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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 2023**

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 2023, 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\$557,812,000 (2022: HK\$744,758,000), representing a decrease of 25.1%; and
- Remaining contract sums from continuing operations totaled HK\$1,393,992,000 (2022: HK\$1,523,790,000), representing a decrease of 8.5%.

**FINANCIAL HIGHLIGHTS**

- Revenue from continuing operations was HK\$454,250,000 (2022: HK\$533,759,000), representing a decrease of 14.9%;
- Loss for the year was HK\$19,080,000 (2022: HK\$11,136,000);
- Loss for the year attributable to owners of the Company was HK\$21,240,000 (2022: HK\$18,797,000);
- Basic and diluted loss per share based on weighted average number of ordinary shares of 288,260,780 (2022: 288,260,780) in issue was HK7.37 cents (2022: HK6.52 cents); and
- No final dividend was proposed (2022: Nil).

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*For the year ended 31 December 2023*

	<i>Notes</i>	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i>
<b>CONTINUING OPERATIONS</b>			
Revenue	3	<b>454,250</b>	533,759
Cost of services		<u><b>(395,708)</b></u>	<u>(462,336)</u>
<b>Gross profit</b>		<b>58,542</b>	71,423
Other income and gains, net	4	<b>5,890</b>	10,898
Gain/(loss) on fair value changes of financial assets at fair value through profit or loss		<b>513</b>	(2,849)
Impairment losses on financial, contract and other assets, net	6	<b>(5,595)</b>	(3,430)
Administrative expenses		<b>(89,487)</b>	(102,125)
Share of loss of a joint venture		<b>(994)</b>	(8)
Share of profits/(losses) of associates		<b>1,010</b>	(168)
Finance costs	5	<u><b>(6,561)</b></u>	<u>(4,588)</u>
<b>Loss before tax from continuing operations</b>	6	<b>(36,682)</b>	(30,847)
Income tax expense	7	<u><b>2,614</b></u>	<u>969</u>
<b>Loss for the year from continuing operations</b>		<b>(34,068)</b>	(29,878)
<b>DISCONTINUED OPERATION</b>			
Profit for the year from a discontinued operation	8	<u><b>14,988</b></u>	<u>18,742</u>
<b>Loss for the year</b>		<u><b>(19,080)</b></u>	<u>(11,136)</u>
<b>OTHER COMPREHENSIVE LOSS</b>			
<i>Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:</i>			
Exchange differences on translation of foreign operations		<u><b>(5,982)</b></u>	<u>(18,024)</u>
<b>Other comprehensive loss for the year, net of tax</b>		<u><b>(5,982)</b></u>	<u>(18,024)</u>
<b>Total comprehensive loss for the year</b>		<u><b>(25,062)</b></u>	<u>(29,160)</u>
<b>Loss for the year attributable to:</b>			
Owners of the Company		<u><b>(21,240)</b></u>	(18,797)
Non-controlling interests		<u><b>2,160</b></u>	<u>7,661</u>
		<u><b>(19,080)</b></u>	<u>(11,136)</u>

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

*For the year ended 31 December 2023*

	<i>Note</i>	<b>2023</b> <b><i>HK\$'000</i></b>	2022 <i>HK\$'000</i>
<b>Total comprehensive loss for the year attributable to:</b>			
Owners of the Company		(27,560)	(36,585)
Non-controlling interests		<u>2,498</u>	<u>7,425</u>
		<b><u>(25,062)</u></b>	<b><u>(29,160)</u></b>
 <b>Loss per share attributable to owners of the Company</b>			
Basic and diluted ( <i>HK cents</i> )	9		
– For loss for the year		<u>(7.37)</u>	<u>(6.52)</u>
– For loss for continuing operations		<u>(11.85)</u>	<u>(9.95)</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2023

