



思城控股有限公司

C CHENG HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock code: 1486

**INTERIM  
REPORT  
2024**



**MIX**  
Paper | Supporting  
responsible forestry  
**FSC® C176382**



## CONTENTS

- 2 Corporate Information
- 4 Business and Financial Highlights
- 5 Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
- 7 Condensed Consolidated Statement of Financial Position
- 9 Condensed Consolidated Statement of Changes in Equity
- 11 Condensed Consolidated Statement of Cash Flows
- 12 Notes to the Condensed Consolidated Financial Information
- 27 Management Discussion and Analysis
- 32 Other Information

## CORPORATE INFORMATION

### BOARD OF DIRECTORS

#### Executive Directors

Mr. Liang Ronald (Chairman)  
Mr. Liu Jiang Tao (Co-chairman)  
Mr. Fu Chin Shing (Chief Executive Officer)  
Mr. Wang Jun You  
Mr. Deng Li Ming  
Mr. Lei Zhi Jun (appointed on 6 June 2024)  
Mr. Liu Yong (resigned on 6 June 2024)

#### Independent Non-Executive Directors

Mr. Chan James  
Mr. Wong Hin Wing  
Ms. Su Ling

### AUDIT COMMITTEE

Mr. Wong Hin Wing (Chairman of Committee)  
Mr. Chan James  
Ms. Su Ling

### REMUNERATION COMMITTEE

Mr. Chan James (Chairman of Committee)  
Mr. Wong Hin Wing  
Mr. Fu Chin Shing

### NOMINATION COMMITTEE

Mr. Liang Ronald (Chairman of Committee)  
Mr. Lei Zhi Jun (appointed on 6 June 2024)  
Mr. Chan James  
Mr. Wong Hin Wing  
Ms. Su Ling  
Mr. Liu Yong (resigned on 6 June 2024)

## INVESTMENT COMMITTEE

Mr. Liu Jiang Tao (Chairman of Committee)  
Mr. Liang Ronald  
Mr. Fu Chin Shing  
Mr. Wang Jun You  
Mr. Lei Zhi Jun (appointed on 6 June 2024)  
Mr. Liu Yong (resigned on 6 June 2024)

## AUTHORISED REPRESENTATIVES

Mr. Fu Chin Shing  
Ms. Yu Wing Sze

## COMPLIANCE OFFICER

Mr. Fu Chin Shing

## COMPANY SECRETARY

Ms. Yu Wing Sze

## REGISTERED OFFICE

Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

## HEADQUARTER AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

15/F  
North Tower World Finance Centre  
Harbour City  
Tsim Sha Tsui  
Kowloon  
Hong Kong

## PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

**Conyers Trust Company (Cayman) Limited**  
Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

## HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

**Union Registrars Limited**  
Suites 3301-04  
33/F  
Two Chinachem Exchange Square  
338 King's Road  
North Point  
Hong Kong

## HONG KONG LEGAL ADVISER

**David Fong & Co., Solicitors**  
Unit A  
12/F  
China Overseas Building  
139 Hennessy Road  
Wanchai  
Hong Kong

## PRINCIPAL BANKERS

**Hongkong and Shanghai Banking Corporation Limited**  
HSBC Main Building  
1 Queen's Road  
Central  
Hong Kong

**Standard Chartered Bank (Hong Kong) Limited**  
Standard Chartered Bank Building  
4-4A Des Voeux Road  
Central  
Hong Kong

**China Merchants Bank**  
Central Business Branch  
1/F  
Central Business Building  
No. 88 Fuhua 1 Road  
Shenzhen  
PRC

## AUDITOR

**Ernst & Young**  
*Certified Public Accountants*  
*Registered Public Interest Entity Auditor*  
27/F  
One Taikoo Place  
979 King's Road  
Quarry Bay  
Hong Kong

## STOCK CODE

1486

## CORPORATE WEBSITE

[www.cchengholdings.com](http://www.cchengholdings.com)

## BUSINESS HIGHLIGHTS

- Total new signed and supplementary contracts secured by the Group during the period totaled HK\$186,512,000 (six months ended 30 June 2023: HK\$196,153,000), representing a decrease of HK\$9,641,000 or 4.9%; and
- Remaining contract sums totaled HK\$1,261,760,000 (six months ended 30 June 2023: HK\$1,310,768,000), representing a decrease of HK\$49,008,000 or 3.7%.

## FINANCIAL HIGHLIGHTS

- Revenue from continuing operations was HK\$206,385,000 (six months ended 30 June 2023: HK\$234,974,000), representing a decrease of 12.2% from the corresponding period of previous financial year;
- Loss for the period from continuing operations was HK\$12,074,000 (six months ended 30 June 2023: Loss of HK\$14,501,000);
- Loss for the period attributable to owners of the Company was HK\$12,195,000 (six months ended 30 June 2023: HK\$14,132,000);
- Basic and diluted loss per share based on weighted average number of ordinary shares of 288,260,780 (six months ended 30 June 2023: 288,260,780) in issue was HK4.23 cents (six months ended 30 June 2023: HK5.03 cents); and
- No interim dividend was declared (six months ended 30 June 2023: Nil).

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

For the six months ended 30 June 2024

	Notes	Six months ended 30 June	
		2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
<b>CONTINUING OPERATIONS</b>			
Revenue	3	206,385	234,974
Cost of services		(176,526)	(200,213)
<b>Gross profit</b>		<b>29,859</b>	34,761
Other income and losses, net		1,378	2,092
Gain on fair value changes of financial assets at fair value through profit or loss		453	520
Impairment losses on financial, contract and other assets, net		(1,730)	(1,829)
Administrative expenses		(38,424)	(48,522)
Share of loss of a joint venture		(32)	(8)
Share of profits/(losses) of associates		341	(38)
Finance costs		(4,032)	(3,023)
<b>Loss before tax from continuing operations</b>	4	<b>(12,187)</b>	(16,047)
Income tax expense	5	113	1,546
<b>Loss for the period from continuing operations</b>		<b>(12,074)</b>	(14,501)
<b>DISCONTINUED OPERATION</b>			
Profit for the period from a discontinued operation	6	-	3,568
<b>Loss for the period</b>		<b>(12,074)</b>	(10,933)
<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		(3,218)	(7,291)
<b>Other comprehensive loss for the period, net of tax</b>		<b>(3,218)</b>	(7,291)
<b>Total comprehensive loss for the period</b>		<b>(15,292)</b>	(18,224)

