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C CHENG HOLDINGS LIMITED
思城控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1486)

ANNOUNCEMENT OF ANNUAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2024

The board (the “**Board**”) of directors (the “**Directors**”) of C Cheng Holdings Limited (the “**Company**”) hereby announces the consolidated financial results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2024, together with the comparative figures for the preceding financial year.

BUSINESS HIGHLIGHTS

- Total new and supplementary contracts secured from continuing operations during the year totaled HK\$328,379,000 (2023: HK\$557,812,000), representing a decrease of 41.1%; and
- Remaining contract sums from continuing operations totaled HK\$1,199,382,000 (2023: HK\$1,393,992,000), representing a decrease of 14.0%.

FINANCIAL HIGHLIGHTS

- Revenue from continuing operations was HK\$401,303,000 (2023: HK\$454,250,000), representing a decrease of 11.7%;
- Loss for the year from continuing operations was HK\$14,419,000 (2023: HK\$34,068,000);
- Loss for the year was HK\$14,419,000 (2023: HK\$19,080,000);
- Basic and diluted loss per share based on weighted average number of ordinary shares of 288,260,780 (2023: 288,260,780) in issue was HK5.15 cents (2023: HK7.37 cents); and
- No final dividend was proposed (2023: Nil).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

	<i>Notes</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
CONTINUING OPERATIONS			
Revenue	3, 4	401,303	454,250
Cost of services		<u>(339,060)</u>	<u>(395,708)</u>
Gross profit		62,243	58,542
Other income and gains, net	4	2,747	5,890
Gain on fair value changes of financial assets at fair value through profit or loss		1,768	513
Impairment losses on financial, contract and other assets, net	6	(3,385)	(5,595)
Administrative expenses		(74,971)	(89,487)
Share of loss of a joint venture		(27)	(994)
Share of profits of associates		3,234	1,010
Finance costs	5	<u>(6,913)</u>	<u>(6,561)</u>
Loss before tax from continuing operations	6	(15,304)	(36,682)
Income tax expense	7	<u>885</u>	<u>2,614</u>
Loss for the year from continuing operations		(14,419)	(34,068)
DISCONTINUED OPERATION			
Profit for the year from a discontinued operation	8	<u>–</u>	<u>14,988</u>
Loss for the year		<u>(14,419)</u>	<u>(19,080)</u>
OTHER COMPREHENSIVE LOSS			
<i>Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:</i>			
Exchange differences on translation of foreign operations		<u>(4,513)</u>	<u>(5,982)</u>
Other comprehensive loss for the year, net of tax		<u>(4,513)</u>	<u>(5,982)</u>
Total comprehensive loss for the year		<u>(18,932)</u>	<u>(25,062)</u>
Loss for the year attributable to:			
Owners of the Company		(14,851)	(21,240)
Non-controlling interests		<u>432</u>	<u>2,160</u>
		<u>(14,419)</u>	<u>(19,080)</u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

For the year ended 31 December 2024

	<i>Note</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Total comprehensive loss for the year attributable to:			
Owners of the Company		(19,364)	(27,560)
Non-controlling interests		<u>432</u>	<u>2,498</u>
		<u>(18,932)</u>	<u>(25,062)</u>
 Loss per share attributable to owners of the Company			
Basic and diluted (<i>HK cents</i>)	9		
– For loss for the year		<u>(5.15)</u>	<u>(7.37)</u>
 – For loss for continuing operations		<u>(5.15)</u>	<u>(11.85)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2024

	Notes	2024 HK\$'000	2023 HK\$'000
Non-current assets			
Property, plant and equipment		15,551	36,414
Goodwill		4,151	4,209
Intangible assets		280	280
Investment in a joint venture		2,656	2,851
Investments in associates		101,763	90,005
Prepayments and deposits		11,823	9,553
Deferred tax assets		15,226	13,395
Total non-current assets		<u>151,450</u>	<u>156,707</u>
Current assets			
Trade receivables	11	133,039	178,601
Contract assets		217,626	213,222
Financial assets at fair value through profit or loss		7,979	7,005
Prepayments, deposits, other receivables and other assets		30,696	37,562
Restricted bank balance		4,492	–
Cash and bank balances		74,603	90,101
Total current assets		<u>468,435</u>	<u>526,491</u>
Current liabilities			
Trade payables	12	28,984	29,015
Other payables and accruals		33,297	36,145
Contract liabilities		57,588	77,680
Interest-bearing bank borrowings		85,000	84,000
Other interest-bearing borrowings		1,603	3,883
Lease liabilities		8,405	19,335
Tax payable		110	224
Total current liabilities		<u>214,987</u>	<u>250,282</u>
Net current assets		<u>253,448</u>	<u>276,209</u>
Total assets less current liabilities		<u>404,898</u>	<u>432,916</u>
Non-current liabilities			
Other interest-bearing borrowings		363	1,097
Provision for reinstatement cost		2,160	2,160
Lease liabilities		2,156	10,528
Deferred tax liabilities		1,156	1,136
Total non-current liabilities		<u>5,835</u>	<u>14,921</u>
Net assets		<u>399,063</u>	<u>417,995</u>
Equity			
Issued capital		2,883	2,883
Reserves		393,524	412,888
Equity attributable to owners of the Company		396,407	415,771
Non-controlling interests		2,656	2,224
Total equity		<u>399,063</u>	<u>417,995</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

