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ZHONGCHANG INTERNATIONAL HOLDINGS GROUP LIMITED
中昌國際控股集團有限公司
(incorporated in Bermuda with limited liability)
(Stock code: 859)

ANNOUNCEMENT OF ANNUAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2024

The board (“**Board**”) of directors (the “**Directors**”) of Zhongchang International Holdings Group Limited (the “**Company**”) hereby announces the results of the Company and its subsidiaries (the “**Group**”) for the year ended 31 December 2024 (the “**Reporting Period**” or “**FY2024**”), together with the comparative figures for the year ended 31 December 2023 (“**FY2023**”) which are set out as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 December	
		2024	2023
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	3	32,638	33,778
Other income	5	1,251	3,326
Net loss in fair value of investment properties		(149,451)	(50,400)
Staff costs	6	(3,119)	(3,956)
Depreciation of property, plant and equipment	6	(17)	(118)
Depreciation of right-of-use assets	6	(857)	(857)
Impairment loss on financial assets, net	6	(162)	–
Other operating expenses		(5,859)	(7,258)
Loss from operations	6	(125,576)	(25,485)
Finance costs	7	(50,510)	(43,428)
Loss before tax		(176,086)	(68,913)
Income tax expense	8	(657)	(3,951)
Loss for the year		(176,743)	(72,864)

		Year ended 31 December	
		2024	2023
	<i>Note</i>	HK\$'000	HK\$'000
Other comprehensive income, net of tax			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange difference on translating foreign operations		<u>(106)</u>	<u>125</u>
Other comprehensive income for the year, net of tax		<u>(106)</u>	<u>125</u>
Total comprehensive loss for the year		<u>(176,849)</u>	<u>(72,739)</u>
Loss for the year attributable to the owners of the Company		<u>(176,743)</u>	<u>(72,864)</u>
Total comprehensive loss for the year attributable to the owners of the Company		<u>(176,849)</u>	<u>(72,739)</u>
Loss per share attributable to ordinary equity holders of the Company			
– Basic and diluted (in HK cents)	10	<u>(15.71)</u>	<u>(6.48)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 31 December 2024	As at 31 December 2023
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		–	17
Right-of-use assets		642	1,499
Investment properties		1,582,100	1,731,100
		1,582,742	1,732,616
Current assets			
Trade and other receivables, deposits and prepayments	11	2,064	2,974
Tax recoverable		377	–
Cash and cash equivalents		16,738	123,047
		19,179	126,021

		As at 31 December 2024 HK\$'000	As at 31 December 2023 HK\$'000
	<i>Note</i>		
Current liabilities			
Other payables, deposits and accrued expenses	12	10,171	11,046
Lease liabilities		702	872
Interest-bearing bank and other borrowings		792,028	870,857
Tax payable		3,803	3,858
		806,704	886,633
Net current liabilities		(787,525)	(760,612)
Total assets less current liabilities		795,217	972,004
Non-current liabilities			
Other payables and deposits	12	4,607	4,518
Lease liabilities		–	702
Deferred tax liabilities		13,925	13,250
		18,532	18,470
Net assets		776,685	953,534
CAPITAL AND RESERVES			
Share capital		112,502	112,502
Reserves		664,183	841,032
Total equity		776,685	953,534

Notes:

1. CORPORATE INFORMATION

The Company was incorporated in Bermuda on 16 December 1999 as an exempted company with limited liability under the Companies Act 1981 of Bermuda (as amended).

The Company acts as an investment holding company and the principal activities of the Group are leasing of investment properties in Hong Kong.

The Company's shares are listed on The Stock Exchange of Hong Kong Limited.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties and financial assets at fair value through profit or loss which have been measured at fair value. These financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated.

Going concern

As at 31 December 2024, the Group's total current liabilities exceeded its total current assets by approximately HK\$787,525,000 (2023: approximately HK\$760,612,000). The Directors considered that the controlling shareholder of the Company has the intention to provide continuing financial support to the Company so as to enable the Company to meet its liabilities as and when they fall due. Accordingly, the Directors believe that the Group has adequate resources to continue its operations in the foreseeable future of not less than 12 months from the end of the reporting period. Therefore, they are of the opinion that it is appropriate to adopt the going concern basis in preparing the consolidated financial statements.

Basis of consolidation

The consolidated financial statements include the financial statements of the Group for the year ended 31 December 2024. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and 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 (the "2020 Amendments")</i>
Amendments to HKAS 1	<i>Non-current Liabilities with Covenants (the "2022 Amendments")</i>

The nature and the impact of revised HKFRSs that 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.