	<b>Six months ended 30 June</b>	
Notes	<b>2024</b>	2023
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
<b>Loss for the period attributable to:</b>		
Owners of the Company	<b>(12,195)</b>	(14,132)
Non-controlling interests	<b>121</b>	3,199
	<b>(12,074)</b>	(10,933)
<b>Total comprehensive loss for the period attributable to:</b>		
Owners of the Company	<b>(15,413)</b>	(21,042)
Non-controlling interests	<b>121</b>	2,818
	<b>(15,292)</b>	(18,224)
<b>Loss per share attributable to owners of the Company</b> 7		
Basic and diluted (HK cents)		
- For loss for the period	<b>(4.23)</b>	(4.90)
- For loss from continuing operations	<b>(4.23)</b>	(5.08)



## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2024

	Notes	30 June 2024 HK\$'000 (Unaudited)	31 December 2023 HK\$'000 (Audited)
<b>Non-current assets</b>			
Property, plant and equipment	9	25,036	36,414
Goodwill		4,150	4,209
Intangible assets		280	280
Investment in a joint venture		2,677	2,851
Investments in associates		98,871	90,005
Prepayments and deposits		10,710	9,553
Deferred tax assets		14,269	13,395
<b>Total non-current assets</b>		<b>155,993</b>	156,707
<b>Current assets</b>			
Trade receivables	10	137,802	178,601
Contract assets	11	219,096	213,222
Financial assets at fair value through profit or loss	12	8,377	7,005
Prepayments, deposits, other receivables and other assets		35,980	37,562
Cash and bank balances		77,933	90,101
<b>Total current assets</b>		<b>479,188</b>	526,491
<b>Current liabilities</b>			
Trade payables	13	22,998	29,015
Other payables and accruals		34,540	36,145
Contract liabilities		60,115	77,680
Interest-bearing bank borrowings	14	87,500	84,000
Other interest-bearing borrowings	14	3,368	3,883
Lease liabilities		14,253	19,335
Tax payable		61	224
<b>Total current liabilities</b>		<b>222,835</b>	250,282
<b>Net current assets</b>		<b>256,353</b>	276,209
<b>Total assets less current liabilities</b>		<b>412,346</b>	432,916

		<b>30 June 2024 HK\$'000 (Unaudited)</b>	31 December 2023 HK\$'000 (Audited)
<b>Non-current liabilities</b>			
Other interest-bearing borrowings	14	<b>604</b>	1,097
Provision		<b>2,160</b>	2,160
Lease liabilities		<b>5,629</b>	10,528
Deferred tax liabilities		<b>1,273</b>	1,136
<b>Total non-current liabilities</b>		<b>9,666</b>	14,921
<b>Net assets</b>		<b>402,680</b>	417,995
<b>Equity</b>			
Issued capital	15	<b>2,883</b>	2,883
Reserves		<b>397,452</b>	412,888
Equity attributable to owners of the Company		<b>400,335</b>	415,771
Non-controlling interests		<b>2,345</b>	2,224
<b>Total equity</b>		<b>402,680</b>	417,995

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024

	Attributable to owners of the Company									
	Issued capital (unaudited) HK\$'000	Share premium (unaudited) HK\$'000	Statutory reserve in Mainland China (unaudited) HK\$'000 (Note a)	Share option reserve (unaudited) HK\$'000	Other reserve (unaudited) HK\$'000 (Note b)	Exchange fluctuation reserve (unaudited) HK\$'000	Retained profits (unaudited) HK\$'000	Sub-total (unaudited) HK\$'000	Non-controlling interests (unaudited) HK\$'000	Total (unaudited) HK\$'000
At 1 January 2023	2,883	283,501	10,593	28,845	(47,768)	(8,354)	168,482	438,182	67,440	505,622
Profit/(loss) for the period	-	-	-	-	-	-	(14,132)	(14,132)	3,199	(10,933)
Other comprehensive loss for the period:										
Exchange differences related to foreign operations	-	-	-	-	-	(6,910)	-	(6,910)	(381)	(7,291)
Total comprehensive income/(loss) for the period	-	-	-	-	-	(6,910)	(14,132)	(21,042)	2,818	(18,224)
Equity-settled share-option arrangements	-	-	-	1,129	-	-	-	1,129	-	1,129
Capital injection by non-controlling interest	-	-	-	-	-	-	-	-	5,537	5,537
At 30 June 2023	2,883	283,501	10,593	29,974	(47,768)	(15,264)	154,350	418,269	75,795	494,064
At 1 January 2024	2,883	283,501*	10,593*	24,713*	(47,359)*	(12,008)*	153,448*	415,771	2,224	417,995
Profit/(loss) for the period	-	-	-	-	-	-	(12,195)	(12,195)	121	(12,074)
Other comprehensive income/(loss) for the period:										
Exchange differences related to foreign operations	-	-	-	-	-	(3,241)	-	(3,241)	-	(3,241)
Total comprehensive income/(loss) for the period	-	-	-	-	-	(3,241)	(12,195)	(15,436)	121	(15,315)
At 30 June 2024	2,883	283,501*	10,593*	24,713*	(47,359)*	(15,249)*	141,253*	400,335	2,345	402,680

\* These reserve accounts comprise the consolidated reserves at HK\$397,452,000 (31 December 2023: HK\$412,888,000) in the condensed consolidated statement of financial position.

Notes:

- (a) The statutory reserve in Mainland China is non-distributable and the transfer to this reserve is determined by the Board of the Directors of the subsidiaries in the People's Republic of China (the "PRC") in accordance with the relevant laws and regulations of the PRC. According to the relevant rules and regulations in PRC applicable to wholly foreign-owned enterprises, a wholly foreign-owned enterprise is required to transfer at least 10% of its profit after taxation, as determined under the PRC Accounting Regulations, to a reserve fund until the reserve fund balance reaches 50% of the relevant enterprise's registered capital. This reserve can be used to offset accumulated losses or to increase capital upon approval from the relevant authorities.
- (b) The balance mainly represents debit reserve of HK\$53,519,000 resulting from the share swap pursuant to the group reorganisation upon initial public offering in 2013 and credit reserve of HK\$5,210,000 resulting from recognition of equity-settled share-based payments to Mr. Wang Jun You ("Mr. Wang"), director of the Company, in 2013.