1. GENERAL

C Cheng Holdings Limited (the “**Company**”) is an exempted company incorporated in the Cayman Islands with limited liability on 13 May 2013 and its shares are listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The addresses of the registered office and principal place of business of the Company are Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and 15th Floor, North Tower World Finance Centre, Harbour City, Tsim Sha Tsui, Kowloon, Hong Kong, respectively.

During the year, the Company and its subsidiaries (collectively referred to as the “**Group**”) were principally involved in comprehensive architectural services. The Group had a deemed disposal of its building information modelling (“**BIM**”) services in 2023, which was classified as a discontinued operation (note 8).

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

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“**HKFRSs**”)

The Group has adopted the following revised HKFRSs for the first time for the current year’s financial statements.

Amendments to HKFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current</i> (the “ 2020 Amendments ”)
Amendments to HKAS 1	<i>Non-current Liabilities with Covenants</i> (the “ 2022 Amendments ”)
Amendments to HKAS 7 and HKFRS 7	<i>Supplier Finance Arrangements</i>

The nature and the impact of the revised HKFRSs are described below:

- (a) Amendments to HKFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of HKFRS 16, the amendments did not have any impact on the financial position or performance of the Group.

- (b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

The Group has reassessed the terms and conditions of its liabilities as at 1 January 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

- (c) Amendments to HKAS 7 and HKFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the Group's financial statements.

3. OPERATING SEGMENT INFORMATION

Year ended 31 December 2024

The Group's operating income was solely derived from the provision of comprehensive architectural services. For the purposes of resource allocation and performance assessment, the chief operation decision maker (i.e. the executive directors of the Company) reviews the overall results and financial position of the Group as a whole. Accordingly, the Group has only one single operating segment.

Year ended 31 December 2023

Information reported to the Chief Executive Officer of the Company, being the chief operating decision maker ("CODM"), for the purposes of resource allocation and assessment of segment performance focuses on types of services rendered and the Group has two reportable operating segments (including discontinued operation in note 8):

- (a) the comprehensive architectural services segment engages in provision of architecture, landscape architecture, town planning, interior design and heritage conservation services;
- (b) the BIM services segment engages in the provision of BIM consultancy services, IT consultancy services, BIM professional training services and BIM software developing (deemed disposal during the year ended 31 December 2023 and classified as a discontinued operation, note 8).

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted loss before tax. The adjusted loss before tax is measured consistently with the Group's loss before tax except that certain other income, share of loss of a joint venture, share of profits/losses of associates, gain on fair value changes of financial assets at fair value through profit or loss, certain share option expenses as well as corporate expenses of head office are excluded from such measurement.

Intersegment sales and transfers are transacted with reference to the contract price used for service provided to and selling price for sale of IT products made to third parties at the then prevailing market prices.

No analysis of segment asset and segment liability is presented as the CODM does not regularly review such information for the purposes of resources allocation and performance assessment. Therefore, only segment revenue and segment results are presented.

For the year ended 31 December 2023

	Continuing operations	Discontinued operation	
	Comprehensive architectural services <i>HK\$'000</i>	BIM services <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue			
<i>Timing of revenue recognition</i>			
Sale of IT products at point in time	–	15,522	15,522
Services transferred over time	454,250	78,463	532,713
Revenue from contracts with customers	<u>454,250</u>	<u>93,985</u>	<u>548,235</u>
<i>Type of goods or services</i>			
Architecture services	406,540	–	406,540
Landscape architecture, town planning, interior design and heritage conservation services	47,710	–	47,710
BIM services	–	78,463	78,463
Sale of IT products	–	15,522	15,522
Revenue from contracts with customers	454,250	93,985	548,235
Intersegment revenue	–	6,423	6,423
Segment revenue	454,250	100,408	554,658
Reconciliation:			
Elimination of intersegment revenue			(6,423)
External revenue			<u>548,235</u>
Segment results	<u>(34,327)</u>	<u>17,546</u>	<u>(16,781)</u>
Reconciliation:			
Unallocated other income			224
Share of loss of a joint venture			(994)
Share of profits of associates			1,010
Gain on fair value changes of financial assets at fair value through profit or loss			513
Share option expenses recognised			(21)
Other unallocated corporate expenses			(3,087)
Loss before tax			<u>(19,136)</u>