3. REVENUE

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Gross rental income from investment properties in Hong Kong	<u>32,638</u>	<u>33,778</u>

4. OPERATING SEGMENT INFORMATION

Operating segments and the amounts of each segment item reported in the financial statements are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

The Group operates in a single business, which is the leasing of investment properties in Hong Kong. Accordingly, no segmental analysis is presented.

Information about major customers

There were no customers individually contributing over 10% of the revenue for the years reported.

5. OTHER INCOME

	2024 HK\$'000	2023 HK\$'000
Bank interest income	357	1,119
Exchange differences	64	–
Sundry income	830	2,207
	<u> </u>	<u> </u>
Total other income	<u>1,251</u>	<u>3,326</u>

6. LOSS FROM OPERATIONS

The Group's loss from operations is arrived at after charging/(crediting):

	2024 HK\$'000	2023 HK\$'000
Directors' emoluments	540	540
Other staff costs:		
Salaries and allowances	2,434	3,159
Retirement benefit scheme contributions	58	88
Other benefits in kind	87	169
	<u> </u>	<u> </u>
Total staff costs	<u>3,119</u>	<u>3,956</u>
Bank interest income	(357)	(1,119)
Net loss in fair value of investment properties	149,451	50,400
Exchange difference, net	(64)	152
Auditors' remuneration		
– Audit services	1,050	1,130
Depreciation of property, plant and equipment	17	118
Depreciation of right-of-use assets	857	857
Lease payments not included in the measurement of lease liabilities	293	298
Impairment loss on financial assets, net	162	–
Gross rental income from investment properties	(32,638)	(33,778)
Less: Direct operating expenses from investment properties that generated rental income during the year	2,627	2,753
	<u> </u>	<u> </u>
	<u>(30,011)</u>	<u>(31,025)</u>

7. FINANCE COSTS

An analysis of finance costs is as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Interest on bank and other loans	50,414	43,264
Interest on lease liabilities	96	164
	<u>50,510</u>	<u>43,428</u>

8. INCOME TAX EXPENSE

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Current tax		
Hong Kong		
– Provision for the year	–	3,444
– Over-provision in prior years	(18)	–
	<u>(18)</u>	<u>3,444</u>
The PRC		
– Over-provision in prior years	–	(153)
	<u>(18)</u>	<u>3,291</u>
Deferred taxation		
– Charged to the consolidated statement of profit or loss and other comprehensive income	675	660
Total	<u>657</u>	<u>3,951</u>

The provision for Hong Kong Profits Tax for the year ended 31 December 2024 is calculated at 16.5% of the estimated assessable profits for the year (2023: 16.5%). The concession of 8.25% tax band under the two-tiered tax regime introduced by the Hong Kong SAR Government was taken up by an indirect wholly-owned subsidiary incorporated in Hong Kong.

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for the years ended 31 December 2024 and 2023.

9. DIVIDEND

The Directors do not recommend any dividend for the year ended 31 December 2024 (2023: Nil).

10. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic and diluted loss per share attributable to the owners of the Company is based on the following data:

	2024 HK\$'000	2023 HK\$'000
Loss attributable to ordinary equity holders of the Company, used in the basic and diluted loss per share calculation:	<u>(176,743)</u>	<u>(72,864)</u>
	Number of shares	
	2024 '000	2023 '000
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	<u>1,125,027</u>	<u>1,125,027</u>

For the years ended 31 December 2024 and 2023, the diluted loss per share is the same as the basic loss per share. The Group had no potentially dilutive ordinary shares outstanding during the years ended 31 December 2024 and 2023.

11. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2024 HK\$'000	2023 HK\$'000
Rental receivables, net of allowance for credit losses (<i>Note (i)</i>)	84	61
Other receivables, deposits and prepayments, net of allowance for credit losses (<i>Note (ii)</i>)	<u>1,980</u>	<u>2,913</u>
Total	<u>2,064</u>	<u>2,974</u>

- (i) The amount represents rental receivables for leasing of investment properties.

The Group maintains a defined and restricted credit policy to assess the credit quality of each counterparty or tenant. The collection is closely monitored to minimise any credit risk associated with these rental receivables.