	Notes	2023 HK\$'000	2022 HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment		36,414	72,771
Goodwill		4,209	15,287
Intangible assets		280	10,230
Investment in a joint venture		2,851	3,822
Investments in associates		90,005	164
Prepayments and deposits		9,553	11,260
Deferred tax assets		13,395	8,364
Total non-current assets		<u>156,707</u>	<u>121,898</u>
<b>Current assets</b>			
Trade receivables	11	178,601	213,851
Contract assets		213,222	268,121
Financial assets at fair value through profit or loss		7,005	11,974
Prepayments, deposits, other receivables and other assets		37,562	57,490
Cash and bank balances		90,101	160,869
Total current assets		<u>526,491</u>	<u>712,305</u>
<b>Current liabilities</b>			
Trade payables	12	29,015	15,772
Other payables and accruals		36,145	42,178
Contract liabilities		77,680	116,601
Interest-bearing bank borrowings		84,000	79,910
Other interest-bearing borrowings		3,883	3,995
Lease liabilities		19,335	27,805
Tax payable		224	4,163
Total current liabilities		<u>250,282</u>	<u>290,424</u>
<b>Net current assets</b>		<u>276,209</u>	<u>421,881</u>
<b>Total assets less current liabilities</b>		<u>432,916</u>	<u>543,779</u>
<b>Non-current liabilities</b>			
Other interest-bearing borrowings		1,097	2,054
Provision		2,160	2,160
Lease liabilities		10,528	33,503
Deferred tax liabilities		1,136	440
Total non-current liabilities		<u>14,921</u>	<u>38,157</u>
<b>Net assets</b>		<u>417,995</u>	<u>505,622</u>
<b>Equity</b>			
Issued capital		2,883	2,883
Reserves		412,888	435,299
Equity attributable to owners of the Company		415,771	438,182
Non-controlling interests		2,224	67,440
<b>Total equity</b>		<u>417,995</u>	<u>505,622</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

## 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 involved in the following principal activities:

- comprehensive architectural services; and
- building information modelling (“**BIM**”) services (deemed disposed of during the year and classified as a discontinued operation, as detailed in note 8 to the financial statements).

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 new and revised HKFRSs for the first time for the current year’s financial statements.

HKFRS 17	<i>Insurance Contracts</i>
Amendments to HKAS 1 and HKFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i>
Amendments to HKAS 8	<i>Definition of Accounting Estimates</i>
Amendments to HKAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>
Amendments to HKAS 12	<i>International Tax Reform – Pillar Two Model Rules</i>

The nature and the impact of the new and revised HKFRSs that are applicable to the Group are described below:

- (a) Amendments to HKAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to HKFRS Practice Statement 2 *Making Materiality Judgements* provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has disclosed the material accounting policy information in note 2.4 to the financial statements. The amendments did not have any impact on the measurement, recognition or presentation of any items in the Group's financial statements.
- (b) Amendments to HKAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. Since the Group's approach and policy align with the amendments, the amendments had no impact on the Group's financial statements.
- (c) Amendments to HKAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* narrow the scope of the initial recognition exception in HKAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions.

Prior to the initial application of these amendments, the Group has applied the initial recognition exception and did not recognise a deferred tax asset and a deferred tax liability for temporary differences for transactions related to leases. The Group has applied the amendments on temporary differences related to leases as at 1 January 2022. Upon initial application of these amendments, the Group recognised (i) a deferred tax asset for all deductible temporary differences associated with lease liabilities (provided that sufficient taxable profit is available), and (ii) a deferred tax liability for all taxable temporary differences associated with right-of-use assets at 1 January 2022. The amendments did not have any significant impact on the Group's consolidated financial statements.

- (d) Amendments to HKAS 12 *International Tax Reform – Pillar Two Model Rules* introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. The Group has applied the amendments retrospectively. Since the Group did not fall within the scope of the Pillar Two model rules, the amendments did not have any impact to the Group.

