思城控股有限公司
C CHENG HOLDINGS LIMITED
(Incorporated in the Cayman Islands with limited liability)
Stock code: 1486

ANNUAL REPORT 2024

CONTENTS

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 Co., Ltd.

Changxing Branch
Ground Floor
Changxing Times Square
No. 88 Taoyuan Road
Nanshan District
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

CHAIRMAN'S STATEMENT

CHAIRMAN'S STATEMENT

Dear Shareholders,

In 2024, amidst a shifting global economic landscape characterised by slowing growth, interest rate cuts by major economies, and complex geopolitical dynamics. Against this backdrop, we are pleased to report that our company remains steadfastly committed to creating a superior architectural environment.

On behalf of the board ("Board") of directors ("Directors") of C Cheng Holdings Limited (the "Company"), I am pleased to present the annual report, together with the subsidiaries (collectively, the "Group") for the year ended on 31 December 2024.

OVERVIEW

As we step into 2024, the global economic tapestry unfolds against a backdrop of decelerating growth, interest rate reductions by major economies, and intricate geopolitical dynamics. Within this context, our major subsidiary, LWK + PARTNERS, has been at the forefront of transformation, contributing to a range of sectors including master planning, mixed-use developments, residential, hospitality, commercial, and cultural projects. They have played pivotal roles in delivering innovative and sustainable design solutions that align with the region's ambitious development goals.

On the dynamic terrain of China, our footsteps have never wavered. In 2024, China's construction industry underwent profound adjustments, with market fluctuations deepening our understanding that stability and sustainable development form the cornerstone of our corporate existence. Confronting these challenges, we swiftly pivoted our marketing strategies and diversified our project portfolio, now embarking on a path of gradual recovery. While acknowledging the ongoing market challenges, we firmly believe that policy support and domestic demand will provide a robust foundation for market stabilisation. Although the pace of recovery varies across cities, those possessing core competitiveness will undoubtedly be the first to embrace revitalisation. Looking ahead to 2025, we will more precisely gauge market dynamics and flexibly adjust our strategies to navigate potential market volatilities.

In Hong Kong, too, we navigate through a landscape of challenges and opportunities. With the relentless advancement of technology and industry, the demand for professional talent has never been more urgent. Both traditional architects and designers, alongside new talents versed in digital and intelligent technologies, are invaluable assets to us. We will continue to intensify our focus on talent cultivation, laying a solid foundation for our long-term corporate growth.

As we reflect on 2024 and look forward to 2025, the real estate and development sectors in the United Arab Emirates ("UAE"), the Kingdom of Saudi Arabia ("KSA"), and the broader Gulf Cooperation Council ("GCC") and Middle East and North Africa ("MENA") regions have demonstrated remarkable resilience and growth. This progress is largely driven by initiatives such as Saudi Arabia's Vision 2030. Performance varies across geographies and asset types, the real estate cycle has turned a corner, with opportunities expected to be plentiful in the coming year.

Our commitment to the Middle East is further underscored by our active participation in key industry events. In November 2024, we were proud to be part of the 16th Real Estate Development Summit – Saudi Arabia, which brought together key stakeholders to explore the thriving real estate market, a cornerstone of Vision 2030. Such engagements allow us to collaborate with industry leaders, share our expertise, and contribute to the region's sustainable urban evolution.

In response to these market dynamics, LWK + PARTNERS is strategically positioning our Hong Kong and Mainland China offices to support Middle East projects more effectively. This approach leverages our global expertise and resources, ensuring that we deliver world-class design solutions tailored to the unique cultural and environmental contexts of the Middle East. By fostering seamless collaboration between our offices, we aim to enhance efficiency, innovation, and responsiveness to the evolving needs of our clients in the region while offering Hong Kong and Chinese investors and developers an integrator service offering that will safeguard their investment initiatives into these new markets.

Once again, we are pleased to announce with great pride that our Group has garnered numerous international awards and domestic honours for our projects spanning the globe. Our proven ability to manage projects from diverse cultural and social backgrounds emphasise our adaptability, humility, and professionalism in delivering award-winning solutions for our clients. We maintain our esteemed position among the elite top 100 architecture firms, securing the 32nd place worldwide in the prestigious World Architecture 100 rankings unveiled in January 2025. These honours serve as a testament to the perseverance dedication and diligent efforts of our teams across all regions. Despite the challenging year of 2024, they remained faithful to our core values, earning well-deserved recognition for their resilience. Our pragmatic approach and seamless collaboration with clients at all levels form the cornerstone of our Group's principles and culture.