Other segment information:

	Continuing operations	Discontinued operation		
	Comprehensive architectural services <i>HK\$'000</i>	BIM services <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
Share of loss of a joint venture	–	–	994	994
Share of profits of associates	–	–	(1,010)	(1,010)
Impairment losses on financial, contract and other assets, net	5,595	1,475	–	7,070
Depreciation and amortisation	25,594	6,987	–	32,581
Loss on disposal of property, plant and equipment	408	–	–	408
Loss on disposal of other assets	1,272	–	–	1,272
Gain on lease modification	(562)	–	–	(562)
Finance costs	6,557	434	4	6,995
Recognition of equity-settled share-based payments	2,053	–	21	2,074
Capital expenditure*	1,933	2,362	–	4,295

* *Capital expenditure consists of additions to property, plant and equipment (excluding right-of-use-assets) and intangible assets.*

Geographical information

The following table sets out information about the geographical location of (i) the Group's revenue from external customers from continuing operations; and (ii) the Group's non-current assets other than financial instruments, deferred tax assets, investment in a joint venture and investments in associates.

	Revenue from external customers		Non-current assets	
	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
<i>Geographical markets</i>				
Mainland China	170,913	207,052	4,004	22,733
Hong Kong	141,543	174,484	14,442	19,911
MENA	64,706	53,517	935	891
Macau	21,089	12,343	–	–
Others	3,052	6,854	601	559
	401,303	454,250	19,982	44,094

Information about a major customer

Revenue derives from services to a customer accounted for 10% or more of the total revenue of the Group is as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Customer A ¹	<u>NA²</u>	<u>45,672</u>

- (1) Revenue derived from sales by the comprehensive architectural services segment.
- (2) During the year ended 31 December 2024, there is no customer which revenue from sales accounted for 10% or more of the total revenue of the Group.

4. REVENUE, OTHER INCOME AND GAINS, NET

Revenue from continuing operations represents the contract revenue from the provision of comprehensive architectural services during the year.

Performance obligations for contracts with customers

Comprehensive architectural services

The Group provides comprehensive architectural services to customers. Such services are recognised as a performance obligation satisfied over time as the Group creates or enhances an asset that the customer controls as the asset is created or enhanced. Revenue was recognised by applying the input method, by reference to the progress towards complete satisfaction of the performance obligation at the reporting date.

The Group's architecture contracts include payment schedules which require stage payments over the service period once certain specified milestones are reached. The Group requires certain customers to provide upfront deposits ranging from 5% to 10% of total contract sum. Contract liability is recognised when the Group receives a deposit before any services are rendered, until the revenue recognised on the specific contract exceeds the amount of the deposit.

A contract asset, net of contract liability related to the same contract, is recognised over the period when the services are rendered and represented the Group's right to consideration for the services rendered, of which the rights are conditional on the Group's future performance in achieving specified milestones. The contract assets are transferred to trade receivables when the rights become unconditional. The Group typically transfers the contract assets to trade receivables when the Group achieves the specific milestones in corresponding contracts. The credit period granted to individual customers is within 90 days in general and up to 180 days upon the issue of the invoice, which is considered on a case-by-case basis.

Retention receivables, prior to expiration of the defect liability period, which range from 6 months to 1 year from the date of the practical completion of the services, are classified as contract assets. The relevant amount of the contract asset is reclassified to trade receivables when the defect liability period expires. The defect liability period serves as an assurance that the services performed comply with agreed-upon specifications and such assurance cannot be purchased separately.

	2024	2023
	HK\$'000	HK\$'000
An analysis of the other income and gains, net from continuing operations is as follow:		
Other income		
Bank interest income	1,275	633
Government subsidies [#]	2,557	3,926
Others	1,649	2,110
	<u>5,481</u>	<u>6,669</u>
Gains/(losses), net		
Foreign exchange differences, net	24	319
Gain on lease modification	–	562
Loss on disposal of other assets	(2,097)	(1,272)
Loss on disposal of property, plant and equipment	(291)	(408)
Others	(370)	20
	<u>(2,734)</u>	<u>(779)</u>
	<u>2,747</u>	<u>5,890</u>