### 3. OPERATING SEGMENT INFORMATION

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 one reportable operating segment as follows:

- (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 disposed of during the year 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/loss 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>
<b>Segment revenue</b>			
<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	<u>454,250</u>	<u>93,985</u>	<u>548,235</u>
Intersegment revenue	–	6,423	6,423
Segment revenue	454,250	100,408	554,658
Reconciliation:			
Elimination of intersegment revenue			<u>(6,423)</u>
External revenue			<u>548,235</u>
<b>Segment results</b>	<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			<u>(3,087)</u>
Loss before tax			<u>(19,136)</u>



Other segment information:

	<u>Continuing operations</u>	<u>Discontinued operation</u>		
	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*	<u>1,933</u>	<u>2,362</u>	<u>-</u>	<u>4,295</u>

**For the year ended 31 December 2022**

	Continuing operations	Discontinued operation	
	Comprehensive architectural services <i>HK\$'000</i>	BIM services <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Segment revenue</b>			
<i>Timing of revenue recognition</i>			
Sale of IT products at point in time	–	23,982	23,982
Services transferred over time	533,759	124,926	658,685
Revenue from contracts with customers	<u>533,759</u>	<u>148,908</u>	<u>682,667</u>
<i>Type of goods or services</i>			
Architecture services	496,661	–	496,661
Landscape architecture, town planning, interior design and heritage conservation services	37,098	–	37,098
BIM services	–	124,926	124,926
Sale of IT products	–	23,982	23,982
Revenue from contracts with customers	533,759	148,908	682,667
Intersegment revenue	–	4,592	4,592
Segment revenue	533,759	153,500	687,259
Reconciliation:			
Elimination of intersegment revenue			(4,592)
External revenue			<u>682,667</u>
<b>Segment results</b>	<u>(22,717)</u>	<u>20,946</u>	<u>(1,771)</u>
Reconciliation:			
Unallocated other income			573
Share of loss of a joint venture			(8)
Share of loss of an associate			(168)
Loss on fair value changes of financial assets at fair value through profit or loss			(2,849)
Share option expenses recognised			(57)
Other unallocated corporate expenses			(5,621)
Loss before tax			<u>(9,901)</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	–	–	8	8
Share of loss of an associate	–	–	168	168
Impairment losses on financial and contract assets, net	3,430	1,670	–	5,100
Depreciation and amortisation	36,156	8,519	–	44,675
Loss on disposal of property, plant and equipment	535	–	–	535
Gain on surrender of leases	(726)	(80)	–	(806)
Finance costs	4,569	326	19	4,914
Recognition of equity-settled share-based payments	6,207	–	57	6,264
Capital expenditure*	<u>7,125</u>	<u>3,760</u>	<u>–</u>	<u>10,885</u>

\* *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	
	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
<i>Geographical markets</i>				
Mainland China	<b>207,052</b>	332,222	<b>22,733</b>	26,882
Hong Kong	<b>174,484</b>	168,049	<b>19,911</b>	41,759
Macau	<b>12,343</b>	750	–	–
Others	<b>60,371</b>	32,738	<b>1,450</b>	1,799
	<u><b>454,250</b></u>	<u>533,759</u>	<u><b>44,094</b></u>	<u>70,440</u>

### **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:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Customer A <sup>1</sup>	<u>45,672</u>	<u>N/A</u> <sup>2</sup>

- (1) Revenue derived from sales by the comprehensive architectural services segment.
- (2) During the year ended 31 December 2022, there is no customer which revenue from sales accounted for 10% or more of the total revenue of the Group.

### **4. OTHER INCOME AND GAINS, NET**

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
<b>Other income</b>		
Bank interest income	633	1,289
Government subsidies <sup>#</sup>	3,926	8,446
Value added tax refund	–	894
Others	<u>2,110</u>	<u>1,916</u>
	<u>6,669</u>	<u>12,545</u>

#### **(Loss)/gains, net**

Foreign exchange differences, net	319	(1,690)
Gain on surrender of leases	–	726
Gain on lease modification	562	–
Loss on disposal of other assets	(1,272)	–
Loss on disposal of property, plant and equipment	(408)	(535)
Others	<u>20</u>	<u>(148)</u>
	<u>(779)</u>	<u>(1,647)</u>
	<u>5,890</u>	<u>10,898</u>

<sup>#</sup> *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:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Interest expenses on:		
– Bank borrowings	4,447	2,194
– Lease liabilities	1,839	2,234
– Others	275	160
	<u>6,561</u>	<u>4,588</u>