PROSPECTS

It is notably that 2024 has been another challenging year to the Company. This downturn has allowed the Group to evaluate, assess and make necessary adjustments to strengthen our ability to stay in the business and move the needle in the right direction.

To seize opportunities and tackle challenges, we actively engage in international projects, absorbing advanced foreign experiences and technologies to fuel our innovation and development. This spirit of openness, inclusivity, and progressiveness is the very essence of our corporate growth. Looking forward, we will further strengthen talent development, deepen international collaboration, promote technological innovation, and enhance our competitiveness, embracing future challenges and opportunities with renewed vigour.

On the technology front, we are committed to actively seeking out new opportunities that will enhance our capabilities and drive innovation. Our focus will be on expanding the technological developments within the Group, particularly through the strategic application of Artificial Intelligence ("AI") tools. By integrating AI into our operations, we aim to improve efficiency, streamline processes, and deliver better outcomes for our clients and stakeholders. We recognise the transformative power of technology and are actively committed to the Research & Development ("R&D") and investigation of viable software. This initiative will not only enhance our current offerings but also position us at the forefront of industry advancements. We recognise the transformative power of technology and will invest in research and development to explore cutting-edge solutions. Our goal is to harness these advancements to create a more agile and responsive organisation, ensuring we remain competitive in an ever-evolving landscape. Through collaboration and forward-thinking strategies, we are excited to pave the way for a future driven by innovation and technological excellence.

Last but not the least, we will continue to assess viable projects of values and projects with growth potential to supplement our existing business. Through our strategic initiatives and unwavering commitment to design excellence, we are poised to support and contribute to the dynamic growth and development in the years to come.

ACKNOWLEDGEMENT

On behalf of the Board, I convey our profound gratitude to our esteemed clients, our valued partners, and above all, our diligent colleagues, for their strong determination and relentless efforts in upholding our commitment to delivering work of the utmost excellence. United, I am confident that we shall forge ahead, birthing fresh opportunities, innovative projects, burgeoning businesses, and new avenues for our Group.

Mr. Liang Ronald
Chairman

Hong Kong, 26 March 2025

MANAGEMENT DISCUSSION AND ANALYSIS

MANAGEMENT DISCUSSION AND ANALYSIS

OVERALL REVIEW

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

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

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

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

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

BUSINESS REVIEW

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

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

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

FINANCIAL OVERVIEW

Continuing Operations

Revenue

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

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

Cost of services

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

Gross profit and gross profit margin

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

Administrative expenses

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

Loss for the year

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

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

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

LIQUIDITY AND FINANCIAL RESOURCES

	As at 31 December	
	2024	2023
	HK$'000	HK$'000
Current assets	**468,435**	526,491
Current liabilities	**214,987**	250,282
Current ratio	**2.18**	2.10

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

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

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

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

OUTLOOK

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

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

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

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

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

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

USE OF PROCEEDS

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

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

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

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

PRINCIPAL RISKS AND UNCERTAINTIES

A number of factors may affect the results and business operations of the Group, some of which are inherent to the business and some are from the industry. Major risks are summarised below.

Risks Relating to the Industry

Our business is subject to a number of licences, permits and qualifications

Our Group and our staff must hold the relevant licences and permits to operate our business. Non-compliance with the relevant regulatory requirements may result in refusal by relevant authorities to renew the relevant licenses and permits which would interrupt our business and have a material adverse effect on our operations or financial positions. The Grade A Qualification in Mainland China has been renewed on December 2023 for 5 years. We will continue to monitor relevant licenses and permits renewal to ensure compliance with all relevant regulatory requirements.