[#] *The government grant recognised by the Group during the year represented subsidies received from certain government authorities in Hong Kong for the Group's operation of comprehensive architectural services business, where there are no unfulfilled conditions or contingencies relating to these grants during the years.*

5. FINANCE COSTS

An analysis of finance costs from continuing operations as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Interest expenses on:		
– Bank borrowings	5,527	4,447
– Lease liabilities	1,074	1,839
– Others	312	275
	<u>6,913</u>	<u>6,561</u>

6. LOSS BEFORE TAX FROM CONTINUING OPERATIONS

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
The Group's loss before tax from continuing operations is arrived at after charging/(crediting):		
Cost of services rendered	339,060	395,708
Depreciation of property, plant and equipment	23,146	25,594
Lease payments not included in the measurement of lease liabilities	3,033	4,381
Auditor's remuneration (including remuneration for non-audit services)	1,427	2,025
Staff costs including directors and chief executives' remuneration		
– Salaries, allowances and other benefits	266,565	310,145
– Equity-settled share-based payments	–	2,074
– Contributions to retirement benefit schemes ¹	11,545	13,731
	<u>278,110</u>	<u>325,950</u>
Loss on disposal of property, plant and equipment	291	408
Loss on disposal of other assets	2,097	1,272
Impairment recognised on:		
– Trade receivables, net	685	1,577
– Contract assets, net	(72)	962
– Other assets	2,772	3,056
	<u>3,385</u>	<u>5,595</u>

Note:

- (1) There are no forfeited contribution that may be used by the Group as the employer to reduce the existing level of contributions.

7. INCOME TAX EXPENSE

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
The income tax expense comprises:		
Current tax:		
Hong Kong	–	–
Mainland China	<u>926</u>	<u>1,453</u>
	926	1,453
Deferred tax	<u>(1,811)</u>	<u>(4,067)</u>
Total tax credit for the year from continuing operations	(885)	(2,614)
Total tax charge for the year from a discontinued operation (<i>note 8</i>)	<u>–</u>	<u>2,558</u>
Total	<u><u>(885)</u></u>	<u><u>(56)</u></u>

8. DISCONTINUED OPERATION

On 3 August 2023, isBIM (a then indirect non-wholly owned subsidiary of the Company) entered into a share subscription agreement with two independent third parties (namely, “Investor 1” and “Investor 2”); pursuant to which isBIM agreed to issue and each of the Investor 1 and Investor 2 agreed to subscribe for 4,123 and 2,062 new preference shares of isBIM at a consideration of HK\$31.2 million and HK\$15.6 million, respectively. The transaction was approved by the independent shareholders of the Company at the extraordinary general meeting of the Company held on 22 September 2023 and was completed on 6 October 2023 (the “Completion Date”).

Immediately after the issuance of the preference shares, the effective equity interest in isBIM owned by the Company was diluted from 44.9% to 35.0% and the Company ceased its control over isBIM. Therefore, isBIM became an associate of the Company and the BIM services segment operated by isBIM was classified as discontinued operation as at 31 December 2023.

The results of a discontinued operation dealt with in the consolidated financial statements for the year ended 31 December 2023 are summarised as follows:

	2023 <i>HK\$'000</i>
Revenue	93,985
Cost of services	(74,701)
Other income and gains, net	1,170
Impairment losses on financial and contract assets, net	(1,475)
Administrative expenses	(11,457)
Finance costs	<u>(434)</u>
Profit before tax	7,088
Income tax	<u>(2,558)</u>
Profit for the year	4,530
Gain on disposal of a discontinued operation	<u>10,458</u>
Profit for the year from a discontinued operation	<u><u>14,988</u></u>
Attributable to:	
Owners of the Company	12,932
Non-controlling interests	<u>2,056</u>
	<u><u>14,988</u></u>

Earnings per share from a discontinued operation

	2023 <i>HK cents</i>
Basic and diluted	<u><u>4.49</u></u>

The calculation of the basic earnings per share amount from a discontinued operation for the year ended 31 December 2023 was based on the profit for the year from a discontinued operation attributable to owners of the Company of HK\$12,932,000, and the weighted average number of ordinary shares in issue during that year (note 9).

No adjustment has been made to the basic earnings per share amount from a discontinued operation presented for the year ended 31 December 2023 in respect of a dilution as the impact of the share options outstanding during the year ended 31 December 2023 had an anti-dilutive effect on the basic earnings per share amount presented.

9. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of the basic loss per share amounts are based on the loss for the year and the loss for the year from continuing operations attributable to owners of the Company and the weighted average number of ordinary shares in issue during the year.

No adjustment has been made to the basic loss per share amount presented for each of the years ended 31 December 2024 and 2023 in respect of a dilution as the impact of the share options outstanding during the years ended 31 December 2024 and 2023 had an anti-dilutive effect on the basic loss per share amount presented.

