	–	(4,209)	–	(4,209)
Loss on disposal of property, plant and equipment	–	67	–	824	–	271	1,162	–	1,162
Reversal of write-down of inventories to net realisable value	–	–	–	–	–	(10,174)	(10,174)	–	(10,174)

6. OPERATING SEGMENTS *(Continued)*

Other segment information *(Continued)*

For the year ended 31 December 2023

	Fitting-out works in Hong Kong *HK$'000*	Fitting-out works in Macau *HK$'000*	Fitting-out works in Singapore *HK$'000*	Fitting-out works in the PRC *HK$'000*	Alteration and addition and construction works in Hong Kong *HK$'000*	Manufacturing, sourcing and distribution of interior decorative materials *HK$'000*	Segment total *HK$'000*	Unallocated *HK$'000*	Consolidated *HK$'000*
Amounts included in the measure of segment profit or loss or segment assets:									
Additions of property, plant and equipment	266	–	23	14,868	–	3,026	18,183	395	18,578
Additions of right-of-use assets	777	–	5,714	–	–	1,428	7,919	1,208	9,127
Depreciation of property, plant and equipment	4,197	30	51	5,923	–	4,031	14,232	2,483	16,715
Depreciation of right-of-use assets	507	–	4,421	–	–	10,128	15,056	813	15,869
Net impairment loss on trade and other receivables and bills receivable recognised in profit or loss	858	–	152	14,373	1,100	–	16,483	–	16,483
Net impairment loss on contract assets recognised (reversed) in profit or loss	180	–	508	589	(1,100)	–	177	–	177
Impairment loss on other financial assets at amortised cost recognised in profit or loss	–	–	–	–	–	–	–	353	353
Loss (gain) on disposal of property, plant and equipment	–	–	–	40	–	(99)	(59)	–	(59)
Write-down of inventories to net realisable value	–	–	–	–	–	863	863	–	863

6. OPERATING SEGMENTS *(Continued)*

Geographical information

The Group's operations are mainly located in Hong Kong, Macau, Singapore and the PRC.

Information about the Group's revenue from external customers is presented based on the location of the operations. Information about the Group's non-current assets (excluding financial instruments and deferred tax assets) is presented based on the geographical location of the assets.

	Revenue from external customers		Non-current assets	
	2024 **HK$'000**	2023 *HK$'000*	**2024** **HK$'000**	2023 *HK$'000*
Hong Kong	**2,019,758**	1,893,947	**225,005**	232,354
Macau	**261,684**	42,009	**2,136**	115
Singapore	**1,356,543**	1,157,365	**960**	1,820
The PRC	**2,358,792**	2,368,023	**312,099**	268,666
	5,996,777	5,461,344	**540,200**	502,955

All non-current assets (excluding financial instruments and deferred tax assets) of the Group are located in the respective group entities' country of domicile.

Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the total revenue of the Group are as follows:

	2024 **HK$'000**	2023 *HK$'000*
Customer A *(note a)*	**1,426,111**	1,041,393
Customer B *(note b)*	**846,964**	870,198

Notes:

(a) The revenue was from fitting-out works in Macau and Singapore.

(b) The revenue was from fitting-out works in Hong Kong and the PRC.

7. OTHER INCOME, OTHER GAINS AND LOSSES

	2024 **HK$'000**	2023 HK$'000
Other income		
Interest income	**50,529**	36,288
Rental income	**9,046**	7,892
Service fee and entrustment fee income	**3,896**	322
Others	**1,883**	4,929
	65,354	49,431
Other gains and losses		
Net foreign exchange gains	**7,003**	8,372
(Loss) gain on disposal of property, plant and equipment	**(1,162)**	59
Loss from fair value changes of investment properties	**(11,551)**	(4,064)
Net loss from fair value changes of financial assets at FVTPL	**(57,366)**	(31,659)
	(63,076)	(27,292)
	2,278	22,139

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

	2024 **HK$'000**	2023 HK$'000
Impairment losses recognised (reversed) on:		
Trade and other receivables and bills receivable	**57,220**	16,483
Contract assets	**(4,209)**	177
Other financial assets at amortised cost	**–**	353
	53,011	17,013

Details of impairment assessment were set out in note 41.

9. FINANCE COSTS

	2024 HK$'000	2023 HK$'000
Interest on bank borrowings	**1,381**	99
Interest on lease liabilities	**873**	788
	2,254	887
Less: Interest on lease liabilities included in contract costs	**(91)**	(53)
	2,163	834

10. INCOME TAX EXPENSE

	2024 HK$'000	2023 HK$'000
Current tax		
Hong Kong Profits Tax	**6,120**	18,051
Macau Complementary Tax	**18,526**	15,519
Singapore Corporate Income Tax	**39,948**	23,968
PRC Enterprise Income Tax	**7,435**	969
	72,029	58,507
Under (over) provision in prior years		
Hong Kong Profits Tax	**(2,066)**	(34)
Macau Complementary Tax	**(923)**	(902)
Singapore Corporate Income Tax	**(626)**	(69)
PRC Enterprise Income Tax	**8,510**	(300)
	4,895	(1,305)
Deferred tax		
Current year *(note 35)*	**(8,447)**	(2,573)
	68,477	54,629

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

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

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

10. INCOME TAX EXPENSE *(Continued)*

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries was 25% for both years. Certain 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%.

The income tax expense for the year can be reconciled to the profit before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2024 **HK$'000**	2023 HK$'000
Profit before tax	**389,274**	384,897
Tax at the weighted average tax rate *(note a)*	**59,947**	61,064
Tax effect of expenses not deductible for tax purpose	**20,764**	15,270
Tax effect of income not taxable for tax purpose	**(12,268)**	(4,103)
Tax effect of share of (profit) loss of an associate	**(10)**	830
Under (over) provision in prior years	**4,895**	(1,305)
Tax effect of tax losses not recognised	**13,012**	148
Utilisation of tax losses previously not recognised	**(3,375)**	(6,117)
Income tax on concession rate	**4,005**	3,004
Additional tax allowance for research and development expenses *(note b)*	**(17,673)**	(15,542)
Others	**(820)**	1,380
Income tax expense for the year	**68,477**	54,629

Notes:

(a) The weighted average applicable tax rate for different jurisdictions for the year ended 31 December 2024 is 15.4% (2023: 15.9%). The weighted average applicable tax rate represents the weighted average tax rate in different jurisdictions in which the Group operates and is calculated on the basis of the profit or loss before tax arising in these jurisdictions and the applicable statutory tax rates.

(b) A further tax deduction of 100% (2023: 75%) on the qualifying expenses for research and development activities were granted to certain PRC subsidiaries.

11. PROFIT FOR THE YEAR

	2024 HK$'000	2023 HK$'000
Profit for the year has been arrived at after charging (crediting):		
Auditor's remuneration		
Audit service fee	**1,400**	1,400
Non-audit service fee	**574**	570
	1,974	1,970
Depreciation of property, plant and equipment	**16,999**	16,715
Depreciation of right-of-use assets	**14,941**	15,869
	31,940	32,584
Cost of inventories recognised as expenses in respect of		
External revenue	**1,804**	457
Inter-segment revenue	**272,487**	202,073
	274,291	202,530
(Reversal of) write-down of inventories to net realisable value (included in cost of sales)	**(10,174)**	863
Contract costs recognised as expenses		
Fitting-out works *(note)*	**5,191,676**	4,752,610
Alteration and addition and construction works	**13,267**	11,199
	5,204,943	4,763,809
Research and development expenses (included in other expenses)	**95,872**	82,893
Staff costs		
Gross staff costs (including directors' emoluments)	**512,461**	502,457
Less: Staff costs included in contract costs, inventories and research and development expenses	**(344,082)**	(327,277)
	168,379	175,180
Gross rental income from investment properties	**(9,046)**	(7,892)
Less: Direct operating expenses incurred for investment properties that generated rental income during the year	**1,146**	1,006
	(7,900)	(6,886)

Note: Contract costs of fitting-out works recognised as expenses included cost of inventories recognised as expenses of HK$272,487,000 (2023: HK$202,073,000).

12. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

Directors' and chief executive's remuneration for the year, disclosed pursuant to the applicable Listing Rules and Hong Kong Companies Ordinance, was as follows:

Name of directors	Fees HK$'000	Salaries and other benefits HK$'000	Discretionary incentive payments HK$'000	Retirement benefit scheme contributions HK$'000	Total HK$'000
	2024				
Executive directors:					
Mr. Ng Tak Kwan	–	2,400	11,000	–	13,400
Mr. Ng Chi Hang	–	1,587	1,500	18	3,105
Mr. Ding Jingyong	–	836	600	48	1,484
Mr. Guan Yihe	–	1,292	1,500	18	2,810
Mr. Xie Jianyu	–	1,791	2,000	18	3,809
Non-executive directors:					
Mr. Liu	600	–	–	–	600
Ms. Yim Ka Man *(note a)*	79	–	13	–	92
Independent non-executive directors:					
Mr. Tam Anthony Chun Hung *(note b)*	90	–	–	–	90
Ms. Yim Ka Man *(note a)*	28	–	–	–	28
Ms. Tam Yin Ming Cecilia *(note c)*	163	–	–	–	163
Mr. Huang Pu	360	–	–	–	360
Mr. Li Zheng	360	–	–	–	360
	1,680	7,906	16,613	102	26,301

12. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS *(Continued)*

	2023				
Name of directors	Fees *HK$'000*	Salaries and other benefits *HK$'000*	Discretionary incentive payments *HK$'000*	Retirement benefit scheme contributions *HK$'000*	Total *HK$'000*
Executive directors:					
Mr. Ng Tak Kwan	–	2,400	10,000	–	12,400
Mr. Ng Chi Hang	–	1,560	2,000	18	3,578
Mr. Ding Jingyong	–	840	1,155	35	2,030
Mr. Guan Yihe	–	1,231	1,500	18	2,749
Mr. Xie Jianyu	–	1,714	2,000	18	3,732
Non-executive director:					
Mr. Liu	600	–	–	–	600
Independent non-executive directors:					
Mr. Tam Anthony Chun Hung *(note b)*	360	–	–	–	360
Mr. Huang Pu	360	–	–	–	360
Mr. Li Zheng	360	–	–	–	360
	1,680	7,745	16,655	89	26,169

Notes:

(a) Appointed as an independent non-executive director of the Company on 1 April 2024, subsequently re-designated as a non-executive director of the Company on 29 April 2024, and resigned on 19 July 2024.

(b) Resigned on 1 April 2024

(c) Appointed on 19 July 2024

The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group. The non-executive directors' emoluments shown above were for the services as directors of the Company and the independent non-executive directors' emoluments shown above were for the services as directors of the Company.

12. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS *(Continued)*

These was no arrangement under which a director waived or agreed to waive any of their emoluments for both years.

The Group has been providing accommodation, which is leased from third party, to an executive director for use by his and his family members at no charge. The estimated money value of the benefit in kind is approximately HK$270,000 (2023: HK$228,000).

The discretionary incentive payments were discretionary and were determined with reference to the performance of individuals and the Group.

Mr. Ng Tak Kwan is also the chief executive officer of the Company (the "Chief Executive") and his emoluments disclosed above include those for services rendered by him as the Chief Executive.

13. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees of the Group during the year included four directors (2023: five directors), details of whose emoluments were disclosed in note 12 above. For the year ended 31 December 2024, details of the remuneration of the remaining highest paid employee who was neither a director nor chief executive of the Company was as follows:

	2024 ***HK$'000***
Salaries and other benefits	**1,600**

The number of the highest paid employees who were not the directors of the Company whose remuneration fell within the following bands was as follows:

	2024
HK$1,500,001 to HK$1,600,000	**1**

No emolument was paid to the directors of the Company and the five highest paid individuals of the Group as an inducement to join or upon joining the Group or as compensation for loss of office.

14. DIVIDENDS

	2024 HK$'000	2023 HK$'000
Dividends for ordinary shareholders of the Company recognised as distribution during the year:		
2023 final dividend – nil (2023: 2022 final dividend – HK6 cents per share)	–	129,493

Subsequent to the end of the reporting period, a final dividend of HK6 cents per ordinary share and a special dividend of HK14 cents per ordinary share for the year ended 31 December 2024, in an aggregate amount of HK$431,642,000, have been proposed by the board of directors of the Company and are subject to approval by the shareholders of the Company in the forthcoming annual general meeting of the Company (2023: the board of directors of the Company did not recommend the payment of a final dividend).

15. 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:

	2024 HK$'000	2023 HK$'000
Profit for the year attributable to owners of the Company for the purpose of basic and diluted earnings per share	320,797	330,268

	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 years.

16. PROPERTY, PLANT AND EQUIPMENT

	Owned properties HK$'000	Construction in progress HK$'000	Leasehold improvements HK$'000	Plant and machinery HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
COST							
At 1 January 2023	317,985	–	49,617	29,830	19,715	5,270	422,417
Exchange adjustments	1,044	–	(774)	(362)	(154)	(34)	(280)
Additions	–	–	15,039	1,511	1,533	495	18,578
Transfer to investment properties *(note 18)*	(102,419)	–	–	–	–	–	(102,419)
Disposals	–	–	–	–	(388)	(998)	(1,386)
At 31 December 2023	216,610	–	63,882	30,979	20,706	4,733	336,910
Exchange adjustments	(1,221)	(380)	(1,318)	(559)	(255)	(50)	(3,783)
Additions	–	24,464	2,199	1,773	1,410	260	30,106
Disposals	–	–	(1,675)	(1,444)	(163)	–	(3,282)
At 31 December 2024	215,389	24,084	63,088	30,749	21,698	4,943	359,951
DEPRECIATION							
At 1 January 2023	34,212	–	26,959	20,519	14,308	3,427	99,425
Exchange adjustments	92	–	(388)	(227)	(115)	(12)	(650)
Provided for the year	7,633	–	5,261	1,101	2,137	583	16,715
Transfer to investment properties *(note 18)*	(8,466)	–	–	–	–	–	(8,466)
Eliminated on disposals	–	–	–	–	(356)	(998)	(1,354)
At 31 December 2023	33,471	–	31,832	21,393	15,974	3,000	105,670
Exchange adjustments	(138)	–	(712)	(349)	(203)	(27)	(1,429)
Provided for the year	7,030	–	6,096	1,189	2,242	442	16,999
Eliminated on disposals	–	–	(836)	(1,176)	(108)	–	(2,120)
At 31 December 2024	40,363	–	36,380	21,057	17,905	3,415	119,120
CARRYING VALUES							
At 31 December 2024	175,026	24,084	26,708	9,692	3,793	1,528	240,831
At 31 December 2023	183,139	–	32,050	9,586	4,732	1,733	231,240

Depreciation is provided to write off the cost of items of property, plant and equipment, except for construction in progress, over their estimated useful lives and after taking into account of their estimated residual values, using the straight-line method, at the following rates per annum:

Owned properties	Over the remaining term of lease or useful life, if shorter
Leasehold improvements	10%–20% or over the remaining term of the related lease, if shorter
Plant and machinery	9%–19%
Furniture, fixtures and equipment	18%–33$^1/_3$% or over the remaining term of the related lease, if shorter
Motor vehicles	18%–33$^1/_3$%

17. RIGHT-OF-USE ASSETS

	Land use right HK$'000	Leased properties HK$'000	Office equipment HK$'000	Total HK$'000
COST				
At 1 January 2023	–	51,054	3,281	54,335
Exchange adjustments	–	(540)	1	(539)
Additions	–	6,491	–	6,491
Lease modifications	–	2,636	–	2,636
At 31 December 2023	–	59,641	3,282	62,923
Exchange adjustments	(494)	(1,704)	(2)	(2,200)
Additions	25,831	2,429	–	28,260
Lease modifications	–	30,595	–	30,595
Disposals	–	–	(1,740)	(1,740)
At 31 December 2024	25,337	90,961	1,540	117,838
DEPRECIATION				
At 1 January 2023	–	32,717	2,057	34,774
Exchange adjustments	–	(381)	1	(380)
Provided for the year	–	15,611	258	15,869
At 31 December 2023	–	47,947	2,316	50,263
Exchange adjustments	(7)	(1,188)	(1)	(1,196)
Provided for the year	444	14,239	258	14,941
Eliminated on disposals	–	–	(1,740)	(1,740)
At 31 December 2024	437	60,998	833	62,268
CARRYING VALUES				
At 31 December 2024	24,900	29,963	707	55,570
At 31 December 2023	–	11,694	966	12,660

	2024 HK$'000	2023 HK$'000
Expense relating to short-term leases	**23,389**	32,399
Total cash outflow for leases	**38,837**	49,172

The Group's land use right was acquired and fully prepaid during the year ended 31 December 2024. For both years, the Group leased factory, warehouse, office premises, office equipment and staff quarters for its operations. Lease contracts were entered into for fixed term of 2 to 6 years. Lease terms were negotiated on an individual basis and contained different terms and conditions. In determining the lease terms and assessing the length of the non-cancellable period, the Group applied the definition of a contract and determined the period for which the contract was enforceable.

The Group regularly entered into short-term leases for site offices, warehouses, staff quarters, carparks and office equipment with the corresponding short-term lease expense disclosed above.

18. INVESTMENT PROPERTIES

	HK$'000
FAIR VALUE	
At 1 January 2023	69,163
Exchange adjustments	(4,203)
Transfer from property, plant and equipment *(note 16)*	103,763
Unrealised loss on fair value recognised in profit or loss	(4,064)
At 31 December 2023	164,659
Exchange adjustments	(3,290)
Unrealised loss on fair value recognised in profit or loss	(11,551)
At 31 December 2024	149,818

During the year ended 31 December 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.

As at 31 December 2024 and 31 December 2023, the Group's properties interests (i) situated in Hong Kong which is one piece or parcel of ground held for capital appreciation; and (ii) located in the PRC which are two commercial properties held under operating leases to earn rental income. They are measured using the fair value model and are classified and accounted for as investment properties. A loss on fair value change of HK$11,551,000 (2023: HK$4,064,000) is recognised for the year ended 31 December 2024.