We face intense competition

There are numerous architectural service companies duly registered in the Hong Kong Institute of Architects and Mainland China. The market is highly competitive with the presence of both local and international service providers. As such, we have to compete with other service providers in terms of price and delivery on an international level. The rapid expansion of architectural service providers will intensify competition in the market which may induce price competition, especially under existing economic environment. We have assembled an array of design capabilities to make available our cross-disciplinary services. Also, we have expanded our business coverage to Southeast Asia and Middle East, so that our business portfolio and market penetration is diversified. Strategically, we are able to fully integrate technology into design solutions, which fortifies our leading position in the industry.

Risks Relating to the Business

We rely heavily on our professional staff

Our Group relies heavily on our professional staff, including our Hong Kong registered architects, Mainland China registered architects, authorised persons, registered town planners and registered landscape architects to render comprehensive architectural service to our clients. The loss of service of these professional staff and failure to find suitable replacements could adversely and significantly affect our operations and financial positions. We see professional talents as our greatest asset, hence we have formed our staff retention strategy that includes a series of training and development program throughout the year to equip our staff with latest industry knowledge and insights. We would also arrange sports and leisure events to help create a work-life balance for our professionals.

Negative publicity or damage to our business reputation may have potential adverse impact on our business

As a professional service provider, our Group's ability to secure new projects depends heavily upon our reputation and the reputation of our team as we generally obtain our business by invited tendering. Negative publicity associated with our Group or our team could result in the loss of clients or lead to increasing difficulty to be awarded new projects in the tendering process. Our senior management participate in project roadshows and industry regularly, to strengthen our positive corporate image and reputation; and at the same time, analyse feedback from our stakeholders timely. Moreover, we monitor our media publicity on a daily basis. We arrange media interviews and investor meetings every year to reinforce our business reputation.

Our Group is subject to potential exposure to professional liabilities

Our Group is principally engaged in the provision of comprehensive architectural service to our clients. In the event that our clients may suffer a loss due to the negligence of our Group in providing such service, they may request for compensation from our Group. In spite of the quality control measures adopted by the Group, there is no assurance that these measures can completely eliminate the professional negligence or any event of professional negligence, misconduct or fraudulent act. Our Group is covered by professional indemnity insurance. We however may experience an adverse impact on our Group's financial position in the event that the claim from our clients exceeds the coverage or the scope of the insurance does not cover such claims. We have set out a quality control mechanism to effectively shield our Group from any professional negligence. No claims related to professional liabilities have been received in previous years.

We may be exposed to risks of potential computer system failure and disruptions

Our work is substantially carried out with the use of computers and other information technology solutions. Our strategy has always been to empower staff by providing them the right information at the right time and right place. Hence, we have been investing into IT solutions and infrastructures that help them to work efficiently no matter they are at office or not.

On the other hand, the digital world creates many risks for a business including technology failures, loss of confidential data and damage to brand reputation. We seek to assess and manage the effectiveness of our security infrastructure and our ability to effectively defend against current and future cyber risks by using appropriate tools and experienced professionals to evaluate and mitigate potential impacts. We are focused on the need to maximise the effectiveness and security of our information systems and technology and to reduce both cost and exposure as a result.

CAPITAL STRUCTURE

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

FOREIGN EXCHANGE EXPOSURE

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

SIGNIFICANT INVESTMENT

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

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

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

MATERIAL ACQUISITIONS AND DISPOSALS

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

DIVIDEND

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

PLEDGE OF ASSETS

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

CONTINGENT LIABILITIES

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

COMMITMENTS

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

EMPLOYEES AND REMUNERATION POLICIES

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

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

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

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Liang Ronald（梁鵬程）, aged 75, was appointed as a Director on 13 May 2013 and redesignated as the chairman of the Group and an executive Director on 5 December 2013. Mr. Liang is a founder of the Group and is responsible for the overall corporate development of the Group, managing relationships with clients and exploring new business opportunities. Mr. Liang is a director of certain subsidiaries of the Group. Mr. Liang graduated from the school of architecture of the South Australian Institute of Technology, Adelaide, Australia with a diploma in technology (architecture) in 1975.

Mr. Liang has 49 years of experience in the architectural service industry with 44 years of experience in Hong Kong. Prior to the establishment of Liang Wong Kou & Partners HK in 1985, Mr. Liang developed his career in architectural practices in Australia. Mr. Liang has also gained project experience from numerous projects in Mainland China, Hong Kong, Macau and South East Asia.