## 6. LOSS BEFORE TAX FROM CONTINUING OPERATIONS

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
The Group's loss before tax from continuing operations is arrived at after charging/(crediting):		
Cost of services rendered	395,708	462,336
Depreciation of property, plant and equipment	31,218	36,156
Loss on disposal of property, plant and equipment	408	535
Loss on disposal of other assets	1,272	–
Staff costs including directors and chief executives' remuneration		
– Salaries, allowances and other benefits	310,145	374,971
– Equity-settled share-based payments	2,074	6,264
– Contributions to retirement benefit schemes <sup>1</sup>	13,731	15,856
	<u>325,950</u>	<u>397,091</u>
Impairment recognised on:		
– Trade receivables, net	1,577	1,176
– Contract assets, net	962	2,254
– Other assets	3,056	–
	<u>5,595</u>	<u>3,430</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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
The income tax expense comprises:		
Current tax:		
Hong Kong	–	119
Mainland China	<u>1,453</u>	<u>1,037</u>
	1,453	1,156
Deferred tax	<u>(4,067)</u>	<u>(2,125)</u>
Total tax credit for the year from continuing operations	(2,614)	(969)
Total tax charge for the year from a discontinued operation ( <i>note 8</i> )	<u>2,558</u>	<u>2,204</u>
Total	<u><u>(56)</u></u>	<u><u>1,235</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 has been diluted from 44.9% to 35.0% and the Company has 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 and 2022 are summarised as follows:

	<b>2023</b>	2022
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Revenue	<b>93,985</b>	148,908
Cost of services	<b>(74,701)</b>	(111,904)
Other income and gains, net	<b>1,170</b>	4,360
Impairment losses on financial and contract assets, net	<b>(1,475)</b>	(1,670)
Administrative expenses	<b>(11,457)</b>	(18,422)
Finance costs	<b>(434)</b>	(326)
	<u>7,088</u>	<u>20,946</u>
Profit before tax	<b>7,088</b>	20,946
Income tax	<b>(2,558)</b>	(2,204)
	<u>4,530</u>	<u>18,742</u>
Profit for the year	<b>4,530</b>	18,742
Gain on disposal of a discontinued operation	<b>10,458</b>	–
	<u>14,988</u>	<u>18,742</u>
Profit for the year from a discontinued operation	<b>14,988</b>	18,742
Attributable to:		
Owners of the Company	<b>12,932</b>	9,877
Non-controlling interests	<b>2,056</b>	8,865
	<u>14,988</u>	<u>18,742</u>

#### **Earnings per share from a discontinued operation**

	<b>2023</b>	2022
	<b><i>HK cents</i></b>	<i>HK cents</i>
Basic and diluted	<b>4.49</b>	3.43

The calculation of the basic earnings per share amount from a discontinued operation is based on the profit for the year from a discontinued operation attributable to owners of the Company of HK\$12,932,000 (2022: HK\$9,877,000), and the weighted average number of ordinary shares in issue during the year (note 9).

No adjustment has been made to the basic earnings per share amount from a discontinued operation presented for each of the years ended 31 December 2023 and 2022 in respect of a dilution as the impact of the share options outstanding during the years ended 31 December 2023 and 2022 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 amount is based on the loss for the year 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 2023 and 2022 in respect of a dilution as the impact of the share options outstanding during the years ended 31 December 2023 and 2022 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:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
<b>Loss:</b>		
Loss attributable to owners of the Company, used in the basic and diluted loss per share calculation	<u>(21,240)</u>	<u>(18,797)</u>
Loss for the year from continuing operations attributable to owners of the Company, used in the basic loss per share calculation	<u>(34,172)</u>	<u>(28,674)</u>
	<b>Number of Shares</b>	
	2023	2022
<b>Shares:</b>		
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 2023 and 2022.