The fair values of the Group's investment properties as at 31 December 2024 and 31 December 2023 have been arrived at on the basis of a valuation carried out on the respective dates by Asset Appraisal Limited.

The valuation of the piece or parcel of ground situated in Hong Kong has been arrived at using direct comparison method by reference to market evidence of transaction prices for similar properties in the same locations and conditions.

The fair values of the other two commercial properties located in the PRC were determined based on the income capitalisation approach, where the market rentals of all lettable units of the properties are assessed and discounted at the reversionary yield expected by investors for this type of properties. The market rentals are assessed by reference to the rentals achieved in the lettable units of the properties as well as other lettings of similar properties in the neighbourhood. The discount rate is determined by reference to the yields derived from analysing the sales transactions of similar commercial properties in the relevant locations and adjusted to take into account the market expectation from property investors to reflect factors specific to the Group's investment properties.

In estimating the fair values of the properties, the highest and best use of the properties is their current use.

18. INVESTMENT PROPERTIES *(Continued)*

The following table gives information about how the fair values of these investment properties 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 categories (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements are observable.

Investment properties held by the Group in the consolidated statement of financial position	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Investment property in Hong Kong with carrying amount of HK$2,410,000 (2023: HK$2,410,000)	Level 3	Direct comparison method The key input is (1) Adjusted unit sale rate	(1) Adjusted unit sale rate, taking into account the size, location, and characteristic, between the comparable and the property, ranging from HK$411 to HK$808 (2023: HK$400 to HK$733) per square feet on gross floor area basis for the property.	(1) An increase in the adjusted unit sale rate used would result in an increase in the fair value of the investment property and vice versa.
Investment property in the PRC with carrying amount of HK$141,469,000 (2023: HK$155,297,000)	Level 3	Income capitalisation method The key input is (1) Reversionary yield	(1) Reversionary yield of 6.0% (2023: 5.1%)	(1) An increase in the reversionary yield used would result in a decrease in the fair value of the investment property and vice versa.
		(2) Yearly market unit rent	(2) Yearly market unit rent per gross floor area (square metre) of Renminbi ("RMB") 959 (2023: RMB793)	(2) An increase in the yearly market unit rent used would result in an increase in the fair value of the investment property and vice versa.
Investment property in the PRC with carrying amount of HK$5,939,000 (2023: HK$6,952,000)	Level 3	Income capitalisation method The key input is (1) Reversionary yield	(1) Reversionary yield of 5.5% (2023: 5.1%)	(1) An increase in the reversionary yield used would result in a decrease in the fair value of the investment property and vice versa.
		(2) Yearly market unit rent	(2) Yearly market unit rent per gross floor area (square metre) of RMB1,907 (2023: RMB1,827)	(2) An increase in the yearly market unit rent used would result in an increase in the fair value of the investment property and vice versa.

18. INVESTMENT PROPERTIES *(Continued)*

The fair values of all investment properties as at 31 December 2024 and 31 December 2023 were measured using valuation techniques with significant unobservable inputs and hence were classified as Level 3 of the fair value hierarchy. There were no transfers into or out of Level 3 during the year.

19. GOODWILL

	HK$'000
Carrying amount as at 1 January 2023, 31 December 2023 and 31 December 2024	1,510

Amount represented the excess of consideration paid over the fair value of net assets taken over on the acquisition of subsidiaries, Sundart Timber Products Company Limited ("Sundart Timber") and Sundart Living Limited ("Sundart Living"). For the purpose of impairment test, the carrying amount of goodwill had been allocated to the cash-generating unit of Sundart Timber and Sundart Living under the fitting-out works in Hong Kong segment, and the manufacturing, sourcing and distribution of interior decorative materials segment, amounting to HK$746,000 and HK$764,000, respectively. The recoverable amounts of cash-generating units of Sundart Timber and Sundart Living have been determined based on a value in use calculation. No impairment is recognised.

20. INTEREST IN AN ASSOCIATE

	2024 ***HK$'000***	2023 *HK$'000*
Unlisted shares, at cost	**–**	–
Amount due from an associate *(note)*	**56,517**	56,517
Share of post-acquisition profits and other comprehensive income, net of dividends received	**35,954**	36,369
	92,471	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.

As at 31 December 2024 and 31 December 2023, the Group had interest in the following associate:

Name of entity	Form of business structure	Country of incorporation	Principal place of operation	Class of share held	Proportion of issued capital and voting rights held by the Group		Principal activities
					2024 **%**	2023 %	
EAGLE VISION DEVELOPMENT LIMITED ("Eagle Vision")	Incorporated	BVI	Hong Kong	Ordinary	**28.57**	28.57	Investment holding

20. INTEREST IN AN ASSOCIATE *(Continued)*

The summarised consolidated financial information of Eagle Vision prepared in accordance with HKFRSs was set out below:

	2024 HK$'000	2023 HK$'000
Current assets	380,436	377,582
Non-current assets	371,910	377,931
Current liabilities	(346,560)	(347,739)
Non-current liabilities	(34,027)	(31,581)
Net assets attributable to:		
Shareholders	125,846	127,301
Non-controlling interests	245,913	248,892
	371,759	376,193
Revenue	366,498	355,246
Loss for the year	(1,261)	(32,800)
Attributable to:		
Shareholders	161	(17,633)
Non-controlling interests	(1,422)	(15,167)
	(1,261)	(32,800)
Other comprehensive expense for the year	(3,214)	(580)
Attributable to:		
Shareholders	(1,657)	(217)
Non-controlling interests	(1,557)	(363)
	(3,214)	(580)
Total comprehensive expense for the year	(4,475)	(33,380)
Attributable to:		
Shareholders	(1,496)	(17,850)
Non-controlling interests	(2,979)	(15,530)
	(4,475)	(33,380)

20. INTEREST IN AN ASSOCIATE *(Continued)*

Reconciliation of the above summarised consolidated financial information of Eagle Vision to the carrying amount of the interest in the associate recognised in the consolidated financial statements:

	2024 HK$'000	2023 HK$'000
Net assets attributable to shareholders	**125,846**	127,301
Proportion of the Group's ownership interest	**28.57%**	28.57%
	35,954	36,369
Amount due from an associate	**56,517**	56,517
Carrying amount of the Group's interest	**92,471**	92,886

21. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2024 HK$'000	2023 HK$'000
Listed equity securities	**17,048**	14,834
Financial products	**6,487**	–
Unlisted equity fund	**–**	59,000
	23,535	73,834
Analysed for reporting purposes as:		
Current assets	**–**	59,000
Non-current assets	**23,535**	14,834
	23,535	73,834

As at 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 31 December 2023 was classified as current assets in the consolidated statement of financial position and expired in November 2024. During the year, the Group recognised loss from fair value changes of the fund of HK$59,000,000 (2023: HK$28,000,000) in profit or loss. There was no capital returned to the Group from the unlisted equity fund during the year ended 31 December 2024 and 31 December 2023.

During the current year, net loss from fair value changes of financial assets at FVTPL of HK$57,366,000 (2023: HK$31,659,000) was recognised in profit or loss.

22. OTHER FINANCIAL ASSETS AT AMORTISED COST

As at 31 December 2023, the Group held three corporate bonds with fixed interest rates ranging from 5.75% to 8.50% per annum. The directors of the Company were of the view that there was a significant increase in credit risk of certain bond issuers; an impairment loss of HK$1,163,000 was recognised during the year ended 31 December 2023. These bonds were subsequently written off during the year ended 31 December 2024.

During the year ended 31 December 2023, the Group advanced an amount of HK$25,670,000 to a subsidiary of the unlisted equity fund (set out in note 21), an independent third party. The loan carried a fixed interest rate at 15% per annum and was settled in December 2023. An impairment loss of HK$810,000 was reversed for the year ended 31 December 2023.

Details of impairment assessment of other financial assets at amortised cost were set out in note 41.

23. INVENTORIES

	2024 ***HK$'000***	2023 *HK$'000*
Raw materials	**6,086**	16,520
Work-in-progress	**24,874**	48,376
Finished goods	**–**	260
	30,960	65,156

24. 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:

	2024 **HK$'000**	2023 HK$'000
Trade receivables (gross carrying amount)		
Fitting-out works	**1,282,110**	1,653,705
Alteration and addition and construction works	**3,035**	1,113
Manufacturing, sourcing and distribution of interior decorative materials	**2,318**	1,391
	1,287,463	1,656,209
Less: Allowance for credit losses	**(84,264)**	(70,447)
Trade receivables (net carrying amount)	**1,203,199**	1,585,762
Unbilled receivables (gross carrying amount) *(note)*	**1,065,388**	1,050,804
Less: Allowance for credit losses	**(121,814)**	(99,106)
Unbilled receivables (net carrying amount)	**943,574**	951,698
Other receivables (gross carrying amount)	**139,947**	173,768
Less: Allowance for credit losses	**(29,022)**	(19,013)
Other receivables (net carrying amount)	**110,925**	154,755
Bills receivable (gross carrying amount)	**19,216**	11,958
Less: Allowance for credit losses	**(130)**	(375)
Bills receivable (net carrying amount)	**19,086**	11,583
Prepayments and deposits	**480,705**	498,247
	2,757,489	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.