The ageing analysis of the Group's rental receivables is as follows:

	2024 HK\$'000	2023 <i>HK\$'000</i>
0 to 30 days	23	10
31 to 60 days	20	11
61 to 90 days	21	–
91 to 180 days	20	–
181 to 365 days	–	–
More than 365 days	–	40
	<hr/>	<hr/>
Total	84	61
	<hr/> <hr/>	<hr/> <hr/>

Rental receivables that were past due but not impaired relate to a number of independent tenants that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there have not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

- (ii) The amount represents other receivables, deposits and prepayments:

	2024 HK\$'000	2023 <i>HK\$'000</i>
Prepayments	35	24
Deposits and other receivables	272,377	279,033
Prepaid tax	14	14
	<hr/>	<hr/>
	272,426	279,071
Less: Allowance for credit losses	(270,446)	(276,158)
	<hr/>	<hr/>
Total	1,980	2,913
	<hr/> <hr/>	<hr/> <hr/>

The movements in the allowance for credit losses of other receivables, deposits and prepayments are as follows:

	2024 HK\$'000	2023 <i>HK\$'000</i>
At 1 January	276,158	280,162
Impairment losses	162	–
Exchange realignment	(5,874)	(4,004)
	<hr/>	<hr/>
At 31 December	270,446	276,158
	<hr/> <hr/>	<hr/> <hr/>

12. OTHER PAYABLES, DEPOSITS AND ACCRUED EXPENSES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Rental deposits received	9,123	10,514
Other payables and accrued expenses	<u>5,440</u>	<u>4,897</u>
	14,563	15,411
Contract liabilities (<i>Note</i>)	<u>215</u>	<u>153</u>
	<u>14,778</u>	<u>15,564</u>
Analysed into:		
Non-current portion	4,607	4,518
Current portion	<u>10,171</u>	<u>11,046</u>

Note:

Details of contract liabilities are as follows:

	31 December 2024 <i>HK\$'000</i>	31 December 2023 <i>HK\$'000</i>	1 January 2023 <i>HK\$'000</i>
Short-term advance payments received from tenants	<u>215</u>	<u>153</u>	<u>732</u>

Contract liabilities include short-term advance payments received from tenants, which is related to the provision of rental concession and/or advance rental payments from tenants at the end of the reporting period.

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

The Group is principally engaged in leasing of investment properties in Hong Kong. During the Reporting Period, the Group's revenue was primarily derived from rental income from its investment properties in Hong Kong. The Group's investment properties are mainly situated at prime retail and shopping locations in Causeway Bay, Hong Kong Island.

2024 was another challenging year for the Group. Although Hong Kong posted a real gross domestic product growth rate of 2.5% in 2024, structural pressure is hindering the growth of retail sectors. Provisional figures released by the Hong Kong Census and Statistics Department showed Hong Kong's retail sales dropped 7.3% in 2024 compared with the same period in 2023. Global economic uncertainties, geopolitical tensions and underperformance in Hong Kong's real estate markets have collectively contributed to the adverse impact on the local economy and consumer market. Factors such as changes of consumption patterns, strong Hong Kong dollar as well as reduced demand due to outbound travel and cross-border shopping in Shenzhen are accelerating local retail's downward trend.

Property leasing business

During FY2024, the Group recorded rental income from investment properties in Hong Kong of approximately HK\$32.6 million, which represented a decrease of approximately 3.6% from approximately HK\$33.8 million recorded in FY2023. The decrease in rental income was primarily attributable to the negative rental reversion arising from renewal of certain existing tenancy agreements and the decline in the occupancy rate during FY2024.

As at 31 December 2024, the investment properties portfolio of the Group achieved an occupancy rate (as measured by the percentage of total lettable area leased over the total lettable area of the Group's portfolio) of approximately 70.6% (31 December 2023: approximately 84.6%). The decrease in occupancy rate was mainly due to overall market softness. Jardine Center remained as the Group's core and steady income generator, accounted for approximately 76.5% of the total revenue of the Group during FY2024.

The Group's revenue growth and occupancy rates are the key measurements used for the assessment of its core leasing business performance. In response to the economic situation, the Group adopted rigorous cost control measures and keep our operating costs down during FY2024. Set out below is a table summarising the key performance indicators for the Group's property leasing business in Hong Kong for FY2023 and FY2024.

Key performance indicators	Definition	Business performance	
		FY2024	FY2023
Revenue growth	Rental revenue in current year vs the previous year	-3.6%	0.3%
Occupancy rate	Percentage of total lettable area leased/total lettable area at year-end	70.6%	84.6%
Operating cost ratio	(Staff costs plus other operating expenses) divided by revenue	27.6%	33.2%

In 2024, the Group remained focused on further bolstering the resilience of its core business of property leasing in Hong Kong, particularly in Causeway Bay, in order to preserve its long-term competitiveness and ensure sustainable development in this challenging market. The investment properties of the Group are mainly situated in the prime shopping district of Causeway Bay in Hong Kong. During FY2024, the tenants of the Group were mainly engaged in catering, beauty parlour and other retailing businesses.