Mr. Liang has been a registered architect in the state of New South Wales since 1980, an authorised person under the Buildings Ordinance of Hong Kong since 1984, a registered architect in Hong Kong since 1991. He also holds memberships in the Australian Institute of Architects since 1977, the Royal Institute of British Architects since 1981, and the Hong Kong Institute of Architects ("HKIA") since 1989.

Mr. Liu Jiang Tao（劉江濤）("Mr. Liu"), aged 55, was appointed as a co-chairman and executive Director on 16 June 2022. Mr. Liu graduated from Chongqing Institute of Architecture and Civil Engineering (currently named as Chongqing University), specialised on heating, ventilation and air conditioning in 1992. He was awarded a Master of Business Administration from Guanghua School of Management of Peking University.

Mr. Liu is currently the chairman of Beijing General Municipal Engineering Design & Research Institute ("BMEDI"). BMEDI is a subsidiary of Beijing Enterprises Group Company Limited ("BEGCL"), and is the holding company of Beijing Design Group Limited, one of the substantial Shareholders of the Company. Mr. Liu was the general manager of Beijing Gas and Heating Engineering Design Institute in 2012. He was the deputy general manager of Beijing Gas Group Co., Ltd. and the deputy general manager of Beijing Beiran Enterprises Group Co., Ltd. in 2015. He was the general manager of Beijing Enterprises Smart City Technology Development Co., Ltd. in 2020.

Mr. Liu is a professor-level senior engineer and registered consulting engineer and has accumulated nearly 30 years of experience in urban heating, comprehensive utilisation of gas and energy, smart city research, engineering design and management. Mr. Liu served as the deputy director of Safe & Security Management Committee of China Gas Association (中國城市燃氣協會安全委員會副主任), council member of Beijing Gas Association (北京市燃氣協會常務理事), and director of Beijing Work Safety Association (北京市安全生產聯合會理事). He participated in major planning, feasibility studies, scientific research projects, standardised specification and compilation, design, implementation and management work on engineering projects and he won a number of invention and patents and industry enterprise awards.

Mr. Fu Chin Shing（符展成）, aged 58, is the compliance officer of the Company and was appointed as the chief executive officer of the Group and an executive Director on 5 December 2013. Mr. Fu joined the Group in 1991. He is primarily responsible for overseeing the overall operations and strategic planning of the Group, managing relationships with clients and exploring new business opportunities. Mr. Fu is a director of certain subsidiaries of the Group. He graduated from the University of Hong Kong with a bachelor's degree of arts in architectural studies in 1988 and a bachelor's degree in architecture in 1991.

Mr. Fu has almost 35 years of experience in the architectural service industry in Mainland China and Hong Kong. He has been an authorised person under the Buildings Ordinance of Hong Kong and a registered architect in Hong Kong since 1993. He holds professional membership in the HKIA since 1992. He is also a class 1 registered architect in Mainland China.

With his extensive experience in the industry, Mr. Fu has been serving various government advisory bodies including Town Planning Board, Construction Industry Council, Urban Renewal Fund, China Green Building (Hong Kong) Council, Construction Worker Registration Authority. Mr. Fu was appointed as the Justice of Peace (JP) in July 2016 and awarded the Medal of Honour (MH) by the Government of the HKSAR in October 2020.

Mr. Wang Jun You（王君友）, aged 60, was appointed as an executive Director on 5 December 2013. Mr. Wang joined the Group with the rank of director in 2011. Mr. Wang is primarily responsible for strategic planning and overseeing the operations in Mainland China, managing relationships with clients and exploring new business opportunities. He graduated from Tsinghua University with a master's degree in architecture in 1989.

Mr. Wang has over 35 years of experience in the architectural service industry in Mainland China. He has obtained a class 1 registered architect in Mainland China since 2001 and a Chartered Membership of the Royal Institute of British Architects in 2022. Prior to joining the Group, Mr. Wang has gained managerial experience in architectural companies in Mainland China. He served as an expert member of Urban Planning & Natural Resources Department in Shenzhen (深圳市規劃和自然資源局建築設計審查專家庫專家成員) since 2015 and council member of Shenzhen Exploration & Design Association (深圳市勘察設計行業協會常務理事) since 2019 and a tutor for the postgraduate degree students of Shenzhen University (深圳大學專業學位研究生校外導師). Mr. Wang is a director of a significant subsidiary established in Mainland China. Mr. Wang is the spouse of Ms. Li Min, a member of senior management of the Group.