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2024

	<b>Six months ended 30 June</b>	
	<b>2024</b>	<b>2023</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Operating activities</b>		
Operating cash flows before movements in working capital	<b>7,928</b>	13,168
Increase in contract assets	<b>(8,726)</b>	(24,214)
Decrease/(increase) in trade receivables	<b>38,184</b>	(1,807)
Increase in prepayments, deposits, other receivables and other assets	<b>(3,060)</b>	(1,065)
Increase/(decrease) in other payables and accruals	<b>(1,176)</b>	1,341
Decrease in contract liabilities	<b>(16,166)</b>	(11,342)
Movement in other working capital	<b>(10,023)</b>	1,770
Income taxes paid	<b>(773)</b>	(5,069)
<b>Net cash flows used in operating activities</b>	<b>6,188</b>	(27,218)
<b>Investing activities</b>		
Purchases of property, plant and equipment	<b>(1,040)</b>	(869)
Purchases of financial assets at fair value through profit or loss	<b>(2,050)</b>	(5,319)
Proceeds from disposal of financial assets at fair value through profit or loss	<b>1,131</b>	7,725
Capital contribution from non-controlling interest	-	5,537
Net cash flow on disposal of a subsidiary	-	(150)
Investment in an associate	<b>(8,525)</b>	-
Other investing cash flows	<b>1,016</b>	1,306
<b>Net cash flows from/(used in) investing activities</b>	<b>(9,468)</b>	8,230
<b>Financing activities</b>		
New bank borrowings	<b>21,000</b>	10,000
Repayment of bank borrowings	<b>(17,500)</b>	(13,622)
Principal portion of lease payments	<b>(9,878)</b>	(13,158)
Other financing cash flows	<b>(1,008)</b>	(2,647)
<b>Net cash flows used in financing activities</b>	<b>(7,386)</b>	(19,427)
<b>Net decrease in cash and cash equivalents</b>	<b>(10,666)</b>	(38,415)
<b>Cash and cash equivalents at beginning of the period</b>	<b>90,101</b>	160,869
Effect of foreign exchange rate changes	<b>(1,502)</b>	(5,532)
<b>Cash and cash equivalents at end of the period, represented by bank balances and cash</b>	<b>77,933</b>	116,922

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2024

### 1. GENERAL INFORMATION

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 were 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.

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 on 6 October 2023 and classified as a discontinued operation, as detailed in note 6 below).

The condensed consolidated financial information is presented in Hong Kong dollars (“**HK\$**”), which is the same as the functional currency of the Company.

### 2. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The condensed consolidated financial information for the six months ended 30 June 2024 has been prepared in accordance with Hong Kong Accounting Standard 34 *Interim Financial Reporting* issued by the Hong Kong Institutes of Certified Public Accountants (“**HKICPA**”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2023.

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2023.

The HKICPA has issued certain amendments to Hong Kong Financial Reporting Standards (“**HKFRSs**”) that are first effective for the current accounting period of the Group. These development has had no significant effect on the interim condensed consolidated financial information. The Group has not early applied any new or amended standards or interpretations that is not yet effective for the current accounting period.

### 3. OPERATING SEGMENT INFORMATION

Revenue represents the contract revenue from comprehensive architectural services recognised over time during the period (30 June 2023: comprehensive architectural services and BIM services recognised over time and sales of IT products recognised at a point in time).

#### **Six months ended 30 June 2024**

The Group's operating income was derived from provision of architectural, landscape architectural, town planning, interior design and heritage conservation services. For the purposes of resource allocation and performance assessment, the Chief Executive Officer of the Company, being the chief operation decision maker ("**CODM**"), reviews the overall results and financial position of the Group as a whole. Accordingly, the Group has only one single operating segment.

#### **Six months ended 30 June 2023**

Information reported to the CODM, for the purposes of resource allocation and assessment of segment performance focuses on types of services rendered. The Group has two reportable operating segments as follows:

- (a) the comprehensive architectural services segment engages in the provision of architectural, landscape architectural, 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 on 6 October 2023 and classified as a discontinued operation, note 6).

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/loss, which is a measure of adjusted loss before tax. The adjusted loss before tax is measured consistently with the Group's loss before tax except that certain other income, share of loss of a joint venture, share of profits/losses of associates, gain on fair value changes of financial assets at fair value through profit or loss, certain share option expenses as well as corporate expenses of head office are excluded from such measurement.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales 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.

### **Segment revenue and results**

The following is an analysis of the Group's revenue and results by operating and reportable segments:

#### **For the six months ended 30 June 2024 (Unaudited)**

	<b>Total HK\$'000</b>
<i>Type of services</i>	
Architecture services	<b>182,162</b>
Landscape architecture, town planning, interior design and heritage conservation services	<b>24,223</b>
Revenue from contracts with customers	<b>206,385</b>



For the six months ended 30 June 2023 (Unaudited)

	Continuing operations - Comprehensive architectural services HK\$'000	Discontinued operation - BIM services HK\$'000	Total HK\$'000
<b>Segment revenue</b>			
<i>Timing of revenue recognition</i>			
Sale of IT products at a point in time	-	10,116	10,116
Services transferred over time	234,974	55,084	290,058
Revenue from contracts with customers	234,974	65,200	300,174
<i>Type of goods or services</i>			
Architecture services	216,223	-	216,223
Landscape architecture, town planning, interior design and heritage conservation services	18,751	-	18,751
BIM services	-	55,084	55,084
Sale of IT products	-	10,116	10,116
Revenue from contracts with customers	234,974	65,200	300,174
Intersegment revenue	-	3,968	3,968
Segment revenue	234,974	69,168	304,142
Reconciliation:			
Elimination of intersegment revenue			(3,968)
External revenue			300,174
<b>Segment results</b>	(14,431)	5,112	(9,319)
Reconciliation:			
Unallocated other income			251
Share of loss of a joint venture			(8)
Share of loss of an associate			(38)
Gain on fair value changes of financial assets at fair value through profit or loss			520
Share option expenses recognised			(11)
Other unallocated corporate expenses			(2,329)
Loss before tax			(10,934)

## 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 and investment in a joint venture and investments in associates.