Set out below is a table summarising the valuation of the investment properties portfolio of the Group in Hong Kong as at the end of FY2024 and FY2023 and revenue contribution of the investment properties portfolio of the Group in Hong Kong in FY2024 as compared to that in FY2023.

	Valuation of investment properties as at 31 December		Decrease in fair value of investment properties	Revenue for		Increase/ (decrease) in revenue
	2024	2023		FY2024	FY2023	%
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Causeway Bay						
Jardine Center, No. 50						
Jardine's Bazaar ⁽¹⁾	1,270,000	1,372,000	(102,000)	24,962	27,144	(8.0)
Ground Floor and Cockloft Floor,						
No. 38 Jardine's Bazaar ⁽²⁾	69,000	81,500	(12,500)	1,924	1,023	88.1
First Floor, Nos. 38 and						
40 Jardine's Bazaar ⁽²⁾	11,600	12,100	(500)	472	502	(6.0)
Ground Floor including Cockloft,						
No. 41 Jardine's Bazaar ⁽²⁾	87,000	110,000	(23,451)	2,144	1,998	7.3
Ground Floor, No. 57						
Jardine's Bazaar ⁽²⁾	98,000	108,000	(10,000)	2,184	2,061	6.0
Mid-Levels						
Shop No. 1 on Ground Floor of						
K.K. Mansion, Nos. 119, 121						
& 125 Caine Road ⁽²⁾	46,500	47,500	(1,000)	952	1,050	(9.3)
Total	1,582,100	1,731,100	(149,451)	32,638	33,778	(3.6)

⁽¹⁾ Ginza-style building

⁽²⁾ Street-shop

As at 31 December 2024, the investment properties of the Group were revalued at HK\$1,582.1 million (31 December 2023: HK\$1,731.1 million) by an independent professional valuer. During FY2024, the loss in fair value of investment properties of approximately HK\$149.5 million (FY2023: HK\$50.4 million) was recognised in the consolidated statement of profit or loss and other comprehensive income. The loss in fair value of investment properties was mainly due to challenging macro environment.

OUTLOOK

Looking ahead, the difficult economic environment will continue to put pressure on Hong Kong retail sector in 2025. Nevertheless, the Central Government's roll-out of various measures to boost the Mainland economy and benefit Hong Kong, coupled with the Hong Kong Government's proactive efforts to promote tourism development and boost local sentiment would benefit the retail sector. As the investment properties of the Group are mainly situated in the prime shopping district of Causeway Bay in Hong Kong, the Group believes it remains well-placed to capture potential growth opportunities during the recovery of Hong Kong's tourism and retail sector.

Under the impact of ongoing uncertainties, the Group will continue to focus on its core business in property leasing and will continue to act with prudence and caution. The business priorities of the Group are to improve its liquidity and financial position. The Group is negotiating with financial institutions to roll over or to reschedule the loan repayments. The Group will continue with its best effort to adopt prudent capital management and liquidity risk management in order to meet the challenges ahead.

FINANCIAL REVIEW

Revenue

For FY2024, the revenue of the Group amounted to approximately HK\$32.6 million, representing a decrease of approximately 3.6% from approximately HK\$33.8 million in FY2023. The decrease in rental income was primarily attributable to the negative rental reversion arising from renewal of certain existing tenancy agreements and the decline in the occupancy rate during FY2024.

Other income

Other income for FY2024 was approximately HK\$1.3 million (FY2023: approximately HK\$3.3 million), representing a decrease of approximately HK\$2.0 million as compared to FY2023. The decrease was mainly due to (i) decrease in bank interest income and (ii) decrease in refund of Jardine Center building management fee during FY2024 as compared with FY2023.

Staff costs

For FY2024, the Group's staff costs amounted to approximately HK\$3.1 million, representing a decrease of approximately 22.5% from approximately HK\$4.0 million recorded in FY2023. The decrease in staff costs was mainly due to departures of certain staff during FY2023.

Other operating expenses

Due to adoption of stringent cost control measures, other operating expenses amounted to approximately HK\$5.9 million for FY2024, representing a decrease of approximately 19.2% from approximately HK\$7.3 million recorded in FY2023. Other operating expenses mainly comprised of investment properties operating costs, professional fees and general administrative costs.