## 11. TRADE RECEIVABLES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Bills receivable	3,084	4,097
Trade receivables	<u>187,206</u>	<u>223,000</u>
	190,290	227,097
Impairment	<u>(11,689)</u>	<u>(13,246)</u>
	<u><u>178,601</u></u>	<u><u>213,851</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, as at the end of the reporting period, based on the invoice date, and net of loss allowance, is as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Unbilled receivable ( <i>Note</i> )	40,751	64,131
Within 30 days	41,777	54,445
Over 30 days and within 90 days	30,432	21,753
Over 90 days and within 180 days	22,474	29,468
Over 180 days	<u>43,167</u>	<u>44,054</u>
	<u><u>178,601</u></u>	<u><u>213,851</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:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Within 30 days	4,335	5,324
Over 30 days and within 90 days	9,413	4,869
Over 90 days	<u>15,267</u>	<u>5,579</u>
	<u><u>29,015</u></u>	<u><u>15,772</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 the year. 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	(10,798)
Contract liabilities	(10,517)
Interest-bearing bank borrowings	(3,003)
Lease liabilities	(3,490)
Tax payable	(2,588)
Deferred tax liabilities	(302)
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

The sustained and exponential expansion of the property market in Mainland China had been a pivotal driver of GDP growth for over two decades until mid of 2021. Since then, there was a sharp decline in property sales due to stringent government regulations. This downturn led to an unprecedented surge in defaults and a significant number of stalled projects, impacting heavily leveraged property developers. In Hong Kong, the property market woes persist, amidst a chronic supply shortage and falling property demand caused by the continuing affordability crisis and surging interest rates in the city.

Instead, the real estate market in the Middle East has experienced rapid growth in recent years, with many countries in the region witnessing significant increases in property values and investment opportunities. Saudi Arabia, the largest economy in the Gulf Cooperation Council (“GCC”), has also witnessed a remarkable growth in the real estate market.

Despite the challenges posed by the industry downturn, the Group is actively exploring opportunities for transformative changes to align with future business models and seeking out 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 capitalise on emerging trends.

### Deemed Disposal of interest in isBIM

Upon the Closing of the deemed disposal (the “**Deemed Disposal**”) of interest in isBIM Limited (“**isBIM**”) by the Company, on 6 October 2023, isBIM allotted and issued new shares to the new investors. The Board believes that the introduction of the new investors of isBIM would diversify the shareholder base of isBIM and enhance its corporate profile and reputation, thereby increasing its ability to attract future investors and strategic partners, which is beneficial to the long-term growth and development of isBIM Group.

For details of the Deemed Disposal of interest in isBIM, please refer to the sub-section headed “Material Acquisitions and Disposals” in this section on page 28 of this announcement.

## **Subscription in Element Investment**

On 15 November 2023, a wholly-owned subsidiary of the Company and a non-wholly owned subsidiary of the Company, together with other investors entered into the shareholders' agreement of Element Investment (Hong Kong) Limited ("**Element Investment**"), for an investment to a limited partnership registered in the People's Republic of China ("**PRC**") which was to setup to invest into an investment project of the research and development, transformation and production of medical isotopes in the PRC. The total consideration of the investment of the Group is RMB25 million. It is expected to have a significant improvement in the capabilities of medical isotopes-related industries to establish a stable and independent supply chain in the PRC to fulfil the future health needs of the citizens and anticipates an explosive growth in the demand of medical radioactive isotopes and the Group will be benefited from the capital gain of its investment.

For details of the Subscription in Element Investment, please refer to the sub-section headed "Significant Investment" in this section on page 27 of this announcement.

## **BUSINESS REVIEW**

The Group aimed to strengthen its market position as one of the leading comprehensive architectural service providers in Hong Kong and Mainland China. Five years ago, the Group expanded into the Middle East and North Africa ("**MENA**") 5 years ago in order to seize the architectural business there.

During the year, because of the prolonged downturn in the real estate market in the PRC and a sharp decline in newly started real estate projects in 2023, the comprehensive architectural business secured 188 new contracts from external customers and the value of such new contracts and supplementary contracts totaled approximately HK\$557,812,000, as compared with HK\$744,758,000 in 2022, representing a decrease of 25.1%. As at 31 December 2023, the Group's segment had remaining contract sums of approximately HK\$1,393,992,000, decreased by 8.5% as compared with HK\$1,523,790,000 in 2022. In 2023, approximately a quarter of new contracts secured were for projects in MENA region with a primary focus in Saudi Arabia and Dubai.