	Revenue from external customers		Non-current assets	
	Six months ended 30 June		30 June	31 December
	2024	2023	2024	2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
Geographical markets				
Chinese Mainland	81,271	120,137	22,943	22,733
Hong Kong	76,556	85,749	15,942	19,911
Macau	13,709	5,409	-	-
Others	34,849	23,679	1,399	1,450
	206,385	234,974	40,284	44,094

## Information about a major customer

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

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
Customer A <sup>(1)</sup>	N/A <sup>(2)</sup>	24,061

(1) Revenue derived from sales by the comprehensive architectural services segment

(2) During the period ended 30 June 2024, there is no customer which revenue from sales accounted for 10% or more of the total revenue of the Group.

#### 4. LOSS BEFORE TAX FROM CONTINUING OPERATIONS

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

	Six months ended 30 June	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Cost of services rendered	176,526	200,213
Depreciation of property, plant and equipment	12,187	16,793
Loss on disposal of property, plant and equipment	80	103
Gain on lease modification, net	-	617
Government subsidy (note)	(1,445)	(1,832)
Staff costs including directors' and chief executives' remunerations		
- Salaries, allowances, and other benefits	143,366	165,119
- Contributions to retirement benefit schemes	6,293	7,063
- Equity-settled share-based payments recognised	-	1,129
	149,659	173,311
(Reversal of impairment)/impairment recognised on:		
- Trade receivables, net	(424)	1,201
- Contract assets, net	2,154	506
	1,730	1,707

Note: The government grants recognised by the Group during the periods represented subsidies 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 periods.

## 5. INCOME TAX CREDIT

	<b>Six months ended 30 June</b>	
	<b>2024</b>	2023
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
The income tax expense/(credit) comprises:		
Current tax:		
Hong Kong Profits Tax	<b>17</b>	145
Chinese Mainland	<b>595</b>	591
	<b>612</b>	736
Deferred tax	<b>(725)</b>	(2,281)
Total tax credit for the period from continuing operations	<b>(113)</b>	(1,546)
Total tax charge for the period from a discontinued operation	-	1,545
	<b>(113)</b>	(1)

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 June 2023: 16.5%) on the estimated assessable profits arising in Hong Kong during the period, except for one subsidiaries of the Group which are qualifying entities under the two-tiered profits tax rates regime effective from the year of assessment 2018/19. The first HK\$2,000,000 (six months ended 30 June 2023: HK\$2,000,000) of assessable profits of these subsidiaries are taxed at 8.25% (six months ended 30 June 2023: 8.25%) and the remaining assessable profits are taxed at 16.5% (six months ended 30 June 2023: 16.5%). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries (or jurisdictions) in which the Group operates.

Corporate Income Tax in Mainland China has been provided at the rate of 25% (six months ended 30 June 2023: 25%) on the estimated assessable profits in Mainland China during the period. LWK Architecture (Shenzhen) Limited, a wholly owned subsidiary of the Company, satisfied the requirements of the relevant local tax bureau as a qualified enterprise in the Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone and was entitled to a preferential tax rate of 15% (six months ended 30 June 2023: 15%) for the period. Certain subsidiaries of the Company satisfied the Inclusive Tax Deduction and Exemption Policies for Micro and Small Enterprises. The first RMB1,000,000 (six months ended 30 June 2023: RMB1,000,000) taxable income shall be included in its taxable income at the reduced rate of 25% (six months ended 30 June 2023: 25%), with the applicable enterprise income tax rate of 20% (six months ended 30 June 2023: 20%), and the annual taxable income not less than RMB1,000,000 (six months ended 30 June 2023: RMB1,000,000) nor more than RMB3,000,000 (six months ended 30 June 2023: RMB3,000,000) shall be included in its taxable income at the reduced rate at 50% (six months ended 30 June 2023: 50%), with the applicable enterprise income tax rate at 20% (six months ended 30 June 2023: 20%).

## 6. DISCONTINUED OPERATION

On 3 August 2023, isBIM Limited ("**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 a discontinued operation as at 31 December 2023.

The results of a discontinued operation dealt with in the condensed consolidated financial information for the six months ended 30 June 2023 are summarised as follows:

	Six months ended 30 June 2023 HK\$'000
Revenue	65,200
Cost of services	(52,231)
Other income and gains, net	904
Impairment losses on financial and contract assets, net	(371)
Administrative expenses	(8,093)
Finance costs	(296)
Profit before tax	5,113
Income tax	(1,545)
Profit for the period from a discontinued operation	3,568
Attributable to:	
Owners of the Company	499
Non-controlling interests	3,069
	3,568

The net cashflows of a discontinued operation dealt with in the financial statements for six months ended 30 June 2023 are as follows:

	Six months ended 30 June 2023 HK\$'000
Operating activities	(3,161)
Investing activities	5,201
Financing activities	(5,310)
Net cash outflow attributable to a discontinued operation	(3,270)

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

	Six months ended 30 June 2023 HK cents
Basic and diluted	0.17

The calculation of the basic earnings per share amount from a discontinued operation was based on the profit for the period ended 30 June 2023 from a discontinued operation attributable to owners of the Company of HK\$499,000, and the weighted average number of ordinary shares in issue during the period.

No adjustment has been made to the basic earnings per share amount from a discontinued operation presented for the period ended 30 June 2023 in respect of a dilution as the impact of the share options outstanding during the period ended 30 June 2023 had no diluting effect on the basic earnings per share amounts presented.

## 7. 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 period attributable to owners of the Company and the weighted average number of ordinary shares in issue during the period.

No adjustment has been made to the basic loss per share amount presented for each of the periods ended 30 June 2024 and 2023 in respect of a dilution as the impact of the share options outstanding during the periods ended 30 June 2024 and 2023 had no diluting effect on the basic loss per share amounts presented.