24. TRADE AND OTHER RECEIVABLES AND BILLS RECEIVABLE *(Continued)*

Trade receivables

The Group allows a credit period of 7 to 90 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.

	2024 ***HK$'000***	2023 *HK$'000*
1–30 days	**459,021**	571,414
31–60 days	**134,937**	254,649
61–90 days	**40,181**	212,486
Over 90 days	**569,060**	547,213
	1,203,199	1,585,762

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customers. Recoverability of the existing customers is reviewed by the Group regularly.

As at 31 December 2024, included in the Group's trade receivable balances were customers with an aggregate carrying amount of HK$665,427,000 (2023: HK$925,745,000) which were past due as at the reporting date. Out of the past due balances, HK$533,698,000 (2023: HK$453,116,000) has been past due more than 90 days and was not considered as in default. The Group rebutted the presumption of default under ECL model for trade receivables over 90 days past due based on no significant change in credit quality after understood these customers' background as well as the good payment records of and continuous business relationship with those customers. Further, such long outstanding balances were primarily due to overdue payment was a common practice in construction industry and prolonged internal procedures of the relevant customers. These customers were assessed individually and/or collectively with appropriate groupings for the credit risk based on their historical default rate, probability of default and exposure of default and were adjusted for forward-looking information that was available without undue cost or effort. The Group did not hold any collateral over these balances.

Bills receivable

As at 31 December 2024, the carrying amount of bills receivable amounting to HK$19,086,000 (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:

	2024 ***HK$'000***	2023 *HK$'000*
1-30 days	**16,566**	3,882*(Note)*
31-60 days	**1,106**	543
61-90 days	**1,344**	–
Over 90 days	**70**	7,158
	19,086	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 and his spouse have beneficial interest.

Details of impairment assessment of trade and other receivables and bills receivable were set out in note 41.

25. AMOUNTS DUE FROM RELATED COMPANIES

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

	2024 ***HK$'000***	2023 *HK$'000*
Trade receivables	**297**	303
Other receivables	**–**	2
	297	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 31 December 2024 and 31 December 2023, the trade receivables due from related companies were aged over 90 days based on invoice date. The Group did not hold any collateral over this balance.

Other receivables from a related company

As at 31 December 2023, the other receivables represented rent receivables from a related company.

Details of impairment assessment of amounts due from related companies were set out in note 41.

26. 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:

	2024 ***HK$'000***	2023 *HK$'000*
1-30 days	**545**	1,721
Over 90 days	**4,080**	–
	4,625	1,721

The Group did not hold any collateral over this balance.

Details of impairment assessment of amounts due from fellow subsidiaries were set out in note 41.

27. CONTRACT ASSETS

	2024 HK$'000	2023 HK$'000
Contract assets (gross carrying amount)		
Fitting-out works	**1,003,530**	1,403,130
Alteration and addition and construction works	**39,841**	57,374
Manufacturing, sourcing and distribution of interior decorative materials	**433**	559
	1,043,804	1,461,063
Less: Allowance for credit losses	**(32,355)**	(37,125)
Net carrying amount shown under current assets	**1,011,449**	1,423,938

As at 31 December 2024, contract assets included HK$355,000 and HK$584,000 (2023: HK$363,000 and HK$322,000) from related companies 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 ECL prescribed by HKFRS 9. An impairment loss of HK$4,209,000 was reversed (2023: HK$177,000 was recognised) during the year. Details of impairment assessment were set out in note 41.

28. PLEDGED BANK DEPOSITS AND BANK BALANCES AND CASH

The pledged bank deposits carried interest at market rate of 0.10% per annum (2023: the range from 0.10% to 0.20% per annum) as at 31 December 2024.

As at 31 December 2024, the bank balances included a sum of HK$1,603,575,000 (2023: HK$792,549,000) deposits carried fixed interest rates of the range from 2.66% to 5.24% per annum (2023: 3.23% to 5.65% per annum). The remaining balances carried interest at market rates which ranged from 0.0001% to 2.60% per annum (2023: 0.0001% to 2.10% per annum) as at 31 December 2024.

Pledged bank deposits represented deposits pledged to secure certain bills payable, certain performance bonds and certain tender bonds and were therefore classified as current assets.

Details of impairment assessment of pledged bank deposits and bank balances were set out in note 41.

29. 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.

	2024 ***HK$'000***	2023 *HK$'000*
Contract creditors and suppliers	**1,741,848**	2,123,533
Retentions payable	**446,814**	482,305
	2,188,662	2,605,838
Other tax payables	**128,492**	164,673
Other payables and accruals	**137,438**	142,797
	2,454,592	2,913,308

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

	2024 ***HK$'000***	2023 *HK$'000*
1–30 days	**1,166,075**	1,342,278
31–60 days	**104,124**	163,374
61–90 days	**48,842**	99,361
Over 90 days	**422,807**	518,520
	1,741,848	2,123,533

As at 31 December 2024, the Group's retentions payable of HK$269,267,000 (2023: HK$285,930,000) were expected to be paid after one year.

30. BILLS PAYABLE

As at 31 December 2024 and 31 December 2023, certain bills payable were secured by certain pledged bank deposits as set out in note 28 and were repayable as follows:

	2024 ***HK$'000***	2023 *HK$'000*
1–30 days	**122,154**	147,506
31–60 days	**110,621**	105,873
61–90 days	**85,768**	112,226
Over 90 days	**294,388**	238,468
	612,931	604,073

31. AMOUNTS DUE TO FELLOW SUBSIDIARIES

	2024 **HK$'000**	2023 HK$'000
Trade payables	**–**	274
Retentions payable	**3**	4
	3	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, the trade payables due to the fellow subsidiary were aged within 30 days based on invoice date.

Retentions payable to a fellow subsidiary

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

32. BANK BORROWINGS

	2024		2023	
	Effective interest rates	**Carrying amount HK$'000**	Effective interest rates	Carrying amount HK$'000
Secured variable-rate borrowings *(note a)*	**5.91%**	**105**	7.23%	316
Unsecured fixed-rate borrowings	**3.80%**	**10,799**	–	–
		10,904		316

	2024 **HK$'000**	2023 HK$'000
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	**10,904**	211
More than one year but not exceeding two years	**–**	105
	10,904	316

Notes:

(a) As at 31 December 2024, the secured bank borrowings were secured by a commercial property (included in property, plant and equipment) with carrying amount of HK$82,556,000 (2023: HK$86,225,000).

(b) The amounts due are based on scheduled repayment dates set out in the banking facility letters.

33. LEASE LIABILITIES

	2024 *HK$'000*	2023 *HK$'000*
Lease liabilities payable:		
Within one year	**11,985**	10,349
Within a period of more than one year but not exceeding two years	**11,132**	2,277
Within a period of more than two years but not exceeding five years	**7,838**	405
	30,955	13,031
Less: Amount due for settlement within 12 months shown under current liabilities	**(11,985)**	(10,349)
Amount due for settlement after 12 months shown under non-current liabilities	**18,970**	2,682

The incremental borrowing rates applied to lease liabilities ranging from 1.56% to 6.81% per annum for both years.

34. CONTRACT LIABILITIES

	2024 *HK$'000*	2023 *HK$'000*
Fitting-out works	**171,426**	221,180
Alteration and addition and construction works	**3,415**	2,863
Manufacturing, sourcing and distribution of interior decorative materials	**41,429**	–
Shown under current liabilities	**216,270**	224,043

The following table shows how much of the revenue recognised relates to carried-forward contract liabilities:

	2024 *HK$'000*	2023 *HK$'000*
Revenue recognised that was included in the contract liability balance at the beginning of the year	**221,451**	90,022

35. DEFERRED TAX ASSETS/LIABILITIES

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	2024 *HK$'000*	2023 *HK$'000*
Deferred tax assets	**35,475**	29,629
Deferred tax liabilities	**(3,240)**	(5,186)
	32,235	24,443

The following are the major deferred tax liabilities and assets recognised and movements thereon during the current and prior years:

	Accelerated tax depreciation *HK$'000*	**ECL provision** *HK$'000*	**Total** *HK$'000*
At 1 January 2023	(2,984)	25,188	22,204
Exchange adjustments	57	(391)	(334)
(Charge) credit to profit or loss *(note 10)*	(2,259)	4,832	2,573
At 31 December 2023	(5,186)	29,629	24,443
Exchange adjustments	81	(736)	(655)
Credit to profit or loss *(note 10)*	1,865	6,582	8,447
At 31 December 2024	(3,240)	35,475	32,235

Under the EIT Law of the PRC, withholding tax is imposed on dividends declared in respect of profits earned by the PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to accumulated profits of the PRC subsidiaries as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

35. DEFERRED TAX ASSETS/LIABILITIES *(Continued)*

At the end of the reporting period, the Group has unused estimated tax losses of HK$99,440,000 (2023: HK$47,380,000) available for offset against future profits. No deferred tax asset has been recognised for the estimated tax losses as it is not probable that taxable profits will be available to utilise these tax losses. Included in unrecognised tax losses were HK$66,108,000 (2023: HK$34,749,000) with expiry dates as disclosed in the following table. The remaining losses of HK$33,332,000 (2023: HK$12,631,000) may be carried forward indefinitely.