Net loss in fair value of investment properties

As at 31 December 2024, the investment properties of the Group were revalued at HK\$1,582.1 million (31 December 2023: HK\$1,731.1 million) by an independent professional valuer. During FY2024, a fair value loss on investment properties of approximately HK\$149.5 million was recognised in the consolidated statement of profit or loss and other comprehensive income. The fair value loss on the investment properties was mainly due to the challenging macro environment.

Finance costs

For FY2024, finance costs of the Group amounted to approximately HK\$50.5 million, representing an increase of approximately 16.4% from approximately HK\$43.4 million recorded in FY2023. Such increase was mainly attributable to the interest arising from the shareholder's loan during FY2024.

Loss for the year attributable to the owners of the Company

Loss for the year attributable to the owners of the Company for FY2024 amounted to approximately HK\$176.7 million (FY2023: loss of approximately HK\$72.9 million). As a result of the reasons mention above, the loss for FY2024 was primarily due to loss in fair value of investment properties of approximately HK\$149.5 million and finance costs of approximately HK\$50.5 million incurred.

Liquidity and financial resources

The Group's business operations were generally funded by its internal resources and bank and other borrowings. Pursuant to a loan agreement entered into between China Cinda (HK) Asset Management Co., Limited ("**China Cinda (HK)**"), a controlling shareholder of the Company and the Company on 28 December 2023, China Cinda (HK) has agreed to grant an unsecured loan facility to the Company in the principal amount of up to HK\$130 million at simple interest rate of 12% per annum to 31 December 2024 which is renewable up to 31 December 2025. As at 31 December 2024, China Cinda (HK) granted the Company a loan principal in aggregate of HK\$130 million, with a simple interest rate of 12% per annum to 31 December 2025.

As at 31 December 2024, the Group's outstanding bank and other borrowings amounted to approximately HK\$792.0 million (31 December 2023: approximately HK\$870.9 million), of which all outstanding secured bank and other borrowings are repayable within one year as of 31 December 2024. The decrease in bank and other borrowings during FY2024 was mainly attributable to repayment of bank borrowings during FY2024.

As at 31 December 2024, the Group maintained cash and bank balances of approximately HK\$16.7 million (31 December 2023: approximately HK\$123.0 million). The decrease in cash and bank balances was mainly attributable to: (i) repayment of bank borrowings and (ii) payment of interest on bank borrowings during FY2024.

The Group's gearing ratio as at 31 December 2024, which is calculated on the basis of total liabilities over total assets, was approximately 51.5% (31 December 2023: approximately 48.7%). The current ratio of the Group, which is calculated by dividing current assets over current liabilities as at 31 December 2024, was approximately 0.02 (31 December 2023: approximately 0.14). The decrease in current ratio as at 31 December 2024 as compared to 31 December 2023 was mainly due to the significant decrease in cash and bank balances of the Group.

As at 31 December 2024, the Group recorded net current liabilities of approximately HK\$787.5 million (31 December 2023: approximately HK\$760.6 million). The net current liabilities were mainly due to maturity of the Group's bank and other borrowings which were repayable within one year. The Group's ability to continue as a going concern largely depends on the sufficiency of financial resources available to the Group. The Directors are of the view that, the Group has sufficient working capital to meet its financial obligations as and when they fall due within one year.

Capital Structure

As at 31 December 2024, the issued share capital of the Company was 1,125,027,072 shares. During the Reporting Period, there was no movement of the issued share capital of the Company.

As at 31 December 2024, the net assets of the Group amounted to approximately HK\$776.7 million, representing a decrease of approximately 18.5% from the net assets of approximately HK\$953.5 million as at 31 December 2023. With the total number of 1,125,027,072 ordinary shares in issue as at 31 December 2024, the net assets value per share was approximately HK\$0.69 (31 December 2023: approximately HK\$0.85).

Treasury Policy

The Group's transactions and its monetary assets and liabilities are principally denominated in HK\$ and RMB. The Group regularly reviews its major funding positions to ensure that it has adequate financial resources in meeting its financial obligations.

DIVIDEND

The Directors do not recommend any dividend for FY2024 (FY2023: Nil).

CONTINUING DISCLOSURES PURSUANT TO RULE 13.21 OF THE LISTING RULES

Breach of financial covenant of HSB loans

On 20 March 2018, Top Bright Properties Limited (“**Top Bright**”), an indirect wholly-owned subsidiary of the Company, entered into an agreement with Hang Seng Bank Limited (“**HSB**”) for a term loan facility in the principal amount of HK\$570 million. On 15 June 2018, Top Bright entered into a supplemental agreement with HSB for a term loan facility in the principal amount of HK\$212 million.