## **FINANCIAL OVERVIEW**

### **Continuing Operations**

#### **Revenue**

During the year, the revenue from continuing operations of the Group was HK\$454,250,000, compared with that of HK\$533,759,000 in 2022, representing a decrease of 14.9%. During the year, revenue from Mainland China was decreased by HK\$125,170,000, representing a decrease of 37.7% when compared with last year. The persistent challenges in the real estate industry in Mainland China that was expected to take a few years to recover.

In 2023, other than the revenue in Mainland China and Hong Kong, revenue was also generated from other regions like MENA and Macau, which was almost doubled when compared with last year.

#### **Cost of services**

Cost of services for the year from continuing operations amounted to HK\$395,708,000, when compared with that of HK\$462,336,000 in 2022, representing a decrease of 14.4%. Decrease in current year was mainly represented by the cost reduction of the operation of the Group in Mainland China. The Group further reduced the professional team in response to the continuous decline of the property market in Mainland China persisted throughout 2023.

#### **Gross profit and gross profit margin**

Gross profit for the year from continuing operations amounted to HK\$58,542,000, decreased by 18.0% when compared with that of HK\$71,423,000 in 2022. The gross profit margins for 2023 and 2022 stood at 12.9% and 13.4%, respectively. The decrease in gross profit margin over these two years, when compared to previous years, can be attributed to the persistent downturn in Mainland China property market, which has been influenced by government policies affecting property developers in Mainland China. This influence is evident as state-owned developers have taken the lead in sales and land acquisition, contributing to sector consolidation and reduced real estate investment, subsequently affecting China's GDP growth. Additionally, the downward trend in national new home prices presents a formidable challenge in the property market.

## **Administrative expenses**

Administrative expenses for the year from continuing operations amounted to HK\$89,487,000, comparing with the corresponding period of HK\$102,125,000, representing a decrease of 12.4%. The decrease was mainly due to the decrease in staff cost including equity-settled share-based payments and headcount for the management and administrative support during the year.

## **Profit for the year from a discontinued operation**

During the year, the profit bore by the Group before the date of Deemed Disposal of interest in isBIM on 6 October 2023 amounted to approximately HK\$4,530,000. Gain on Deemed Disposal was approximately HK\$10,458,000. Profit for the year from a discontinued operation resulted to HK\$14,988,000.

The gain on Deemed Disposal represented the difference between the fair value and net assets value of isBIM Group as at the date when the Group lost its control over isBIM. There was a difference between the provisional fair value and the finalised fair value of isBIM Group which resulted in a change in the estimated gain on Deemed Disposal as disclosed in the announcement dated 3 August 2023 and the circular dated 6 September 2023.

## **Loss for the year**

Loss for the year in 2023 was HK\$19,080,000, compared with loss for the year of HK\$11,136,000 in 2022.

Loss for the year attributable to owners of the Company in 2023 was HK\$21,240,000, compared with loss for the year attributable to owners of the Company of HK\$18,797,000 in 2022.

## LIQUIDITY AND FINANCIAL RESOURCES

	As at 31 December	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current assets	<b>526,491</b>	712,305
Current liabilities	<b>250,282</b>	290,424
Current ratio	<b><u>2.10</u></b>	<b><u>2.45</u></b>

The current ratio of the Group at 31 December 2023 was 2.10 times as compared to that of 2.45 times at 31 December 2022. The decrease in current ratio in current year was mainly resulted from the decrease in net contract assets due to the enlarged contract work in progress last year which have been issued billings during the year and the increase of trade payables during the year.

As at 31 December 2023, the Group had total bank balances and cash of HK\$90,101,000 (2022: HK\$160,869,000). The unutilised banking facility amount was HK\$56,000,000 (2022: HK\$84,000,000) as at 31 December 2023.

As at 31 December 2023, the gearing ratio of the Group was 21.2% (represented by unsecured bank borrowings and other interest-bearing borrowings divided by total equity) (as at 31 December 2022: 17.0%). The borrowings of the Group have not been hedged by any interest rate financial instruments.