	2024 HK$'000	2023 HK$'000
2024	**–**	12,279
2025	**963**	10,961
2026	**3,950**	5,145
2027	**–**	6,143
2028	**–**	221
2029	**61,195**	–
	66,108	34,749

36. SHARE CAPITAL

	Number of shares *'000*	**Share capital** *HK$'000*
Issued and fully paid ordinary shares with no par value		
At 1 January 2023, 31 December 2023 and 31 December 2024	2,158,210	1,246,815

37. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	2024 HK$'000	2023 HK$'000
Non-current assets		
Interests in subsidiaries	**1,677,518**	1,611,901
Property, plant and equipment	**557**	1,062
Right-of-use assets	**3,381**	5,684
	1,681,456	1,618,647
Current assets		
Prepayments and deposits	**3,125**	969
Tax recoverable	**94**	–
Bank balances and cash	**205,632**	3,667
	208,851	4,636
Current liabilities		
Other payables	**32,189**	32,075
Amounts due to subsidiaries	**252,051**	–
Tax payable	**–**	98
Lease liabilities	**3,081**	3,269
	287,321	35,442
Net current liabilities	**(78,470)**	(30,806)
Total assets less current liabilities	**1,602,986**	1,587,841
Capital and reserves		
Share capital	**1,246,815**	1,246,815
Reserves	**355,781**	338,237
	1,602,596	1,585,052
Non-current liability		
Lease liabilities	**390**	2,789
	1,602,986	1,587,841

Movements in the Company's reserves

	Share premium HK$'000	Other reserve HK$'000	Accumulated profits HK$'000	Total HK$'000
At 1 January 2023	19,700	33,600	514,716	568,016
Loss for the year	–	–	(100,286)	(100,286)
Dividend paid	–	–	(129,493)	(129,493)
At 31 December 2023	19,700	33,600	284,937	338,237
Profit for the year	–	–	17,541	17,541
Unclaimed dividends write back	–	–	3	3
At 31 December 2024	19,700	33,600	302,481	355,781

38. OPERATING LEASING ARRANGEMENTS

The Group as lessor

Property rental income earned during the year ended 31 December 2024 was HK$9,046,000 (2023: HK$7,892,000). The investment properties with carrying amount of HK$147,408,000 (2023: HK$162,249,000) as at 31 December 2024 were held for rental purposes. The properties held have committed lessees from one to two months.

At the end of the reporting period, the Group as lessor had contracted with lessees for the following undiscounted lease payment receivables:

	2024 HK$'000	2023 HK$'000
Within one year	**829**	1,566

39. CAPITAL COMMITMENTS

	2024 HK$'000	2023 HK$'000
Capital expenditure contracted for but not provided in the consolidated financial statements in respect of property, plant and equipment	**163,057**	50

40. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to the shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior years.

The capital structure of the Group consists of net debt, which includes bank borrowings and lease liabilities disclosed in notes 32 and 33, respectively, net of cash and cash equivalents and pledged bank deposits and equity attributable to the owners of the Company, comprising issued share capital, reserves and accumulated profits.

The directors of the Company review the capital structure on a continuous basis. As part of this review, the directors of the Company consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors, the Group will balance its overall capital structure through payment of dividends, issue of new shares as well as issue of new debts or redemption of existing debts.

41. FINANCIAL INSTRUMENTS

Categories of financial instruments

	2024 HK$'000	2023 HK$'000
Financial assets		
Financial assets at amortised cost	**4,978,160**	4,644,269
Financial assets at FVTPL	**23,535**	73,834
	5,001,695	4,718,103
Financial liabilities		
Financial liabilities at amortised cost	**2,863,295**	3,346,021

Financial risk management objectives and policies

The Group's financial instruments include financial assets at FVTPL, trade and other receivables and bills receivable, amounts due from related companies, amounts due from fellow subsidiaries, other financial assets at amortised cost, pledged bank deposits, bank balances and cash, trade and other payables, bills payable, amounts due to fellow subsidiaries, bank borrowings and lease liabilities. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk, fair value interest rate risk, cash flow interest rate risk and equity price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

41. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Market risk

(i) Currency risk

The group entities collect most of the revenue and incur most of the expenditures in their respective functional currencies. The directors of the Company consider that the Group's exposure to foreign currency exchange risk is insignificant as the majority of the Group's transactions are denominated in the functional currency of each individual group entity.

The Group currently does not have a foreign currency hedging policy. However, the management of the Group monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

The carrying amounts of the Group's monetary assets and liabilities that are denominated in currencies other than functional currency of its respective group entities at the end of the reporting period are as follows:

	Assets		Liabilities	
	2024 HK$'000	2023 HK$'000	**2024 HK$'000**	2023 HK$'000
HK$ against Macau Pataca ("MOP")	**89,896**	52,286	**13,499**	8,170
United States dollars ("USD") against HK$	**58,030**	10,981	**29**	284
USD against MOP	**2,568**	574	**413**	492
Pound sterling against HK$	**–**	229	**–**	–
Euro against HK$ and MOP	**1,694**	8,436	**–**	–
RMB against HK$ and MOP	**1,231**	999	**45**	45
Singapore dollars ("SGD") against HK$ and MOP	**29,338**	90,673	**–**	166
HK$ against RMB	**133,124**	212	**–**	–
Euro against SGD	**–**	–	**–**	611
HK$ against SGD	**232,401**	2,694	**3,640**	10,454
RMB against SGD	**200**	–	**–**	–
USD against SGD	**159**	474	**–**	–
Intra-group balances				
SGD against HK$ and MOP	**1,646**	–	**–**	–
HK$ against RMB	**164,675**	77,415	**318**	1,372
HK$ against SGD	**–**	–	**–**	268,027

41. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Market risk *(Continued)*

(i) Currency risk *(Continued)*

Sensitivity analysis

As HK$ is pegged to USD and the exchange rate of HK$/MOP and USD/MOP is relatively stable, the Group does not expect any significant foreign currency exposure arising from the fluctuation of the HK$/MOP, USD/HK$ and USD/MOP exchange rates. As a result, the directors of the Company consider that the sensitivity of the Group's exposure towards the change in foreign exchange rates between HK$/MOP, USD/HK$ and USD/MOP is minimal.

The following table details the Group's sensitivity to a 5% increase and decrease in Euro against HK$ and MOP, RMB against HK$ and MOP, SGD against HK$ and MOP, HK$ against RMB, and HK$ against SGD. 5% represents management's assessment of the reasonably possible change in foreign exchange rates.

The sensitivity analysis of the Group's exposure to foreign currency risk at the end of the reporting period includes only outstanding foreign currency denominated monetary items.

A positive number below indicates an increase in post-tax profit for the current year where a 5% strengthening of Euro against HK$ and MOP, RMB against HK$ and MOP, SGD against HK$ and MOP, HK$ against RMB, or HK$ against SGD. For a 5% weakening of Euro against HK$ and MOP, RMB against HK$ and MOP, SGD against HK$ and MOP, HK$ against RMB, or HK$ against SGD, there would be an equal and opposite impact on the post-tax profit for the year as set out below:

	Increase (decrease) in post-tax profit	
	2024	2023
	HK$'000	*HK$'000*
Euro against HK$ and MOP	**74**	367
RMB against HK$ and MOP	**51**	41
SGD against HK$ and MOP	**1,298**	3,779
HK$ against RMB	**11,978**	3,241
HK$ against SGD	**9,494**	(11,445)

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the year.

(ii) Fair value interest rate risk

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Group's fair value interest rate risk relates to fixed-rate of certain bank deposits (see note 28 for details), bank borrowings (see note 32 for details) and lease liabilities (see note 33 for details). The management of the Group monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

41. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Market risk *(Continued)*

(iii) Cash flow interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's cash flow interest rate risk relates primarily to variable-rate pledged bank deposits, bank balances and bank borrowings (see note 28 for details of the pledged bank deposits and bank balances and note 32 for details of bank borrowings). The Group currently does not have an interest rate hedging policy. However, the management of the Group monitors interest rate exposure and will consider other necessary actions when significant interest rate exposure is anticipated.

The Group's exposure to interest rates on financial liabilities is detailed in the liquidity risk management section of this note.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments at the end of each reporting period. For variable-rate pledged bank deposits, bank balances and bank borrowings, the analysis is prepared assuming the pledged bank deposits, bank balances and bank borrowings outstanding at the end of each reporting period were outstanding for the whole year. A 10 basis points increase or decrease in variable-rate pledged bank deposits and bank balances represents management's assessment of the reasonably possible change in interest rates. If interest rate increases/decreases by the aforesaid basis point, and all other variables were held constant, the Group's post-tax profit for the year ended 31 December 2024 would increase/decrease by HK$918,000 (2023: HK$1,051,000). A 50 basis points increase or decrease in variable-rate bank borrowings represents management's assessment of the reasonably possible change in interest rates. If interest rate increases/decreases by the aforesaid basis point, and all other variables were held constant, the Group's post-tax profit for the year ended 31 December 2024 would decrease/increase by HK$1,000 (2023: HK$1,000).