On 15 June 2018, each of Smart Land Properties Limited (“**Smart Land**”) and Pioneer Delight Limited (“**Pioneer Delight**”), both being indirect wholly-owned subsidiaries of the Company, entered into an agreement with HSB for a term loan facility in the principal amount of HK\$50 million and HK\$25 million, respectively.

On 5 February 2021, Pioneer Delight, Smart Land and Top Bright (the “**Borrowers**”, and each a “**Borrower**”), each received a letter from HSB (through its solicitors) (the “**Letter**”) noted that the respective Borrower was in breach of the financial covenant whereby the consolidated tangible net worth of the Company (as their respective guarantor) was less than the requisite minimum of HK\$2,000,000,000 (the “**Breach**”). As stated in the Letter to the respective Borrower, HSB may waive the Breach if the relevant Borrower could satisfy certain waiver conditions (the “**Waiver Conditions**”), including to make a partial repayment of not less than HK\$164.0 million to HSB (the “**Partial Repayment**”), and provide HSB with satisfactory evidence as HSB may require within one month from the date of the Letter.

On 18 March 2021, the Borrowers have respectively received replies from HSB (through its solicitors) on their respective requests to waive the Breach. HSB informed the Borrowers that subject to, among other things, the Borrowers (i) satisfying the Waiver Conditions; and (ii) providing HSB with satisfactory evidence on or before 30 June 2021, HSB is minded to waive the Breach.

On 23 August 2021, the Borrowers have respectively received replies from HSB (through its solicitors) on their respective request to extend the deadline for making the Partial Repayment to HSB. HSB informed the Borrowers that an extension was granted to the Borrowers until 30 September 2021 for making the Partial Repayment.

On 4 October 2021, the Borrowers respectively received replies from HSB (through its solicitors) that (i) given the Borrowers did not make any repayment of the Partial Repayment on or before 30 September 2021 as per the extension given pursuant to their letters dated 23 August 2021, the failure of making such repayment was considered an event of default under the respective facility letter and the facility agreement; and (ii) HSB made the final demand for repayment in writing, and the Partial Repayment must be repaid immediately and in any event by 8 October 2021, failing of which HSB will take appropriate actions, including but not limited to enforcing the securities maintained by HSB and commencing legal proceedings against the Borrowers.

On 8 October 2021, the Borrowers respectively received further replies from HSB (through its solicitors) that (i) the Partial Repayment that the Borrowers are to be repaid will reduce from HK\$164.0 million to HK\$100.0 million (the “**Reduced Partial Repayment**”); (ii) the Reduced Partial Repayment must be repaid by 29 October 2021; and (iii) the Borrowers shall bear the legal fees incurred by HSB in connection with the recovery of outstanding loans owed by the Borrowers.

On 29 October 2021, the Borrowers have received further letters from HSB (through its solicitors) that HSB is minded to waive the Breach, subject to the following waiver conditions (the “**New Waiver Conditions**”):

- (i) any of the Borrowers to make the Reduced Partial Repayment to HSB by 29 October 2021;
- (ii) any of the Borrowers to make the payment of legal fees in the amount of HK\$50,000 to HSB for dealing with the Breach and their waiver applications;
- (iii) written acknowledgements of the waiver of the Breach by HSB under the letter (including the New Waiver Conditions) shall be signed respectively by, among others, the Borrowers and the Company (as the guarantor under the Facility Letter and Facility Agreement) (the “**Written Acknowledgments**”); and
- (iv) notwithstanding the Breach and the waiver by HSB, the terms of the Facility Letter, the Facility Agreement, the finance documents and the security documents (including the guarantee and security provided therein) shall remain in full force and effect. The waiver is without prejudice to and shall not affect other rights and benefits which HSB may have under the Facility Letter, the Facility Agreement, the finance documents and the security documents. Nothing in the letter shall be deemed to be a waiver by HSB of, or consent by HSB to, any breach or potential breach (present or future) of any provision of the Facility Letter, the Facility Agreement, the finance documents and the security documents, except the specific waiver expressly given in the letter.

On 29 October 2021, in accordance with the terms of the New Waiver Conditions set out in the letters from HSB (through its solicitors) to the respective Borrowers, the Borrowers have (i) repaid the Reduced Partial Repayment of HK\$100.0 million; (ii) paid the legal fees incurred by HSB in connection with the recovery of the outstanding loans owed by the Borrowers of HK\$50,000; and (iii) returned the signed Written Acknowledgements respectively dated 29 October 2021.