The Group has sufficient unutilised banking facility to meet the needs of the Group's business development. 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

Amidst the ongoing downturn in the real estate market in Mainland China, there are signs of gradual recovery in the global economy, trade, and cultural exchanges. Hong Kong's revitalised connectivity with the world is poised to unlock a multitude of market opportunities in the near future. Our Group is committed to seizing these prospects by furthering our role in advancing green, smart architectural development across key markets in Mainland China, Hong Kong, and MENA.

The latest developments and policies announced for the Guangdong-Hong Kong-Macao Greater Bay Area (“**GBA**”) in 2024 indicate a strong focus on economic growth and innovation. Furthermore, efforts are being made to establish the GBA Knowledge Hub, designed to provide valuable resources and foster innovation within the region. Additionally, co-operation efforts and infrastructure-led initiatives, such as the Northern Metropolis Action Agenda 2023, are heralding new opportunities for industry-driven development in the GBA and positioning it as a key player in the global business landscape.

Vision 2030 in the Kingdom of Saudi Arabia has brought about a paradigm shift in the kingdom’s economic landscape, significantly impacting the real estate sector. These developments, which thoughtfully integrate residential, commercial, and leisure spaces, are increasingly in demand due to their sustainability and self-sufficiency. The local government is pushing for increased home ownership amongst its citizens and the rising young demographic seeking cost-effective housing solutions. Harnessing advanced construction technologies like modular and prefabricated building methods to capitalise on these opportunities efficiently and sustainably.

The growing number of smart cities and sustainable development projects worldwide is expected to provide ample opportunities in the real estate market in the coming years. These project focus on creating eco-friendly, tech-savvy urban environments that enhance the quality of life. Our unwavering focus on deepening digital transformation aligns with our commitment to modernised working methods in pursuit of a more sustainable world and enhancing the living environment through sustainable practices. We reiterate our dedication to pioneering advanced projects for smart construction while upholding the pursuit of excellence of the Group.

Overall, the Group remains resolute in accelerating sustainable transformation globally through our designs and investments in forward-thinking projects, even in the face of the challenging market conditions currently.

## **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 limit 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 2023:

	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 2023 <i>HK\$ million</i>	Unutilised use of Net Proceeds as at 31 December 2023 <i>HK\$ million</i> <i>(Note (a))</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	21.5	8.5
	<u>145.8</u>	<u>145.8</u>	<u>137.3</u>	<u>8.5</u>

*Note:*

- (a) It is expected that the unutilised Net Proceeds to be fully utilised by the end of 2024, but is subject to change depending on the market conditions and developments at the relevant times.

## **CAPITAL STRUCTURE**

There has been no change in the capital structure of the Group during the year ended 31 December 2023. 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 and Renminbi. As at 31 December 2023, the Group had no significant exposure under foreign exchange contracts, interest, currency swaps or other financial derivatives.

## **SIGNIFICANT INVESTMENT**

Save as disclosed below, during the year ended 31 December 2023, the Group did not have other significant investment.

### **Subscription in Element Investment**

On 15 November 2023 (after trading hours), C Cheng Project Management Limited (“**C Cheng Project Management**”), a wholly-owned subsidiary of the Company, and Mettle Capital Limited (“**Mettle**”), a non-wholly-owned subsidiary of the Company, entered into the Shareholders’ Agreement with Gain Sky Resources Limited (“**Gain Sky**”), Ms. Wang Xiao Mao (“**Ms. Wang**”), Innovax Management Limited (“**Innovax**”), each being an independent third party, and Element Investment (Hong Kong) Limited (“**Element Investment**”) for the purpose of regulating their relationships and the management of Element Investment.

Element Investment act as a corporate vehicle for the joint participation of C Cheng Project Management, Mettle, Gain Sky, Ms. Wang and Innovax, and the capital contribution to Element Investment will be utilised for an investment to a limited partnership registered in the PRC, which was to setup to invest into an investment project of the research and development, transformation and production of medical radioactive isotopes in the PRC.

The Subscription in Element Investment carried out and completed immediately after the signing of the Shareholders' Agreement, that Element Investment allotted and issued, and C Cheng Project Management, Mettle, Gain Sky, Ms. Wang and Innovax subscribed for 19,996,363, 4,999,091, 22,195,964, 2,799,491 and 4,999,091 shares of Element Investment at the consideration of approximately RMB20.0 million, approximately RMB5.0 million, approximately RMB22.2 million, approximately RMB2.8 million and approximately RMB5.0 million, respectively.