(iv) Equity price risk

The Group's equity price risk mainly concentrated on financial assets at FVTPL. In addition, the Group has appointed a special team to monitor the equity price risk and will consider hedging the risk exposure should the need arise.

Sensitivity analysis

The sensitivity analysis below have been determined based on the exposure to equity price risk at the reporting date.

If the prices of the equity shares had been 30% higher/lower, the profit for the year ended 31 December 2024 would increase/decrease by HK$5,114,000 (2023: HK$4,450,000) as a result of the changes in fair value of financial assets at FVTPL.

Credit risk and impairment assessment

The Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

Except for financial assets at FVTPL, the Group performed impairment assessment for financial assets and other items under ECL model. Information about the Group's credit risk management, maximum credit risk exposures and the related impairment assessment, if applicable, are summarised as below:

41. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Credit risk and impairment assessment *(Continued)*

Trade receivables (including unbilled receivables), bills receivable and contract assets arising from contracts with customers

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits and credit approvals. Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customers. Recoverability of the existing customers is reviewed by the Group regularly. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced. In addition, the Group performs impairment assessment under ECL model on trade balances individually and/or collectively. Except for trade receivables, bills receivable and contract assets that are credit-impaired, which are assessed for impairment individually, the remaining trade receivables, bills receivable and contract assets are grouped based on shared credit risk characteristics by reference to the Group's internal credit ratings. Details of the quantitative disclosures are set out below in this note.

Other receivables

For other receivables, the management of the Group makes periodic individual assessment on the recoverability of other receivables based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportable forward-looking information. Except for other receivables that are credit-impaired, which are assessed for impairment based on lifetime ECL, the remaining other receivables are assessed for impairment based on 12m ECL. Impairment loss of HK$16,818,000 (2023: HK$7,797,000) was recognised in profit or loss during the year.

Other financial assets at amortised cost

The management of the Group assesses the credit risk of other financial assets at amortised cost based on the default rate and credit rating assigned by international credit-rating agencies. During the year ended 31 December 2023, an impairment loss of HK$1,163,000 was recognised on the credit-impaired aforesaid assets. These assets were subsequently written off during the year ended 31 December 2024.

Pledged bank deposits and bank balances

The credit risks on pledged bank deposits and bank balances are limited because the counterparties are financial institutions with high credit ratings assigned by international credit-rating agencies.

Other than concentration of credit risk on liquid funds which are deposited with several banks with high credit ratings, the Group does not have any other significant concentration of credit risk. Trade receivables consist of a large number of customers.

The Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Trade receivables/ bills receivable/ contract assets	Other financial assets/other items
Low risk	The counterparty has a low risk of default and does not have any past-due amounts	Lifetime ECL – not credit-impaired	12m ECL
Watch list	Debtor frequently repays after due dates but usually settle in full	Lifetime ECL – not credit-impaired	12m ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL – not credit-impaired	Lifetime ECL – not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

41. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Credit risk and impairment assessment *(Continued)*

The table below details the credit risk exposures of the Group's financial assets and contract assets, which are subject to ECL assessment:

	Notes	Internal credit rating	12m or lifetime ECL	Gross carrying amount 2024 HK$'000	Gross carrying amount 2023 HK$'000
Trade receivables	*24*	*(Note)*	Lifetime ECL (not credit-impaired)	**1,950,923**	2,334,780
		Loss	Lifetime ECL (credit-impaired)	**401,928**	372,233
				2,352,851	2,707,013
Bills receivable	*24*	*(Note)*	Lifetime ECL (not credit-impaired)	**19,216**	11,958
Contract assets	*27*	*(Note)*	Lifetime ECL (not credit-impaired)	**986,044**	1,394,135
		Loss	Lifetime ECL (credit-impaired)	**57,760**	66,928
				1,043,804	1,461,063
Other receivables	*24*	Low risk	12m ECL (not credit-impaired)	**110,304**	135,341
		Loss	Lifetime ECL (credit-impaired)	**29,643**	38,427
				139,947	173,768
Other financial assets at amortised cost	*22*	Low risk	12m ECL (not credit-impaired)	**–**	9,533
		Loss	Lifetime ECL (credit-impaired)	**–**	11,410
				–	20,943
Amounts due from related companies	*25*	Low risk	12m ECL (not credit-impaired)	**297**	305
Amounts due from fellow subsidiaries	*26*	Low risk	12m ECL (not credit-impaired)	**4,625**	1,721
Pledged bank deposits	*28*	Low risk	12m ECL (not credit-impaired)	**55,524**	52,186
Bank balances	*28*	Low risk	12m ECL (not credit-impaired)	**2,640,634**	1,876,381

Note:

For trade receivables, bills receivable and contract assets, the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. Except for trade receivables, bills receivable and contract assets being credit-impaired, the Group determines the ECL on a collective basis, grouped by internal credit rating.

41. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Credit risk and impairment assessment *(Continued)*

As part of the Group's credit risk management, the Group applies internal credit rating for its customers. The following table provides information about the exposure to credit risk for trade receivables, bills receivable and contract assets which are assessed on a collective basis within lifetime ECL (not credit-impaired). Trade receivables and contract assets which are credit-impaired with gross carrying amounts of HK$401,928,000 and HK$57,760,000, respectively (2023: HK$372,233,000 and HK$66,928,000, respectively) as at 31 December 2024 were assessed individually.

Gross carrying amount

Internal credit rating	2024 Average loss rate	2024 Trade receivables *HK$'000*	2024 Bills receivable *HK$'000*	2024 Contract assets *HK$'000*	2023 Average loss rate	2023 Trade receivables *HK$'000*	2023 Bills receivable *HK$'000*	2023 Contract assets *HK$'000*
Low risk	**0.01%**	**906,050**	**17,964**	**628,500**	0.01%	1,133,312	–	907,379
Watch list	**3.45%**	**1,044,873**	**1,252**	**357,544**	1.79%	1,201,468	11,958	486,756
		1,950,923	**19,216**	**986,044**		2,334,780	11,958	1,394,135

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by the management of the Group to ensure relevant information about specific debtors is updated. The bills receivable and contract assets have substantially the same risk characteristics as the trade receivables for the same type of contracts. The Group has therefore concluded that the loss rates for trade receivables are a reasonable approximation of the loss rates for bills receivable and contract assets.

The following table shows the movement in lifetime ECL that has been recognised for trade receivables and bills receivable under the simplified approach.

	Trade receivables Lifetime ECL (not credit-impaired) *HK$'000*	Trade receivables Lifetime ECL (credit-impaired) *HK$'000*	Total *HK$'000*	Bills receivable Lifetime ECL (not credit-impaired) *HK$'000*
At 1 January 2023	50,396	109,671	160,067	3,470
Transfer to credit-impaired	(34,267)	34,267	–	–
Impairment losses recognised (reversed)	3,955	7,797	11,752	(3,066)
Exchange adjustments	2,623	(4,889)	(2,266)	(29)
At 31 December 2023	22,707	146,846	169,553	375
Transfer to credit-impaired	(1,295)	1,295	–	–
Impairment losses recognised (reversed)	20,202	20,441	40,643	(241)
Exchange adjustments	(762)	(3,356)	(4,118)	(4)
At 31 December 2024	40,852	165,226	206,078	130

41. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Credit risk and impairment assessment *(Continued)*

The Group writes off a trade receivable or bills receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings. None of the trade receivables and bills receivable that have been written off is subject to enforcement activities.

The following table shows reconciliation of loss allowances that has been recognised for contract assets.

	Lifetime ECL		
	(not credit-impaired) *HK$'000*	**(credit-impaired)** *HK$'000*	**Total** *HK$'000*
At 1 January 2023	12,338	24,913	37,251
Transfer to credit-impaired	(5,293)	5,293	–
Impairment losses recognised	90	87	177
Exchange adjustments	391	(694)	(303)
At 31 December 2023	7,526	29,599	37,125
Transfer to credit-impaired	(185)	185	–
Impairment losses recognised (reversed)	414	(4,623)	(4,209)
Exchange adjustments	(144)	(417)	(561)
At 31 December 2024	7,611	24,744	32,355

The changes in the loss allowance for trade receivables and contract assets are mainly due to the default in payment by certain debtors during the year. As at 31 December 2024, the gross carrying amounts of the credit-impaired aforesaid assets were HK$401,928,000 and HK$57,760,000, respectively (2023: HK$372,233,000 and HK$66,928,000, respectively) and were determined as credit-impaired at average loss rate of 41.11% and 42.84%, respectively (2023: 39.45% and 44.23%, respectively).

41. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Credit risk and impairment assessment *(Continued)*

The following table shows reconciliation of loss allowances that has been recognised for other receivables.