The calculations of basic and diluted loss per share are based on:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Loss:		
Loss attributable to owners of the Company, used in the basic and diluted loss per share calculation	<u>(14,851)</u>	<u>(21,240)</u>
Loss for the year from continuing operations attributable to owners of the Company, used in the basic loss per share calculation	<u>(14,851)</u>	<u>(34,172)</u>
	Number of Shares	
	2024	2023
Shares:		
Weighted average number of ordinary shares in issue during the year used in the basis loss per share calculation	288,260,780	288,260,780
Effect of dilution – weighted average number of ordinary shares: Share options	<u>–</u>	<u>–</u>
	<u>288,260,780</u>	<u>288,260,780</u>

10. DIVIDENDS

No final dividend was proposed nor paid by the Company in respect of the years ended 31 December 2024 and 2023.

11. TRADE RECEIVABLES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Bills receivable	1,490	3,084
Trade receivables	<u>143,694</u>	<u>187,206</u>
	145,184	190,290
Impairment	<u>(12,145)</u>	<u>(11,689)</u>
	<u><u>133,039</u></u>	<u><u>178,601</u></u>

* *Bills receivable held are with a maturity period less than one year.*

The Group does not hold any collateral or other credit enhancements over its trade receivable balances and the trade receivables are non-interest-bearing.

An ageing analysis of trade receivables, including bills receivables, as at the end of the reporting period, based on the invoice date, and net of loss allowance, is as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Unbilled receivable (<i>Note</i>)	30,684	40,751
Within 30 days	29,908	41,777
Over 30 days and within 90 days	23,692	30,432
Over 90 days and within 180 days	7,253	22,474
Over 180 days	<u>41,502</u>	<u>43,167</u>
	<u><u>133,039</u></u>	<u><u>178,601</u></u>

Note: Amounts represent the Group's unconditional right to consideration which invoices have not been issued.

12. TRADE PAYABLES

An ageing analysis of trade payables presented as at the end of the reporting period, based on the invoice date, is as follow:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Within 30 days	7,659	4,335
Over 30 days and within 90 days	2,969	9,413
Over 90 days	<u>18,356</u>	<u>15,267</u>
	<u><u>28,984</u></u>	<u><u>29,015</u></u>

The trade payables are non-interest-bearing and are normally settled on 90-day terms.

13. DEEMED DISPOSAL OF SUBSIDIARIES

As detailed in note 8 to the financial statements, the Group has a deemed disposal of isBIM during 2023. The assets and liabilities of isBIM as at the Completion date were as follows:

	Completion Date <i>HK\$'000</i>
Net assets disposed of:	
Property, plant and equipment	5,147
Goodwill	10,961
Intangible assets	8,520
Deferred tax assets	301
Contract assets	59,958
Trade receivables	34,520
Prepayments, deposits and other receivables	19,325
Cash and bank balances	26,247
Trade payables	(3,160)
Other payables and accruals	(10,799)
Contract liabilities	(10,517)
Interest-bearing bank borrowings	(3,003)
Lease liabilities	(3,490)
Tax payable	(2,588)
Deferred tax liabilities	(301)
Non-controlling interests	<u>(74,819)</u>
	56,302
Exchange fluctuation reserve realised	2,666
Other reserve	409
Gain on deemed disposal of subsidiaries, included in a discontinued operation	<u>10,458</u>
Fair value of remaining interest in isBIM	<u><u>69,835</u></u>

MANAGEMENT DISCUSSION AND ANALYSIS

OVERALL REVIEW

In the face of continuous changes in the global economy, Hong Kong, Mainland China, and the Middle East and North Africa (“MENA”) region have each displayed unique trends in industry development.

The rapid and sustained expansion of property market in Mainland China had been a significant driver of GDP growth for over two decades until mid-2021. However, since then, stringent government regulations have precipitated a sharp decline in property transactions. This downturn has resulted in a surge in defaults and numerous stalled projects, significantly impacting highly leveraged property developers. In 2024, the property market in Mainland China continues to face headwinds, with ongoing regulatory pressures and a cautious recovery in sales. Developers are now prioritising deleveraging and completing existing projects to restore market confidence.

In Hong Kong, the property market continues to grapple with a chronic supply shortage and declining demand due to the ongoing affordability crisis and rising interest rates. In 2024, the market remains subdued, with elevated borrowing costs and economic uncertainties further dampening buyer sentiment. However, there are signs of stabilisation as the government implements measures to increase housing supply and support first-time buyers.