Mr. Deng Li Ming（鄧立鳴）, aged 44, was appointed as an executive Director on 12 September 2023. Mr. Deng obtained a master degree of science (engineering) from The University of Liverpool in December 2004. He is currently a member of the Urban and Rural Construction Environment Committee (城鄉建設環境委員會) of the Guangzhou Municipal Committee of Jiusan Society (九三學社廣州市委員會). Mr. Deng served as a senior engineer of the Guangzhou Urban Planning & Design Survey Research Institute (廣州市城市規劃勘測設計研究院) from 2004 to 2016. He also obtained qualification certificates for funds (基金從業員) under the Asset Management Association of China (中國證券投資基金業協會) in November 2016. Mr. Deng was also admitted as an expert in the demonstration of major administrative decisions of The People's Government of Guangzhou Municipality (廣州市重大行政決策論證專家庫) in May 2015.

Mr. Deng has over 20 years of expertise in urban development, infrastructure and environmental protection projects. He participated in many well-known projects such as Guangzhou International Finance City, Singapore Nanjing Ecological Smart City and Zunyi Economic and Technological Development Zone as the main person in charge, earning him various investment awards.

Since 2020, Mr. Deng has helmed C Cheng Investment Development Company Limited ("C Cheng Investment"), the domestic headquarters of the Company. He oversees the Group's strategy in Hong Kong and Guangzhou and manages mainland operations carried out by C Cheng Investment. Skilled in top-level design, Mr. Deng has been instrumental in establishing several investment platforms. With his profound urban development experience, he excels in making precise investment decisions, creating thriving ecosystems, and attracting industrial chain resources.

Mr. Lei Zhi Jun（雷志軍）, aged 44, was appointed as an executive Director on 6 June 2024. Mr. Lei graduated from Wuhan University with a bachelor's degree in finance in 2002 and obtained a master's degree in economics from Renmin University of China in 2012. Currently, Mr. Lei serves as the vice general manager, and director of the strategic investment department at Beijing General Municipal Engineering Design & Research Institute Co., Ltd. ("BMEDI").

From 2002 to 2012, Mr. Lei Zhi Jun worked at Beijing Urban Construction Group Co., Ltd., where he held positions, including a finance manager at Beijing Urban Construction Third Construction Development Co., Ltd. and the director of investment management at the investment department of Beijing Urban Construction Group Co., Ltd.. From 2012 to 2017, he was employed at Beijing Enterprises Holdings Group Company Limited as a senior manager in the financial securities department.

Mr. Lei is a senior economist specialising in finance and holds extensive experience in infrastructure investment and financing, corporate investment and mergers, and state-owned enterprise reforms.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chan James（陳進思）, aged 71, was appointed as an independent non-executive Director on 3 April 2023. Mr. Chan graduated from the University of Hong Kong with a bachelor's degree of Arts in Architectural Studies, the University of Dundee in Scotland with a bachelor's degree of Architecture and an executive Master of Business Administration in Tsinghua University. Mr. Chan is a professional member in the HKIA and a Governor of the ISF Academy.

Mr. Chan is an independent non-executive director of Beijing Properties (Holdings) Limited (a public company listed on the Stock Exchange) (Stock Code: 0925) since June 2011. He served as the executive director of Pacific Century Premium Developments Limited (Stock Code: 432) during the period from August 2005 to February 2020, and a non-executive director of Viva China Holdings Limited (Stock Code: 8032) (currently known as Viva Goods Company Limited, under the Stock Code of 933) during the period from June 2013 to June 2019. Mr. Chan has over 45 years of comprehensive experience in construction and property industry.