For details of the Subscription in Element Investment, please refer to the announcement of the Company dated 15 November 2023.

## **FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS**

Save as disclosed in this announcement, during the year ended 31 December 2023, the Group had no future plan for material investments and capital assets.

## **MATERIAL ACQUISITIONS AND DISPOSALS**

Save as disclosed below, during the year ended 31 December 2023, there was no material acquisition or disposal of subsidiaries, associates and joint ventures by the Group.

### **Deemed Disposal of interest in isBIM**

On 3 August 2023 (after trading hours), the Company, isBIM, Mr. Li Kwong (a director, the chief executive officer, and a shareholder of isBIM), two new investors, namely Future M Company Limited and AEF Greater Bay Area LPF (each being an independent third party), and each of the subsidiaries of isBIM entered into the Share Subscription Agreement, pursuant to which, among others, isBIM conditionally agreed to allot and issue, and each of investors conditionally agreed to subscribe for 4,123 and 2,062 Series A-1 Preferred Shares at the subscription price of approximately HK\$31.2 million and approximately HK\$15.6 million, respectively (the “**isBIM Subscription**”). The isBIM Subscription constitutes a Deemed Disposal of interest in isBIM by the Company under Rule 14.29 of the Listing Rules.

The closing of the isBIM Subscription took place on 6 October 2023 (the “**Closing**”). Immediately after Closing, on an as-converted basis, the percentage of the Company’s shareholding interest in isBIM reduced from approximately 44.9% to approximately 35.0%, and the Company ceased to control the board of isBIM. Therefore, isBIM ceased to be a subsidiary of the Company and became an associate of the Company. Accordingly, the financial results of isBIM has no longer been consolidated into the financial statements of the Company.

For details of the Deemed Disposal, please refer to the announcements of the Company dated 3 August 2023, 30 September 2023, 6 October 2023, and the circular of the Company dated 6 September 2023.

## **DIVIDEND**

The Directors did not recommend the payment of any final dividend for the year ended 31 December 2023 (2022: Nil).

## **PLEDGE OF ASSETS**

The Group did not have any pledged assets as at 31 December 2023 (2022: Nil).

## **CONTINGENT LIABILITIES**

As at 31 December 2023, the Group provides guarantees amounted to HK\$5,726,000 (2022: HK\$6,551,000) 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 2023 and 2022, the Group has capital commitment in respect of investment in a joint venture, C-Bay Smart Cities Limited of HK\$10,000,000 which has been contracted but not provided for in the consolidated financial statements.

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 31 December 2023, the Group employed around 710 (2022: around 1,130) full-time employees. Since isBIM ceased to be a subsidiary of the Company with effect on 6 October 2023, the number of full-time employees of the Group as at 31 December 2023 did not include that of isBIM Group.

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 2023.

## **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 2023.

## **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 2023, 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 2023 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 2023.

## **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 2023 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 2023 ANNUAL REPORT**

The annual report of the Company for the year ended 31 December 2023 and the notice of the annual general meeting will be dispatched to the Shareholders and published on the website of the Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk)) and the website of the Company ([www.cchengholdings.com](http://www.cchengholdings.com)) in due course.

## **ANNUAL GENERAL MEETING**

The AGM will be held on 4 June 2024. The notice of AGM and all other relevant documents will be published and despatched to the Shareholders in April 2024.

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from Wednesday, 29 May 2024 to Tuesday, 4 June 2024 (both days inclusive), for the purpose of determining entitlement of the Shareholders to attend and vote at the AGM, during which period no share transfers will be registered. All transfers accompanied by the relevant share certificates must be lodged with the Hong Kong branch share registrar and transfer office of the Company, Union Registrars Limited at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong, for registration no later than 4:00 p.m. on Tuesday, 28 May 2024.

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

Hong Kong, 26 March 2024

*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. Liu Yong and Mr. Deng Li Ming, and the independent non-executive Directors are Mr. Chan James, Mr. Wong Hin Wing and Ms. Su Ling.*