Conversely, the real estate market in the Middle East has experienced rapid growth in recent years, with many countries in the region witnessing significant appreciation in property values and investment opportunities. In 2024, this trend persists, driven by economic diversification efforts and large-scale infrastructure projects. Saudi Arabia, the largest economy in the Gulf Cooperation Council (“GCC”), has also seen substantial growth in the real estate market, bolstered by Vision 2030 initiatives and increased foreign direct investment.

Despite the challenges posed by the industry downturn, the Group is actively pursuing opportunities for transformative changes to align with future business models and exploring potential investment prospects. This proactive approach aims to position the Group for resilience and growth amidst evolving market conditions, leveraging strategic transformations to unlock new value and capitalize on emerging trends.

BUSINESS REVIEW

As part of our ongoing commitment to solidify our leadership in providing comprehensive architectural services, our Group has consistently aimed to enhance our market position both within Hong Kong and Mainland China. Recognised for our innovative designs and exceptional project execution, we have established ourselves as a premier provider of architectural solutions that meet the diverse needs of our clients.

Since 2018, we have embarked on an expansion strategy into the MENA region. This strategic move was driven by our desire to capture emerging opportunities in the architectural sector and to diversify our revenue streams. By leveraging our extensive experience and expertise garnered from successful projects in Hong Kong and Mainland China, we have successfully entered this new market, aiming to replicate our success and contribute to the urban development in these areas.

During the year, because of the prolonged downturn in the real estate market and a sharp decline in newly started real estate projects in 2024, the comprehensive architectural business secured new contracts and supplementary contracts totaled approximately HK\$328,379,000, as compared with HK\$557,812,000 in 2023, representing a decrease of 41.1%. As at 31 December 2024, the Group's segment had remaining contract sums of approximately HK\$1,199,382,000, decreased by 14.0% as compared with HK\$1,393,992,000 in 2023.

FINANCIAL OVERVIEW

Continuing Operations

Revenue

During the year, the revenue of the Group was HK\$401,303,000, compared with that of HK\$454,250,000 in 2023, representing a decrease of 11.7%. During the year, revenue from Mainland China decreased by HK\$36,139,000, representing a decrease of 17.5% when compared with last year and the revenue from Hong Kong decreased by HK\$32,941,000, representing a decrease of 18.9% when compared with 2023. The persistent challenges in the property industry in Mainland China and Hong Kong contributed the downturn of the revenue.

In 2024, other than the revenue in Mainland China and Hong Kong, revenue generated from MENA maintained around 16.1% (2023: around 11.8%) among the Group.

Cost of services

Cost of services for the year amounted to HK\$339,060,000, when compared with that of HK\$395,708,000 in 2023, representing a decrease of 14.3%. Decrease in current year was mainly represented by the cost reduction of the operation of the Group in Mainland China and Hong Kong. The Group further reduced the scale of professional teams in response to the continuous decline of the property market in Mainland China and Hong Kong which persisted throughout 2024.

Gross profit and gross profit margin

Gross profit for the year amounted to HK\$62,243,000, increased by 6.3% when compared with that of HK\$58,542,000 in 2023. The gross profit margins for 2024 and 2023 stood at 15.5% and 12.9%, respectively.

Administrative expenses

Administrative expenses for the year amounted to HK\$74,971,000, comparing with the corresponding period of HK\$89,487,000, representing a decrease of 16.2%. The decrease was mainly due to the decrease in staff costs of the management and administrative support and the decrease in equity-settled shared-board payments during the year.

Loss for the year

Loss for the year from continuing operations in 2024 and HK\$14,419,000, compared with loss for the year from continuing operations of HK\$34,068,000 in 2023.

Loss for the year in 2024 was HK\$14,419,000, compared with loss for the year of HK\$19,080,000 in 2023.

Loss for the year attributable to owners of the Company in 2024 was HK\$14,851,000, compared with loss for the year attributable to owners of the Company of HK\$21,240,000 in 2023.

LIQUIDITY AND FINANCIAL RESOURCES

	As at 31 December	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current assets	468,435	526,491
Current liabilities	214,987	250,282
Current ratio	<u>2.18</u>	<u>2.10</u>

The current ratio of the Group at 31 December 2024 was 2.18 times as compared to that of 2.10 times at 31 December 2023. The increase in current ratio in current year was mainly resulted from the increase in net contract assets due to the contract work in progress which have not been issued billings during the year and the decrease in lease liabilities in 2024.

As at 31 December 2024, the Group had bank balances and cash of HK\$74,603,000 (2023: HK\$90,101,000) and restricted bank balance of HK\$4,492,000 (2023: nil). The unutilised banking facility amount was HK\$5,000,000 (2023: HK\$56,000,000) as at 31 December 2024.