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

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
<b>Loss:</b>		
Loss attributable to owners of the Company, used in the basic and diluted loss per share calculation	<b>(12,195)</b>	(14,132)
Loss for the period from continuing operations attributable to owners of the Company used in the basic loss per share calculation	<b>(12,195)</b>	(14,631)
<b>Number of Shares</b>		
	2024	2023
<b>Shares:</b>		
Weighted average number of ordinary shares in issue during the period used in the basis loss per share calculation	<b>288,260,780</b>	288,260,780
Effect of dilution – weighted average number of ordinary shares:		
Share options	-	-
	<b>288,260,780</b>	288,260,780



## 8. DIVIDENDS

No interim dividend was proposed by the Company nor any dividend recognised as distribution in respect of the six months period ended 30 June 2024 and 30 June 2023.

## 9. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

During the six months ended 30 June 2024, the Group acquired equipment and leasehold improvement of approximately HK\$1,040,000 (six months ended 30 June 2023: HK\$869,000). Assets with a net book value of HK\$80,000 (six months ended 30 June 2023: HK\$103,000) were disposed of or written off by the Group during the six months ended 30 June 2024, resulting a net loss on disposal of HK\$80,000 (six months ended 30 June 2023: HK\$103,000) for that period.

During the six months ended 30 June 2024, the Group entered into new lease agreements for the use of office premises with term of 2 years. The Group is required to make fixed monthly payments. On the lease commencement, the Group recognised the right-of-use assets of HK\$223,000 (six months ended 30 June 2023: HK\$1,501,000) and lease liabilities of HK\$223,000 (six months ended 30 June 2023: HK\$1,501,000), respectively.

## 10. TRADE RECEIVABLES

The following is an aged analysis of trade receivables, presented based on the invoice date at the end of each reporting period, and net of allowance for credit losses recognised:

	<b>30 June 2024 HK\$'000 (Unaudited)</b>	31 December 2023 HK\$'000 (Audited)
Unbilled receivables (Note)	<b>29,735</b>	40,751
Within 30 days	<b>30,398</b>	41,777
Over 30 days and within 90 days	<b>16,296</b>	30,432
Over 90 days and within 180 days	<b>11,273</b>	22,474
Over 180 days	<b>50,100</b>	43,167
	<b>137,802</b>	178,601

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

## 11. CONTRACT ASSETS

	<b>30 June 2024 HK\$'000 (Unaudited)</b>	31 December 2023 HK\$'000 (Audited)
Comprehensive architectural services	<b>225,620</b>	217,717
Impairment	<b>(6,524)</b>	(4,495)
	<b>219,096</b>	213,222

## 12. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<b>30 June 2024 HK\$'000 (Unaudited)</b>	31 December 2023 HK\$'000 (Audited)
Listed equity investments, at fair value	<b>6,877</b>	7,005
Unlisted equity investment, at fair value	<b>1,500</b>	-
	<b>8,377</b>	7,005

The above listed equity investments were listed in Hong Kong and overseas. They were classified as financial assets at fair value through profit or loss as they are held for trading.

## 13. TRADE PAYABLES

The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting periods:

	<b>30 June 2024 HK\$'000 (Unaudited)</b>	31 December 2023 HK\$'000 (Audited)
Within 30 days	<b>3,004</b>	4,335
Over 30 days and within 90 days	<b>3,177</b>	9,413
Over 90 days	<b>16,817</b>	15,267
	<b>22,998</b>	29,015

#### 14. INTEREST-BEARING BANK BORROWINGS AND OTHER INTEREST-BEARING BORROWINGS

For the six months ended 30 June 2024, the Group drew down new bank borrowings amounting to HK\$21,000,000 which are revolved in monthly basis, carry interest at a premium over HIBOR. The Group also repaid bank borrowings amounting to HK\$17,500,000 during the six months ended 30 June 2024.

For the six months ended 30 June 2024, the other interest-bearing borrowings were unsecured, bear interest at rates ranging from 3.00% to 4.70% (31 December 2023: 3.00% to 4.70%) and repayable within one to four years (31 December 2023: one to five years). As at 30 June 2024, the balance was denominated in HK\$ (31 December 2023: HK\$).

#### 15. ISSUED CAPITAL

	Number of shares	Amount HK\$'000
Ordinary shares of HK\$0.01 each		
<b>Authorised</b>		
At 1 January 2023, 31 December 2023, 1 January 2024 and 30 June 2024	1,000,000,000	10,000
<b>Issued and paid up</b>		
At 1 January 2023, 31 December 2023, 1 January 2024 and 30 June 2024	288,260,780	2,883

#### 16. COMMITMENTS

The Group had the following capital commitments at the end of the reporting periods:

As at 30 June 2024 and 31 December 2023, the Group had a capital commitment in respect of its investments in a joint venture of HK\$10,000,000 which has been contracted but not provided for in the condensed consolidated financial information.

## 17. CONTINGENT LIABILITIES

As at 30 June 2024, the Group provides guarantees amounting to HK\$6,070,000 (31 December 2023: HK\$5,726,000) to secure service performance bonds issued by a bank on behalf of a subsidiary's performance obligation on certain projects.

In the opinion of the Directors of the Company, the fair values of the financial guarantee contracts of the Group are insignificant at initial recognition and at the end of the reporting period after taking into consideration the possibility of the default by the subsidiary was minimal. Accordingly, no value has been recognised in the condensed consolidated financial information.

## 18. RELATED PARTY TRANSACTIONS

### (a) Related party transactions

During the six months ended 30 June 2023, the Group recognised revenue of HK\$886,000 from its comprehensive architectural services and BIM services provided to Beijing General Municipal Engineering Design & Research Institute Co., Ltd. ("BMEDI") and its subsidiaries. As at 30 June 2023, the Group had trade receivables due from BMEDI and its subsidiaries amounting to HK\$840,000. BMEDI is a substantial shareholder of the Company.

The related party transactions were connected transactions under Chapter 14A of the Listing Rules. The Group has complied with the disclosure requirements, where applicable, in accordance with Chapter 14A of the Listing Rules.