	12m ECL (not credit-impaired) *HK$'000*	Lifetime ECL (credit-impaired) *HK$'000*	Total *HK$'000*
At 1 January 2023	1,500	9,861	11,361
Impairment losses recognised	162	7,635	7,797
Exchange adjustments	(20)	(125)	(145)
At 31 December 2023	1,642	17,371	19,013
Impairment losses (reversed) recognised	(1,172)	17,990	16,818
Write-offs	–	(6,532)	(6,532)
Exchange adjustments	(17)	(260)	(277)
At 31 December 2024	453	28,569	29,022

The changes in the loss allowance for other receivables primarily resulted from a significant increase in credit risk for certain counterparties during the year. As at 31 December 2024, the gross carrying amount of the credit-impaired asset was HK$29,643,000 (2023: HK$38,427,000).

The following table shows reconciliation of loss allowances that has been recognised for other financial assets at amortised cost.

	12m ECL (not credit-impaired) *HK$'000*	Lifetime ECL (credit-impaired) *HK$'000*	Total *HK$'000*
At 1 January 2023	810	10,223	11,033
Impairment losses (reversed) recognised	(810)	1,163	353
Exchange adjustment	–	24	24
At 31 December 2023	–	11,410	11,410
Write-offs	–	(11,410)	(11,410)
At 31 December 2024	–	–	–

The changes in the loss allowance for other financial assets at amortised cost primarily resulted from a significant increase in credit risk for certain bond issuers during the year ended 31 December 2023. As at 31 December 2023, the gross carrying amount of the credit-impaired asset was HK$11,410,000. During the year ended 31 December 2024, the carrying amount of this asset was fully written off.

41. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management of the Group monitors the utilisation of bank borrowings and ensures compliance with loan covenants.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. Specifically, bank borrowings with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for non-derivative financial liabilities are based on the agreed repayment dates.

The table included both interest and principal cash flows. To the extent that interest flows were floating rate, the undiscounted amount was derived from contracted interest rate curve at the end of each reporting period.

	Weighted average interest rate %	Less than 4 months or on demand HK$'000	Between 4 to 6 months HK$'000	Between 7 to 12 months HK$'000	Between 1 to 5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount HK$'000
2024							
Non-derivative financial liabilities							
Trade and other payables	**N/A**	**1,881,594**	**18,227**	**39,414**	**269,267**	**2,208,502**	**2,208,502**
Bills payable	**N/A**	**318,543**	**294,388**	**–**	**–**	**612,931**	**612,931**
Amounts due to fellow subsidiaries	**N/A**	**–**	**–**	**–**	**3**	**3**	**3**
Bank borrowings	**N/A**	**10,904**	**–**	**–**	**–**	**10,904**	**10,904**
Lease liabilities	**5.30**	**3,375**	**3,496**	**6,458**	**19,874**	**33,203**	**30,955**
		2,214,416	**316,111**	**45,872**	**289,144**	**2,865,543**	**2,863,295**
2023							
Non-derivative financial liabilities							
Trade and other payables	N/A	2,404,514	18,016	19,863	285,930	2,728,323	2,728,323
Bills payable	N/A	365,605	228,221	10,247	–	604,073	604,073
Amounts due to fellow subsidiaries	N/A	274	–	–	4	278	278
Bank borrowings	N/A	316	–	–	–	316	316
Lease liabilities	4.26	3,648	3,595	3,436	2,779	13,458	13,031
		2,774,357	249,832	33,546	288,713	3,346,448	3,346,021

41. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Liquidity risk *(Continued)*

Bank borrowings with a repayment on demand clause were included in the "Less than 4 months or on demand" time band in the above maturity analysis. As at 31 December 2024, the aggregate undiscounted principal amounts of the bank borrowings amounted to HK$10,904,000 (2023: HK$316,000). Taking into account the Group's financial position, the directors of the Company do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The directors of the Company believe that such outstanding bank borrowings as at 31 December 2024 and 31 December 2023 will be fully repaid by June 2025 in accordance with the scheduled repayment dates set out in the banking facility letter, details of which are set out in the table below:

	Maturity analysis – Bank borrowings with a repayment on demand clause based on scheduled repayments				
	Weighted average interest rate *%*	Less than 1 year *HK$'000*	Between 1–2 years *HK$'000*	Total undiscounted cash outflows *HK$'000*	Carrying amount *HK$'000*
At 31 December 2024	**3.82%**	**11,069**	**–**	**11,069**	**10,904**
At 31 December 2023	7.23%	226	108	334	316

The amounts included above for variable interest rate instruments for non-derivative financial liabilities are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

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 values of the assets.

	2024 ***HK$'000***	2023 *HK$'000*	**Fair value hierarchy**
Financial assets at FVTPL			
Listed equity securities	**17,048**	14,834	Level 1
Financial products	**6,487**	–	Level 2
Unlisted equity fund	**–**	59,000	Level 3
Total	**23,535**	73,834	

41. FINANCIAL INSTRUMENTS *(Continued)*

Fair value measurements of financial instruments *(Continued)*

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

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

As at 31 December 2024, the fair values of financial products are determined with reference to the fair values of the underlying assets and liabilities of financial products.

As at 31 December 2024 and 31 December 2023, 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 recent transaction price of the actual sales of sold units of the property during the year ended 31 December 2024; while 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 during the year ended 31 December 2023. As at 31 December 2023, certain units in the property were sold and comparison based on prices realised on actual sales of sold units in the property. 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 *HK$'000*
At 1 January 2023	87,000
Loss from fair value changes recognised in profit or loss	(28,000)
At 31 December 2023	59,000
Loss from fair value changes recognised in profit or loss	(59,000)
At 31 December 2024	–

Of the loss for the year included in profit or loss, HK$59,000,000 (2023: HK$28,000,000) 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 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 consolidated financial statements approximate their fair values.

42. PERFORMANCE BONDS, ADVANCE PAYMENT BONDS AND TENDER BONDS

As at 31 December 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$1,015,591,000 (2023: HK$931,052,000).

As at 31 December 2024 and 31 December 2023, certain performance bonds and certain tender bonds were secured by certain pledged bank deposits as set out in note 28.

43. RETIREMENT BENEFIT SCHEMES

The Group has arranged for all qualifying employees of the Company and its Hong Kong subsidiaries to join the MPF Scheme. The MPF Scheme is a defined contribution scheme managed by independent trustees. Under the MPF Scheme, both the Group and the employees make monthly contributions to the MPF Scheme at 5% of the employees' earnings as defined under the Mandatory Provident Fund legislation, subject to a cap of HK$1,500 per month and thereafter contributions are voluntary.

The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme. No forfeited contribution is available to reduce the contribution payable in the future years as at 31 December 2024 and 31 December 2023.

Eligible employees in Macau currently participate in a defined contribution pension scheme operated by the local government which is a fixed amount for each employee.

The subsidiary operated in Singapore makes contributions to the Central Provident Fund scheme ("CPF Scheme") in Singapore, a defined contribution pension scheme. The subsidiary is required to contribute certain specified percentage of payroll costs, subject to certain caps under the CPF Scheme.

The employees of the subsidiaries operated in the PRC are members of a state-managed retirement benefit scheme operated by the PRC government. These subsidiaries are required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits.

The only obligation of the Group with respect to the retirement benefit scheme is to make the specified contributions.

During the year, the Group has made contributions to retirement benefit schemes as follows:

	2024 ***HK$'000***	2023 *HK$'000*
Contributions paid and payable	**24,310**	23,034
Less: Included in contract costs, inventories and research and development expenses	**(17,556)**	(16,526)
	6,754	6,508

44. SHARE OPTION SCHEME

The Company's share option scheme was adopted pursuant to a resolution passed on 1 December 2015 (the "Share Option Scheme") for the purpose of providing incentives or rewards to any executives, any employee (including proposed, full-time or part-time employee), a director or proposed director (including an independent non-executive director), a direct or indirect shareholder of any member of the Company and its subsidiaries and an associate of any of the aforementioned persons ("Eligible Persons") who the board of directors of the Company considers, in its sole discretion, have contributed or will contribute to the Group. Under the Share Option Scheme, the board of directors of the Company may grant options to Eligible Persons, including directors of the Company and its subsidiaries, to subscribe for shares in the Company.

The total number of shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other schemes of the Company shall not in aggregate exceed 10% of the total number of shares in issue as at 29 December 2015, being the date of the listing of ordinary shares of the Company (i.e. 200,000,000 shares). The maximum number of shares issued and to be issued upon exercise of the options granted to each Eligible Persons (including both exercised and outstanding options), in any 12-month period shall not exceed 1% of the shares of the Company in issue for the time.

Options granted shall be taken up upon payment of HK$1 as consideration for the grant of option. Options may be exercised at any time not exceeding a period of 10 years from the date which the share option is deemed to be granted and accepted. The subscription price is determined by the board of directors of the Company, and shall not be less than whichever is the highest of (i) the closing price of the Company's shares as stated in The Stock Exchange of Hong Kong Limited's daily quotations sheet on the date of offer and (ii) the average closing price of the shares for the five business days immediately preceding the offer date.