As at 31 December 2024, the gearing ratio of the Group was 21.8% (represented by unsecured bank borrowings and other interest-bearing borrowings divided by total equity) (as at 31 December 2023: 21.3%). The borrowings of the Group have not been hedged by any interest rate financial instruments.

In light of the reduced unutilised banking facilities, the Group is actively managing its financial resources and seeking additional funding avenues to ensure sufficient capital for ongoing and future business development activities. The Group will cautiously seek for business and investment development opportunities with a view to balancing the risk and opportunity in maximising shareholders' value.

OUTLOOK

Regardless of the current downturn in Mainland China's real estate market, global economic recovery and enhanced trade and cultural exchanges are presenting new opportunities. Hong Kong's reintegration with the international community offers significant market potential. The Group is dedicated to capitalising on these opportunities by focusing on green and smart building developments and expanding our footprint in key markets, including Mainland China, Hong Kong, and the MENA region.

Policy adjustments implemented in 2024 have set a strong foundation for the prosperity of the Guangdong-Hong Kong-Macao Greater Bay Area (“**GBA**”) real estate market in 2025. These policies aim to balance market development and demonstrate clear signs of recovery, infusing new vitality into the regional real estate sector and supporting our strategic initiatives.

Saudi Arabia's Vision 2030 has spurred transformative changes in its economy, significantly influencing the real estate sector. These projects integrate residential, commercial, and leisure spaces, emphasizing sustainability and self-sufficiency. Advanced construction technologies, such as modular and prefabricated methods, are being adopted to ensure efficient and sustainable progress. Industry forecasts indicate a generally positive outlook for 2025, despite varying performance based on location and asset type. High-end housing markets in cities like Dubai are expected to see further growth, driven by limited luxury property supply and growing populations.

With the rise of global smart city and sustainable development initiatives, the real estate market is poised for abundant opportunities. These projects aim to create environmentally friendly, technologically advanced urban environments, enhancing quality of life. The Group remains committed to advancing digital transformation, pursuing sustainability, and improving living conditions through sustainable practices. We are reinforcing our position in advanced smart building projects while maintaining a commitment to excellence.

To coordinate cross-regional teams effectively, we have established robust communication channels and ensured compliance with local regulations and market conditions. Potential geopolitical tensions and economic volatility may impact project timelines and resource allocation. To mitigate these risks, we are investing in advanced project management tools, enhancing employee training, and strengthening local partnerships, ensuring resilience and adaptability. Through these strategies, the Group aims to achieve steady growth and drive sustainable development in the industry.

Amidst current market challenges, the Group remains steadfast in driving global sustainable transformation through our innovative designs and investments in forward-thinking projects.

USE OF PROCEEDS

On 6 April 2017, the issue of new shares under specific mandate has been completed. The net proceeds (“**Net Proceeds**”) (after deduction of all relevant costs and expenses) from the subscription of 79,473,780 new shares by Beijing Design Group Company Limited, a wholly owned subsidiary of Beijing General Municipal Engineering Design and Research Institute Co., Ltd. (the “**Subscription**”) were approximately HK\$145.8 million.

As disclosed in the announcement of the Company dated 14 April 2022, in line with the Group’s plan to develop by establishment of business for potential investment opportunities, and in view of the development of property development market in Mainland China and overall economic climate, the Board resolved to reallocate the balance of the unutilised net proceeds on 31 March 2022 in the amount of HK\$84.3 million (i) to enhance information technology infrastructure and working capital with HK\$54.3 million; and (ii) for potential investment opportunities and establishment of business including but not limited to Smart City business with HK\$30.0 million.

The below table sets out the use of the Net Proceeds and the unutilised amount as at 31 December 2024:

	Planned use of Net Proceeds <i>HK\$ million</i>	Revised use of the Net Proceeds <i>HK\$ million</i>	Actual use of Net Proceeds up to 31 December 2024 <i>HK\$ million</i>	Unutilised use of Net Proceeds as at 31 December 2024 <i>HK\$ million</i>
For potential merger and acquisition of targets in the similar business of the Company for vertical integration strategies	126.8	42.5	42.5	–
To expand the offices of the Group in order to maximise the benefits from the established and expanding client network	13.0	13.0	13.0	–
To enhance the Company’s information technology infrastructure and working capital	6.0	60.3	60.3	–
For potential investment opportunities and establishment of business including but not limited to Smart City business	–	30.0	30.0	–
	<u>145.8</u>	<u>145.8</u>	<u>145.8</u>	<u>–</u>

CAPITAL STRUCTURE

There has been no change in the capital structure of the Group during the year ended 31 December 2024. The capital of the Group only comprises of ordinary shares.