### (b) The remuneration of directors and other members of key management of the Group during the period were as follows:

	Six months ended 30 June	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Salaries, commission and other benefits	9,357	17,782
Contributions to retirement benefits	197	194
Equity settled share-based payments recognised	-	942
	<b>9,554</b>	18,918

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business Review

During the first half of 2024, the business environment in Mainland China continued to be influenced by macroeconomic factors, particularly the challenges posed by adjustments in the real estate sector. The Chinese government implemented various macro-regulatory policies, including optimizing the structure of land supply and reasonably arranging the scale and timing of land supply to prevent overdevelopment and rapid increases in land prices. Land supply policies were further refined to accommodate the needs of different regions, ensuring effective utilization of land resources. The government continued to promote the construction of affordable housing, increasing supply and improving quality to meet the housing needs of low- and middle-income groups. However, the real estate market as a whole has not shown significant improvement, and policy effectiveness will require time.

The real estate market in Hong Kong demonstrated a certain degree of stability but was affected by global and local economic environments. The commercial real estate market in Hong Kong faced headwinds from the global economy, including a high-interest-rate environment, slowed economic recovery in China, and geopolitical tensions, leading to weak overall demand for commercial real estate in the first half of 2024.

In the Middle East, particularly Saudi Arabia, the real estate market is in a rapid development phase. The government is driving large-scale urbanization projects and infrastructure construction to promote economic diversification and reduce dependence on oil. As the largest construction market in the Middle East, Saudi Arabia has numerous ongoing projects across residential, commercial, and tourism sectors. The real estate market in the Middle East is expected to continue growing, with increased demand for infrastructure and real estate projects as part of the “Vision 2030” initiative.

Segment revenue for the six months period ended 30 June 2024 of this sector contributed HK\$206,385,000 representing a decrease of 12.2%. We secured 77 new contracts from external customers and the value of such new contracts and supplementary contracts totaled approximately HK\$186,512,000 as compared with HK\$196,153,000 in corresponding period of 2023, representing a decrease of 4.9%. The Group’s remaining contract sums has decreased from HK\$1,310,768,000 as at 30 June 2023 to HK\$1,261,760,000 at same date of 2024. As our main stream of practice, our traditional sector in architecture services contributed approximately 88.3% of the revenue to our comprehensive architectural services.

While facing various challenges, the Group made appropriate adjustments and business transformations, continuously monitoring changes in the macroeconomic environment, closely following policy developments, and flexibly adjusting strategies to respond to market changes.

## **Financial Overview**

### **Continuing Operations**

#### **Revenue**

During the six months period ended 30 June 2024, the revenue of the Group was HK\$206,385,000, compared with that of HK\$234,974,000 in corresponding period of 2023, representing a decrease of 12.2%. Decrease in the current period was mainly due to the continued decline in revenue in Mainland China, which decreased from HK\$120,137,000 to HK\$81,271,000 when comparing with the corresponding period of 2023.

#### **Cost of services**

Cost of services for the six months period ended 30 June 2024 amounted to HK\$176,526,000, when compared with that of HK\$200,213,000 in same period of 2023, representing a decrease of 11.8%. Decrease in current period was mainly represented by the cost reduction of the operation of the Group in Mainland China since second half of 2023. During the six months period ended 30 June 2024, the Group had further reduced the professional team in response to the slowdown in the property market in Mainland China.

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

Gross profit for the six months period ended 30 June 2024 amounted to HK\$29,859,000, decreased by 14.1% when compared with the corresponding period of 2023. Gross profit margin of the Group maintained around 14% to 15% in both periods. The decrease in gross profit margin over these two periods, when compared to previous periods, 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 six months period ended 30 June 2024 amounted to HK\$38,424,000, comparing with the corresponding period in 2023 of HK\$48,522,000, representing a decrease of 20.8%. The decrease was mainly due to the decrease in staff cost and headcount for the management and administrative support.

#### **Loss for the period, and loss for the period attributable to owners of the Company from continuing operations**

Loss for the six months period ended 30 June 2024 from continuing operations was HK\$12,074,000, compared with the corresponding period in 2023 of loss of HK\$14,501,000.

Loss for the six months period ended 30 June 2024 attributable to the owners of the Company was HK\$12,195,000, compared with the corresponding period in 2023 of loss of HK\$14,132,000.

## OUTLOOK

Despite the continued downturn in the real estate market in Mainland China and the fierce market competition and uncertainty about economic recovery in Hong Kong, the Group is committed to seizing the opportunities by further promoting the development of green and smart buildings in Mainland China, Hong Kong, and the Middle East and North Africa.

The latest announcements regarding the development and policies of the Guangdong-Hong Kong-Macao Greater Bay Area ("**GBA**") in 2024 indicate that the GBA will focus on economic growth and innovation. Efforts such as the 2023 Northern Metropolis Action Plan and infrastructure-led initiatives are heralding new opportunities for industry-driven development in the GBA, positioning it as an important player in the global business landscape.

Saudi Arabia's "Vision 2030" is bringing paradigm shifts to the country's economic landscape, having a significant impact on the real estate industry. These developments integrate residential, commercial, and leisure spaces seamlessly, gaining increasing popularity due to their sustainability and self-sufficiency. The local government is pushing to increase homeownership among citizens, and more young people are seeking cost-effective housing solutions. Advanced construction technologies, such as modular and prefabricated building methods, can be used efficiently and sustainably to capitalise on these opportunities.

With the growing number of smart city and sustainable development projects globally, green and smart buildings are becoming new trends in the market, expected to provide substantial opportunities in the coming years. These projects aim to create eco-friendly, technologically advanced urban environments to enhance quality of life. We remain steadfast in our commitment to deepening digital transformation, which aligns with our pursuit of modern working methods, a more sustainable world, and improving living environments through sustainable practices.

Overall, despite the challenging market environment, the Group remains committed to accelerating the global transition towards sustainability through the design and investment in forward-thinking projects.

## LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

	<b>As at 30 June 2024 HK\$'000</b>	As at 31 December 2023 HK\$'000
Current assets	<b>479,188</b>	526,491
Current liabilities	<b>222,835</b>	250,282
Current ratio	<b>2.15</b>	2.10

The current ratio of the Group at 30 June 2024 was 2.15 times as compared to that of 2.10 times at 31 December 2023. It was mainly resulted from the increase in net contract assets on hand, due to the increase in project turnover day during the period.

At 30 June 2024, the Group had total bank balances and cash of HK\$77,933,000 (31 December 2023: HK\$90,101,000). The unutilised general banking facilities was approximately HK\$50,119,000 as at 30 June 2024 (31 December 2023: HK\$56,000,000).