On 15 August 2022, HSB approved the application by the Borrowers under Pre-approved Principal Payment Holiday Scheme proposed by the Hong Kong Monetary Authority, for which HSB allowed the extension of maturity date of bank borrowings in aggregate principal amount of approximately HK\$78.4 million from 15 August 2022 to 15 February 2023 by satisfying the following conditions:

1. Make partial principal repayment of HK\$35 million on 15 August 2022;
2. For loan principal amount of approximately HK\$78.4 million, the Borrowers are obliged to pay monthly loan interests for the period from 15 August 2022 to 15 February 2023; and
3. For remaining HSB bank borrowings in aggregate principal amount of approximately HK\$722.0 million, the Borrowers are obliged to make monthly repayment of loan principal and loan interests as scheduled.

The Borrowers have performed in accordance with the above conditions.

On 8 March 2023, HSB approved the application by the Borrowers under Pre-approved Principal Payment Holiday Scheme proposed by the Hong Kong Monetary Authority, for which HSB allowed the extension of maturity date of bank borrowings in aggregate principal amount of approximately HK\$78.4 million from 15 February 2023 to 15 August 2023 by satisfying the following conditions:

- (a) Make partial principal repayment of HK\$2.0 million on or before 13 March 2023; and
- (b) From 15 February 2023 to 15 August 2023, the Borrowers are obliged to pay loan interests charged on the remaining loan principal amount.

The Borrowers have performed in accordance with the above conditions.

On 21 March 2023, HSB approved the application by Top Bright under Pre-approved Principal Payment Holiday Scheme proposed by the Hong Kong Monetary Authority, for which HSB allowed the extension of maturity date of bank borrowings in aggregate principal amount of approximately HK\$468.8 million from 23 March 2023 to 23 September 2023 by satisfying the following conditions:

- (a) Make partial principal repayment of HK\$5.5 million on or before 31 March 2023; and
- (b) From 23 March 2023 to 23 September 2023, Top Bright is obliged to pay loan interests charged on the remaining loan principal amount.

Top Bright has performed in accordance with the above conditions.

On 26 June 2023, HSB approved the application by the Borrowers under Pre-approved Principal Payment Holiday Scheme proposed by the Hong Kong Monetary Authority, for which HSB allowed the extension of maturity date of bank borrowings in aggregate principal amount of approximately HK\$236.0 million from 27 June 2023 to 27 December 2023 by satisfying the following conditions:

- (a) Make partial principal repayment of HK\$3.0 million on or before 7 July 2023; and
- (b) From 27 June 2023 to 27 December 2023, the Borrowers are obliged to pay loan interests charged on the remaining loan principal amount.

The Borrowers have performed in accordance with the above conditions.

On 11 August 2023, HSB approved the application by the Borrowers under Pre-approved Principal Payment Holiday Scheme proposed by the Hong Kong Monetary Authority, for which HSB allowed the extension of maturity date of bank borrowings in aggregate principal amount of HK\$71.0 million from 15 August 2023 to 31 October 2023 by satisfying the following conditions:

- (a) Make partial principal repayment of HK\$2.0 million on or before 8 September 2023; and
- (b) From 16 August 2023 to 31 October 2023, the Borrowers are obliged to pay loan interests charged on the remaining loan principal amount.

The Borrowers have performed in accordance with the above conditions.

On 31 October 2023, HSB approved the application by the Borrowers for which HSB allowed the extension of maturity date of bank borrowings in aggregate principal amount of approximately HK\$770.8 million to 31 December 2024 by satisfying the following conditions:

- (a) Make principal repayment in aggregate of HK\$100.0 million on or before 29 December 2023; and
- (b) From 31 October 2023 to 31 December 2024, the Borrowers are obliged to pay loan interests charged on the remaining loan principal amount.

The Borrowers have performed in accordance with the above conditions.

On 31 December 2024, HSB approved the application by the Borrowers for which HSB allowed the extension of maturity date of bank borrowings in aggregate principal amount of approximately HK\$669.8 million to 30 June 2025 by satisfying the following conditions:

- (a) Make principal repayment in aggregate of HK\$20.0 million on or before 31 December 2024; and
- (b) From 31 December 2024 to 30 June 2025, the Borrowers are obliged to pay loan interests charged on the remaining loan principal amount.

The Borrowers have performed in accordance with the above conditions.