FOREIGN EXCHANGE EXPOSURE

Most of the business transactions, assets and liabilities of the Group are principally denominated in Hong Kong dollars, United States dollars, Renminbi and United Arab Emirates dirham. As at 31 December 2024, the Group had no significant exposure under foreign exchange contracts, interest, currency swaps or other financial derivatives.

SIGNIFICANT INVESTMENT

During the year ended 31 December 2024, the Group did not have any significant investment.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

During the year ended 31 December 2024, the Group had no future plan for material investments and capital assets.

MATERIAL ACQUISITIONS AND DISPOSALS

During the year ended 31 December 2024, there was no material acquisition or disposal of subsidiaries, associates and joint ventures by the Group.

DIVIDEND

The Directors did not recommend the payment of any final dividend for the year ended 31 December 2024 (2023: Nil).

PLEDGE OF ASSETS

The Group did not have any pledged assets as at 31 December 2024 (2023: Nil).

CONTINGENT LIABILITIES

As at 31 December 2024, the Group provided guarantees amounted to HK\$5,939,000 (2023: HK\$5,726,000) to secure services performance bonds issued by a bank on behalf of performance obligation on certain projects of a subsidiary.

COMMITMENTS

As at 31 December 2024, the Group had no capital commitments in respect of its investment in a joint venture and an associate (2023: HK\$10,000,000 and RMB7,800,000, respectively), which has been contracted but not provided for in the consolidated financial statements.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2024, the Group employed around 615 (2023: around 710) full-time employees.

Employees are remunerated according to nature of the job, market trend and individual performance. Employee bonus is distributable based on the performance of the respective subsidiaries and the employees concerned.

The Group offers competitive remuneration and benefit package to our employees. Our employee benefits include Mandatory Provident Fund Schemes in Hong Kong, employee pension schemes in Mainland China, medical coverage, insurance, training and development programs.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2024.

DIRECTORS' INTERESTS IN TRANSACTION, ARRANGEMENT AND CONTRACTS

No transaction, arrangement or contract that is significant in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a person who at any time was a Director or his connected entity had, directly or indirectly, a material interest subsisted at any time during the year or at the end of 2024.

COMPETING INTERESTS

The Directors are not aware of any business or interest of the Directors, the controlling shareholder and their respective associates (as defined under the Rules (“**Listing Rules**”) Governing the Listing of Securities of the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”)) that compete or may compete with the business of the Group and any other conflict of interest which any such person has or may have with the Group during the year ended 31 December 2024, as required to be disclosed under Rule 8.10(2) of the Listing Rules.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings as set out in Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) in Appendix C3 of the Listing Rules. Having made specific enquiries to all Directors, all Directors confirmed that they have complied with the required standard of dealings and the Model Code for the year ended 31 December 2024 and the Company was not aware of any non-compliance with the required standard of dealings, the Model Code and its code of conduct regarding securities transactions by Directors.

CORPORATE GOVERNANCE CODE

The Company has complied with the code provisions set out in the Corporate Governance Code contained in Appendix C1 of the Listing Rules during the year ended 31 December 2024.

AUDIT COMMITTEE

The Audit Committee has reviewed with the management of the Group the financial and accounting policies and practices adopted by the Group, its internal controls and financial reporting matters, the corporate governance procedure and practices and is of the opinion that the preparation of such statements complied with the applicable accounting standards and that adequate disclosures have been made.

REVIEW OF THE PRELIMINARY ANNOUNCEMENT OF RESULTS BY INDEPENDENT AUDITOR

The figures in respect of the consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2024 of the Group as set out in this announcement have been agreed by the auditor of the Company, to the amounts set out in the draft consolidated financial statements of the Group for the year. The work performed by the auditor of the Company in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by the auditor of the Company on the preliminary announcement of the Company.

PUBLICATION OF 2024 ANNUAL REPORT

The annual report of the Company for the year ended 31 December 2024 and the notice of the annual general meeting will be despatched to the Shareholders and published on the website of the Stock Exchange (www.hkex.com.hk) and the website of the Company (www.cchengholdings.com) in due course.

By order of the Board
C Cheng Holdings Limited
Liang Ronald
Chairman

Hong Kong, 26 March 2025

As at the date of this announcement, the executive Directors are Mr. Liang Ronald, Mr. Liu Jiang Tao, Mr. Fu Chin Shing, Mr. Wang Jun You, Mr. Deng Li Ming and Mr. Lei Zhi Jun and the independent non-executive Directors are Mr. Chan James, Mr. Wong Hin Wing and Ms. Su Ling.