At 30 June 2024, the gearing ratio of the Group (represented by interest-bearing bank borrowings and other interest-bearing borrowings divided by equity) amounted to approximately 22.1% (31 December 2023: 21.3%).

The Group's borrowing have not been hedged by any interest rate financial instruments. The Group's financial position is sound and strong. With available bank balances and cash and bank credit facilities, the Group has sufficient liquidity to satisfy its funding requirements.

There has been no change in the capital structure of the Company during the six months ended 30 June 2024. The capital of the Company comprises only ordinary shares.

### CONTINGENT LIABILITIES

As at 30 June 2024, the Group provides guarantees amounting to HK\$6,070,000 (31 December 2023: HK\$5,726,000) to secure service performance bonds issued by a bank on behalf of a subsidiary's performance obligation on certain projects.



## COMMITMENTS

As at 30 June 2024 and 31 December 2023, the Group had a capital commitment in respect of its investments in a joint venture of HK\$10,000,000 which has been contracted but not provided for in the condensed consolidated financial information.

## EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2024, the Group employed around 650 (30 June 2023: around 730, excluding discontinued operation employees) full-time employees.

Employees are remunerated according to the nature of the job, market trend, and individual performance. Employee bonus is distributed 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 scheme in Hong Kong, employee pension schemes in Mainland China, medical coverage, insurance, training and development programs.

## FOREIGN EXCHANGE EXPOSURE

Most of the Group's business transactions, assets and liabilities are principally denominated in Hong Kong dollars and Renminbi. During the six months ended 30 June 2024, the exchange rate of Renminbi fluctuates violently. The Group currently has no hedging arrangements for foreign currencies, but will continue to monitor the foreign exchange exposure flexibly and engage in timely and appropriate hedging arrangements when needed.

## MATERIAL ACQUISITIONS AND DISPOSALS

During the six months ended 30 June 2024, the Group had no material acquisitions and disposals of subsidiaries, associates and joint ventures.

## OTHER INFORMATION

### DIRECTORS' AND CHIEF EXECUTIVES INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2024, the interests and short positions of the Directors and the chief executive and their associates in the shares, share options of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to section 352 of the Securities and Futures Ordinance ("SFO"), or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), were as follows:

#### (1) Long positions

Name of Director	Company/name of associated company	Nature of interest	Number of ordinary shares held	Approximate of percentage of shareholding
Liang Ronald	The Company	Interest in a controlled corporation	69,398,000	24.07%
	The Company	Beneficial interest	6,272,000	2.17%
	The Company	Beneficial interest	17,000,000 <sup>(Note 1)</sup>	5.89%
Fu Chin Shing	The Company	Interest in a controlled corporation	25,662,000	8.90%
	The Company	Beneficial interest	8,724,000	3.02%
	The Company	Interest of spouse	298,000 <sup>(Note 2)</sup>	0.10%
	The Company	Beneficial interest	12,600,000 <sup>(Note 1)</sup>	4.37%
Wang Jun You	The Company	Interest in a controlled corporation	12,940,000	4.48%
	The Company	Beneficial interest	1,450,000	0.50%
	The Company	Beneficial interest	5,600,000 <sup>(Note 1)</sup>	1.94%
	The Company	Interest of spouse	800,000 <sup>(Note 3)</sup>	0.27%

Note: (1) These represent the shares to be issued and allotted by the Company upon exercise of the options granted under the share option scheme (the "Share Option Scheme") of the Company.

(2) Mr. Fu Chin Shing, being spouse of Ms. Chung Wai Chi, Connie, is deemed to be interested in 298,000 shares held by Ms. Chung under the SFO.

(3) Mr. Wang Jun You, being spouse of Ms. Li Min, is deemed to be interested in 200,000 shares held by Ms. Li and 600,000 underlying shares upon exercise of the share options granted to Ms. Li under the Share Option Scheme under the SFO.

## (2) Short positions

Save as disclosed above, as at 30 June 2024, none of the Directors nor chief executive had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations as recorded in the register required to be kept under section 352 of the SFO, or otherwise notified to the Company and the Stock Exchange under the Model Code.

## SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

Save as disclosed below, as at 30 June 2024, so far as it is known by or otherwise notified by any Director or the chief executive of the Company, the particulars of the corporations or individuals (other than the Directors or chief executive of the Company) who had or were deemed or taken to have an interest or short position in the shares, underlying shares or debentures of the Company would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, recorded in the register required to be kept under section 336 of the SFO were as follows:

Long positions in the shares of the Company:

Name of Shareholder	Capacity	Total number of ordinary shares	Percentage of total issued share capital in the Company
Beijing Enterprises Group Company Limited	Interested in a controlled corporation (Note 1)	79,473,780	27.57%
Beijing General Municipal Engineering Design & Research Institute Co., Ltd. ("BMEDI")	Interested in a controlled corporation (Note 1)	79,473,780	27.57%
Beijing Design Group Company Limited	Beneficial owner (Note 1)	79,473,780	27.57%
Rainbow Path International Limited	Beneficial owner (Note 2)	62,198,000	21.57%
Veteran Ventures Limited	Beneficial owner (Note 2)	7,200,000	2.49%
Vivid Colour Limited	Beneficial owner (Note 3)	25,662,000	8.90%
Jun Ming Investments Limited	Beneficial owner (Note 4)	12,940,000	4.48%
Liang Sharon	Interest of spouse (Note 5)	92,670,000	32.14%
Chung Wai Chi, Connie	Interest of spouse (Note 6)	46,986,000	16.29%
	Beneficial owner	298,000	0.10%
Li Min	Interest of spouse (Note 7)	19,990,000	6.93%
	Beneficial owner (Note 8)	800,000	0.27%

Notes:

1. Beijing Design Group Company Limited is 100% owned by BMEDI and BMEDI is 100% owned by Beijing Enterprises Group Company Limited.
2. Rainbow Path International Limited and Veteran Ventures Limited are 100% owned by Mr. Liang Ronald.
3. Vivid Colour Limited is 100% owned by Mr. Fu Chin Shing.
4. Jun Ming Investments Limited is 100% owned by Mr. Wang Jun You.
5. Ms. Liang Sharon, being spouse of Mr. Liang Ronald, is deemed to be interested in the 92,670,000 shares held by Mr. Liang under the SFO.
6. Ms. Chung Wai Chi, Connie, being spouse of Mr. Fu Chin Shing, is deemed to be interested in the 46,986,000 shares held by Mr. Fu under the SFO.
7. Ms. Li Min, being spouse of Mr. Wang Jun You, is deemed to be interested in the 19,990,000 shares held by Mr. Wang under the SFO.
8. It represents the interest in 200,000 shares and the interest in 600,000 shares to be issued and allotted by the Company upon exercise of the share options granted under the Share Option Scheme.