No share options were granted, exercised, cancelled, lapsed, forfeited, expired or outstanding during both years.

45. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Bank borrowings *HK$'000*	**Lease liabilities** *HK$'000*	**Dividend payable** *HK$'000*	**Total** *HK$'000*
At 1 January 2023	526	19,943	–	20,469
Financing cash flows	(309)	(16,773)	(129,493)	(146,575)
Non-cash changes				
New leases entered	–	6,491	–	6,491
Lease modifications	–	2,636	–	2,636
Interest expenses	99	788	–	887
Dividends recognised as distribution	–	–	129,493	129,493
Exchange adjustments	–	(54)	–	(54)
At 31 December 2023	316	13,031	–	13,347
Financing cash flows	9,207	(15,448)	3	(6,238)
Non-cash changes				
New leases entered	–	2,429	–	2,429
Lease modifications	–	30,595	–	30,595
Interest expenses	1,381	873	–	2,254
Unclaimed dividends write back	–	–	(3)	(3)
Exchange adjustments	–	(525)	–	(525)
At 31 December 2024	10,904	30,955	–	41,859

46. 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 24, 25, 26, 27 and 31, respectively, the Group has following transactions with its related parties:

Relationships	Nature of transactions	2024 HK$'000	2023 HK$'000
Related companies	Rental income	**1,821**	1,844
	Construction management fee expenses captured to property, plant and equipment	**3,359**	–
	Property management fee expenses	**647**	643
Ultimate holding company	Entrustment fee income	**219**	120
Fellow subsidiaries	Revenue from fitting-out works	**14,463**	7,989
	Rental income	**6,776**	5,575
	Entrustment fee income	**87**	202
	Technical advisory service fee income	**30**	117
	Revenue from distribution of interior decorative materials	**30**	–
	Specialised works subcontracting costs	**983**	–
	Technical advisory service fee expenses	**756**	634
	Purchase of office equipment	**76**	–
	Consultancy fee expenses	**–**	719

In addition,

(a) as at 31 December 2024, the ultimate holding company had outstanding performance bonds and advance payment bonds amounting to HK$145,983,000 (2023: HK$186,325,000) issued in favour of customers of the Group through banks and an insurance company. One of these performance bonds was jointly guaranteed by both the ultimate holding company and intermediate holding company, and it was released during the year ended 31 December 2024.

(b) as at 31 December 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.

46. RELATED PARTY TRANSACTIONS *(Continued)*

Compensation of key management personnel

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

	2024 **HK$'000**	2023 HK$'000
Salaries and short-term benefits	**39,560**	40,763
Post-employment benefits	**331**	440
	39,891	41,203

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

The above related party transactions for the year ended 31 December 2024 in respect of revenue from fitting-out works, rental income, construction management fee expenses captured to property, plant and equipment, specialised works subcontracting costs and technical advisory service fee expenses constituted discloseable continuing connected transactions as defined in Chapter 14A of the Listing Rules. The disclosures required by Chapter 14A of the Listing Rules are provided in section headed "Continuing connected transactions" in the Directors' Report.

Notes to the Consolidated Financial Statements
For the year ended 31 December 2024

47. PARTICULARS OF THE SUBSIDIARIES

Particulars of the Company's subsidiaries at 31 December 2024 and 31 December 2023 are as follows:

Name of subsidiary	Place of incorporation or establishment/ operations	Issued and fully paid capital/ registered capital/ quota capital	Equity interests attributable to the Group 2024	Equity interests attributable to the Group 2023	Principal activities
Direct subsidiaries:					
Sundart Investments Limited	Hong Kong	HK$1,000	**100%**	100%	Investment holding
Sundart Products Limited	BVI/Hong Kong	USD1	**100%**	100%	Investment holding and leasing of intellectual properties
GROW PATH INTERNATIONAL LIMITED	BVI/Hong Kong	USD1	**100%**	100%	Investment holding
GLORYEILD ENTERPRISES LIMITED	BVI/Hong Kong	USD1	**100%**	100%	Investment holding
Indirect subsidiaries:					
Sundart Timber	Hong Kong	HK$46,510,000	**100%**	100%	Investment holding and fitting-out works
Sundart Engineering Services (Macau) Limited	Macau	MOP100,000	**100%**	100%	Fitting-out works
SUNDART ENGINEERING SERVICES (SINGAPORE) PTE. LIMITED	Singapore	SGD2,000,000 (2023: SGD500,000)	**100%**	100%	Fitting-out works
SUNDART CONSTRUCTION SERVICES (PHILIPPINES) INC.	The Philippines	Philippine peso 10,000,000	**100%**	–	Fitting-out works
Sundart Elite Base Engineering Limited	Hong Kong	HK$1	**100%**	100%	Fitting-out works
Sundart Engineering Investments Limited	Hong Kong	HK$1	**100%**	100%	Investment holding
Sundart Beijing *(note a)*	The PRC	HK$182,270,000	**100%**	100%	Fitting-out works
承達創建建設工程有限公司 *(note a)*	The PRC	RMB100,000,000	**100%**	100%	Fitting-out works
北京承達創科裝飾工程有限公司	The PRC	RMB30,000,000	**100%**	100%	Sourcing and distribution of interior decorative materials
北京承達置業有限公司	The PRC	RMB30,000,000	**100%**	100%	Property holding and leasing of properties
Sundart Living	Hong Kong	HK$100	**100%**	100%	Investment holding
Dongguan Sundart Home Furnishing Co., Ltd. *(note b)*	The PRC	HK$111,570,000	**100%**	100%	Manufacturing and distribution of interior decorative materials

47. PARTICULARS OF THE SUBSIDIARIES *(Continued)*

Name of subsidiary	Place of incorporation or establishment/ operations	Issued and fully paid capital/ registered capital/ quota capital	Equity interests attributable to the Group 2024	Equity interests attributable to the Group 2023	Principal activities
Sundart International Supply Limited	Hong Kong	HK$10,000	**100%**	100%	Sourcing and distribution of interior decorative materials
Sundart International Supply (Macau) Limited	Macau	MOP25,000	**100%**	100%	Sourcing and distribution of interior decorative materials
Sundart Industry Investment Limited	Hong Kong	HK$100	**100%**	100%	Investment holding
廣州承達實業有限公司 *(note b)*	The PRC	RMB96,000,000 (2023: RMB120,000,000)	**100%**	100%	Investment holding
武漢承達創建實業有限公司 *(note b)*	The PRC	RMB100,000,000	**100%**	100%	Investment holding
廣東承達智能環保建材科技有限公司 (formerly known as 梅州承達裝飾材料製造有限公司) *(note a)*	The PRC	RMB500,000,000	**100%**	100%	Property holding
PEAK GAIN DEVELOPMENT LIMITED	BVI/Hong Kong	USD1	**100%**	100%	Investment holding
Glory One Investments Limited	Hong Kong	HK$1	**100%**	100%	Investment holding
GOOD ENCORE LIMITED	BVI/Hong Kong	USD1	**100%**	100%	Investment holding
Good Encore Development Limited	Hong Kong	HK$100	**100%**	100%	Leasing of property
ACUTE KEY INTERNATIONAL LIMITED	BVI/Hong Kong	USD1	**100%**	100%	Investment holding
Metro Palace Limited	Hong Kong	HK$3	**100%**	100%	Leasing of property
EASY GLORY HOLDINGS LIMITED	BVI/Hong Kong	USD1	**100%**	100%	Investment holding
PROPER WEALTH GROUP LIMITED	BVI/Hong Kong	USD1	**100%**	100%	Investment holding
EARNING WISE LIMITED	Hong Kong	HK$1	**100%**	100%	Deregistered on 15 March 2024
HONEST PARK LIMITED	BVI/Hong Kong	USD1	**–**	100%	Dissolved on 2 May 2024
GLORY SPRING INVESTMENTS LIMITED	BVI/Hong Kong	USD1	**–**	100%	Dissolved on 5 November 2024

Notes:

(a) This is a sino-foreign joint venture established in the PRC.

(b) This is a wholly foreign-owned enterprise in the PRC.

None of the subsidiaries had issued any debt securities during the year.

Five-Year Financial Summary

	Year ended 31 December				
	2024	2023	2022	2021	2020
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Results					
Revenue	**5,996,777**	5,461,344	4,678,627	5,689,948	5,929,077
Profit before tax	**389,274**	384,897	336,379	432,818	478,729
Income tax expense	**(68,477)**	(54,629)	(48,849)	(61,531)	(72,271)
Profit for the year attributable to owners of the Company	**320,797**	330,268	287,530	371,287	406,458
Earnings per share					
Basic and diluted *(HK cents)*	**14.86**	15.30	13.32	17.20	18.83

	At 31 December				
	2024	2023	2022	2021	2020
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Assets and liabilities					
Total assets	**7,115,815**	7,248,560	6,692,801	7,032,980	6,281,560
Total liabilities	**(3,391,201)**	(3,806,279)	(3,445,173)	(3,805,642)	(3,284,709)
Equity attributable to owners of the Company	**3,724,614**	3,442,281	3,247,628	3,227,338	2,996,851