Please refer to the announcements of the Company dated 5 February 2021, 18 March 2021, 23 August 2021, 4 October 2021, 8 October 2021 and 29 October 2021 for further details, including the waiver conditions from HSB.

Please also refer to the announcements of the Company dated 12 June 2020 and 29 December 2020 for the waiver of the event of default obtained from HSB in relation to the loan-to-value ratio under the HSB loan facilities.

CORPORATE GUARANTEES

As at 31 December 2024, the Company provided corporate guarantee to HSB for securing banking facilities granted to its subsidiaries which amounted to HK\$1,127 million (31 December 2023: HK\$1,127 million).

CHARGES ON GROUP ASSETS

As at 31 December 2024, the Group has pledged the following assets:

- a) Investment properties in Hong Kong with an aggregate carrying amount of HK\$1,582.1 million for securing the Group's bank borrowings;
- b) Share mortgage of certain subsidiaries for securing their respective bank borrowings; and
- c) Rent assignments in respect of the investment properties held by the Group.

CONTINGENT LIABILITIES

As at 31 December 2024, the Group had no significant contingent liabilities.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2024, the Group had 5 employees (31 December 2023: 5 employees). The Group offers its employees competitive remuneration packages which commensurate with their performance, experience and job responsibilities. The Group also provides other benefits including but not limited to medical insurance, discretionary bonus and mandatory provident fund schemes.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS

The Group did not have significant investments, material acquisitions and disposals during the Reporting Period.

EVENTS AFTER THE REPORTING PERIOD

No significant events have taken place subsequent to 31 December 2024 and up to the date of this announcement.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company has adopted a corporate governance code prepared based on the code provisions (the “**Code Provisions**”) of the latest code on corporate governance (the “**CG Code**”) as set out in Appendix C1 to the Listing Rules from time to time as the guidelines for corporate governance of the Company and has complied with the CG Code throughout the Reporting Period save for the following deviation:

Code Provision C.1.6 of the CG Code stipulates that independent non-executive directors and other non-executive directors should attend the general meetings of the Company.

Mr. Liew Fui Kiang, an independent non-executive Director, did not attend the annual general meeting of the Company held on 21 June 2024 due to other business engagement.

DIRECTORS' SECURITIES TRANSACTIONS COMPLIANCE WITH MODEL CODE

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 of the Listing Rules (“**Model Code**”) as its own code of conduct regarding Directors’ securities transactions. Following specific enquiry by the Company, all of the Directors have confirmed that they have fully complied with the Model Code for the Reporting Period.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities during the Reporting Period.

AUDIT COMMITTEE

The audit committee of the Company (the “**Audit Committee**”) comprises two independent non-executive Directors, namely, Mr. Yip Tai Him (chairman of the Audit Committee) and Mr. Liu Xin, and one non-executive Director, Ms. Yu Dan. The Audit Committee has reviewed and discussed with management the accounting standards and practices adopted by the Group, risk and internal controls and financial reporting matters and has reviewed the consolidated financial informations for FY2024 as set out in this announcement.

SCOPE OF WORK OF ERNST & YOUNG

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for FY2024 as set out in this preliminary announcement have been agreed by the Group’s auditor, Ernst & Young, to the amounts set out in the Group’s consolidated financial informations for the year. The work performed by Ernst & Young in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Ernst & Young on the preliminary announcement.

ANNUAL GENERAL MEETING

The date of the annual general meeting of the Company (the “**AGM**”) will be announced in due course. Shareholders of the Company should refer to details regarding the AGM in the circular of the Company, the notice of AGM and form of proxy accompanying thereto to be dispatched by the Company.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is published on the website of the Company at www.zhongchangintl.hk and the website of the Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk. The annual report will be despatched to the shareholders of the Company upon their request and will be available on the above websites in due course.

APPRECIATION

Finally, we would like to take this opportunity to thank the Group's shareholders and business partners for their support and encouragement to the Group during the past year. We would also like to thank our Directors and all staff member of the Group for their hard work and contribution to the Group.

By order of the Board
Zhongchang International Holdings Group Limited
Chen Zhiwei
Chairman and Executive director

Hong Kong, 28 March 2025

As at the date of this announcement, the Board comprises Mr. Chen Zhiwei (Chairman), Ms. Ku Ka Lee and Ms. Huang Zhenghong as executive directors; Dr. Huang Qiang, Mr. Wong Chi Keung, Kenjie and Ms. Yu Dan as non-executive directors; and Mr. Liew Fui Kiang, Mr. Liu Xin and Mr. Yip Tai Him as independent non-executive directors.