## SHARE OPTION SCHEMES

The Company's share option scheme was adopted pursuant to a resolution passed on 5 December 2013 (the "2013 Share Option Scheme") and expired on 5 December 2023. It was adopted to provide incentives or rewards to eligible persons for their contribution to the Group and to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group or any entity in which the Group holds any equity interest. Details of which have been set out in the Company's 2023 annual report. The movement during the six months ended 30 June 2024 and the options outstanding as at 30 June 2024 were as follows:

### Share Option Scheme

Category of grantees	Date of grant	Exercise Price per share	As at 1 January 2024	Granted during the period	Exercised during the period	Cancelled during the period	As at 30 June 2024	Exercise period
<b>Executive Directors</b>								
- Liang Ronald	28/9/2017	HK\$2.49	3,500,000	-	-	-	3,500,000	(Note 1)
	1/11/2018	HK\$2.334	3,500,000	-	-	-	3,500,000	(Note 2)
	28/11/2019	HK\$1.55	5,000,000	-	-	-	5,000,000	(Note 3)
	23/12/2020	HK\$0.88	5,000,000	-	-	-	5,000,000	(Note 4)
- Fu Chin Shing	28/9/2017	HK\$2.49	2,800,000	-	-	-	2,800,000	(Note 1)
	1/11/2018	HK\$2.334	2,800,000	-	-	-	2,800,000	(Note 2)
	28/11/2019	HK\$1.55	3,500,000	-	-	-	3,500,000	(Note 3)
	23/12/2020	HK\$0.88	3,500,000	-	-	-	3,500,000	(Note 4)
- Wang Jun You	28/11/2019	HK\$1.55	2,800,000	-	-	-	2,800,000	(Note 3)
	23/12/2020	HK\$0.88	2,800,000	-	-	-	2,800,000	(Note 4)
<b>Senior management and other employees</b>	28/11/2019	HK\$1.55	5,100,000	-	-	-	5,100,000	(Note 3)
	23/12/2020	HK\$0.88	4,500,000	-	-	-	4,500,000	(Note 4)
			44,800,000	-	-	-	44,800,000	

Note 1: The share options can be exercised from 28 September 2022 to 27 September 2024 (both dates inclusive).

Note 2: The share options can be exercised from 1 November 2023 to 31 October 2025 (both date inclusive).

Note 3: The share options can be exercised from 28 November 2022 to 27 November 2024 (both dates inclusive).

Note 4: The share options can be exercised from 23 December 2023 to 22 December 2025 (both dates inclusive).

Following the expiry of the 2013 Share Option Scheme on 5 December 2023 ("**Expiry**"), no further share option can be granted, but the provisions of the 2013 Share Option Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any share options granted prior thereto. Share options complying with the provisions of the Listing Rules which were granted prior to the Expiry of the 2013 Share Option Scheme and remain unexercised immediately prior to Expiry shall continue to be exercisable in accordance with the 2013 Share Option Scheme.

As at the date of this report, 44,800,000 shares are issuable for options granted and are available for issue under the Share Option Scheme representing approximately 15.54% of the total number of issued shares at that date respectively.

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

During the six months ended 30 June 2024, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

## **DIRECTOR'S INTERESTS IN CONTRACTS OF SIGNIFICANCE**

No Director had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party as at 30 June 2024 or at any time during the six months ended 30 June 2024.

## **COMPETING INTERESTS**

The Directors are not aware of any business or interest of the Directors, the controlling shareholder and their respective close 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 six months ended 30 June 2024, as required to be disclosed under Rule 8.10(2) of the Listing Rules.

## CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard of dealings as set out in the 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 period ended 30 June 2024 and the Company was not aware of any non-compliance with the required standard of dealings, the Model Code and its code of conduct regarding securities transactions by Directors.

## CHANGES IN INFORMATION OF DIRECTORS

Pursuant to Rule 13.51B(1) of the Listing Rules, subsequent to the date of the 2023 annual report, changes in the information of the Directors as notified to the Company are set out below:

- Mr. Liu Yong resigned as an executive Director of the Company, a member of the Nomination Committee and a member of the investment committee with effect from 6 June 2024. The positions of an executive Director, a member of the Nomination Committee and a member of the investment committee were taken up by Mr. Lei Zhi Jun on the same date.
- Mr. Wong Hin Wing ceased to serve as an independent non-executive director of Jiangxi Bank Co., Ltd. (a public company with H shares listed on the Stock Exchange (stock code: 1916)) on 13 August 2024.

Save as disclosed above, as at the date of this report, there is no other information which was required to be disclosed by the Directors pursuant to Rule 13.51B(1) of the Listing Rules.

## CORPORATE GOVERNANCE CODE

The Company has applied the principles and complied with the code provisions set out in the Corporate Governance Code contained in Appendix C1 of the Listing Rules during the six months period ended 30 June 2024.

## INTERIM DIVIDEND

The Board has resolved not to declare the payment of an interim dividend for the six months ended 30 June 2024 (2023: nil).

## AUDIT COMMITTEE

The Company has established an audit committee comprising three independent non-executive Directors, namely Mr. Wong Hin Wing, Mr. Chan James and Ms. Su Ling. The audit committee has adopted terms of reference governing the authorities and duties. The primary duties of the audit committee are to review and supervise the financial reporting process and internal controls of the Group. The audit committee has reviewed the unaudited consolidated results of the Group for the six months ended 30 June 2024.

By Order of the Board  
**C Cheng Holdings Limited**  
**Liang Ronald**  
*Chairman and Executive Director*

Hong Kong, 27 August 2024