

# TARGET

## Intelligence Report

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**SUNDART HOLDINGS LTD:  
MANAGEMENT IS MORE THAN A LITTLE CAUTIOUS  
WHEN IT COMES TO ANY MATERIAL BORROWINGS**

**It Looks As Though This Company  
Could Well Be On The Path To Prosperity**

All things considered, Sundart Holdings Ltd (承達集團有限公司) (Code: 1568, Main Board, The Stock Exchange of Hongkong Ltd) did not do too badly, at all, with regard to the Company's financials in respect of the 2021 Financial Year – unlike many other corporate entities of its ilk that had to brave the wrath of minority shareholders at annual meetings.

The Company reported a Net Profit Attributable to Shareholders of \$HK371,287,000.00.

But that result represented a decrease, Year-On-Year, of about 8.65 percent.

The Turnover of the Company in respect of the Financial Year, ended December 31, 2021, at \$HK5,689,948,000.00, was slightly lower than that of the 2020-Year by about 4.03 percent.

A brief introduction to the business of Sundart Holdings Ltd was given at Page 17 of the 2021 Annual Report as follows:

***'Principal risks***

*'As at 31 December 2021, the Group was principally engaged in integrated fitting-out works in Hong Kong (the Hongkong Special Administrative Region [HKSAR] of the People's Republic of China [PRC]), Macau (the Macau Special Administrative Region [MSAR] of the PRC) and the PRC (proper, being separate and distinct from the HKSAR and the MSAR), alteration and addition and construction works in Hong Kong and manufacturing, sourcing and distribution of interior decorative materials business internationally. Under the ever-changing business environment, the Group faces various business risks, challenges and uncertainties, including but not limited to: (i) the Group's contracts are not recurring in nature and its business prospects heavily depends 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 tender may be adversely affected; (iii) the business strategies and performance of the Group's major customers may affect the Group's business; (iv) the economy of Macau may adversely affect the Group's performance and financial condition; and (v) 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.'*

At Pages 10 and 11 of the 2021 Annual Report of the Company, the Chairman of Sundart Holdings Ltd, Mr Liu Zai Wang (劉載望), explained some of the problems, faced by the Company throughout the 2021 Financial Year, and how he envisaged the future prospects of the Company:

*'The volatility of the Covid-19 pandemic continued in 2021, posing serious challenges to the global economy. In addition, uncertain China-US relations and intensified geopolitical tensions also added considerable uncertainty and instability to international economic recovery. Despite the complicated external environment, the Group actively grasped market opportunities and strove to turn the current economic challenges into opportunities with its solid brand reputation and project management expertise. During the Year, the Group carried out a large number of fitting-out projects, and hence maintaining satisfactory results and a healthy financial position.'*

*'During the Year, the Group's revenue was HK\$5,689.9 million (Previous Year: HK\$5,929.1 million), profit for the year was HK\$371.3 million (Previous Year: HK\$406.5 million) and basic and diluted earnings per share was HK17.20 cents (Previous Year: HK18.83 cents)...*

*'With the Hong Kong Government's policies to stimulate local economy, Hong Kong's GDP recorded growth during the Year. Meanwhile, the Northern Metropolis Development Strategy will facilitate Hong Kong's connection with the Greater Bay Area. Coupled with the persistent housing shortage, the demand in real estate market will remain stable, providing opportunities for both the construction and fitting-out industries. However, the on-going Covid-19 pandemic remains the greatest uncertainty in Hong Kong. The Group will continuously monitor and manage risks and take appropriate measures in a timely manner to minimise any adverse impacts on the business operations.'*

*'Even under the negative impact of Covid-19, Macau recorded an increase in tourist arrivals and GDP (Gross Domestic Product) during the Year. The Macau Government will boost the development of the Guangdong-Macao Intensive Cooperation Zone in Hengqin<sup>1</sup>, and will promote economic diversification for local long-term prosperity and stability. With the changing environment, the Group will regularly review the market situation to grasp all potential business opportunities in the fitting-out industries in Macau...*

*‘Unless global economic conditions suddenly deteriorate due to new pandemic developments, the economies of Hong Kong, Macau and the PRC should be expected to rebound in 2022. With a solid number of projects on hand, the Group is cautiously optimistic about its future business prospects in 2022. To prepare for the challenges and opportunities ahead, the Group will remain vigilant and maintain prudent financial plans as well as strict operational management. Externally, the Group will strive for more new projects by strengthening its relationships with existing customers and actively expanding cooperation with new prospects. Internally, the Group will closely monitor industry trends and adapt to any changes accordingly. Meanwhile, the Group will seek to increase the use of construction technologies to enhance internal operational efficiency, reduce costs, optimise asset utilisation and improve its financial position.’*

<sup>1</sup> Hengqin (橫琴島) is an island in Zhu Hai (珠海), a prefecture-level city and a Special Economic Zone in the Guangdong Province of the PRC. It has a human population of about 3,000 people. Parts of Hengqin Island were leased to the MSAR by the State Council of the PRC, starting in 2009, The area of Hengqin Island is said to be expanding.

### **The Financials Of Sundart Holdings Ltd**

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