Mr. Wong Hin Wing（黃顯榮）, aged 62, was appointed as an independent non-executive Director on 3 April 2023. Mr. Wong holds a Master's degree in Executive Business Administration (EMBA) from the Chinese University of Hong Kong. He is a fellow member of the Hong Kong Institute of Certified Public Accountants, the Institute of Chartered Accountants in England & Wales, the Association of Chartered Certified Accountants, the Hong Kong Institute of Directors, and the Chartered Governance Institute. He is also a member of the American Institute of Certified Public Accountants and a chartered member of the Chartered Institute for Securities & Investment. Moreover, Mr. Wong was awarded the Medal of Honour and appointed Justice of the Peace by the Government of the Hong Kong Special Administrative Region.

Mr. Wong is a member of the Anhui Provincial Committee of the Chinese People's Political Consultative Conference, a panel member of Accounting and Financial Reporting Review Tribunal, as well as a member of the Betting and Lotteries Commission, the Medical Council of Hong Kong, and the Advisory Committee on Enhancing Self-Reliance Through District Partnership (ESR) Programme as well as a board member of Ocean Park Corporation. Mr. Wong is the partner of Hermitage Capital HK Limited, a private equity firm licensed under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). Prior to this, he had worked with an international audit firm for four years following which he served as chief financial officer of a listed company for seven years. Afterwards, he co-founded Silk Road International Capital Limited (a licensed corporation formerly known as Legend Capital Partners Inc.) and led the company as the executive director and responsible officer for twenty-three years. Overall, he has over three decades of solid experience in corporate management and governance, investment management and advisory, as well as accounting and finance.

Mr. Wong also serves as an independent non-executive director in other companies listed on the Main Board of the Stock Exchange. These include Zhaoke Ophthalmology Limited (a public company listed on the Stock Exchange (Stock Code 6622)), Kingmaker Footwear Holdings Limited (a public company listed on the Stock Exchange (Stock Code: 1170)), YNBY International Limited (a public company listed on the Stock Exchange (Stock Code: 30)) and InnoScience (Suzhou) Technology Holding Co., Ltd. (a public company with H shares listed on the Stock Exchange (Stock Code: 2577)). Mr. Wong served 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)), from February 2018 to August 2024, Wine's Link International Holdings Limited (a public company listed on the Stock Exchange (Stock Code: 8509)) from December 2017 to February 2023, CRCC High-Tech Equipment Corporation Limited (a public company with H shares listed on the Stock Exchange (Stock Code: 1786)) from November 2015 to October 2022, and Guangzhou Baiyunshan Pharmaceutical Holdings Company Limited (a public company with A shares listed on the Shanghai Stock Exchange (Stock Code: 600332) and H shares listed on the Stock Exchange (Stock Code: 874)) from June 2017 to May 2023, and an independent non-executive director or an independent director of Inner Mongolia Yitai Coal Co., Ltd. (a public company with B shares listed on the Shanghai Stock Exchange (Stock Code: 900948) from May 2017 to May 2023. Save as disclosed herein, Mr. Wong did not hold any directorship in other public companies the securities of which are listed in Hong Kong or overseas in the last three years.

Ms. Su Ling（蘇玲）, aged 55, was appointed as an independent non-executive Director on 1 May 2017. She graduated from the Journalism College of China with a Bachelor Degree in News Editing in 1992. She received a Diploma in Management from China Europe International Business School (CEIBS) in 1999. Ms. Su has been an executive director of Investment Banking Division, Southwest Securities Company Limited from 2012 to 2016. Ms. Su was responsible for numerous projects of mergers and acquisitions, National Equities Exchange and Quotations listing and corporate refinancing in Mainland China. She is well-experienced in capital operation and financial consulting.

Saved as disclosed above, there was no change to any information required to be disclosed in relation to any Director and chief executives pursuant to Rule 13.51B(1), and Rule 13.51(2)(a) to (e) and (g) of the Listing Rules during the year ended 31 December 2024. Further, the Board is not aware of any information that ought to be disclosed pursuant to the requirements under Rule 13.51(2)(h) to (v) of the Listing Rules, nor are there any other matters that ought to be brought to the attention of the shareholders of the Company.

SENIOR MANAGEMENT

Mr. Ma Kwai Lam Lambert（馬桂霖）, aged 56, is the director of architecture. Mr. Ma is responsible for mixed use commercial architectural projects of the Group and oversees the operations in Hong Kong and Shanghai. Mr. Ma graduated from Virginia Polytechnic Institute and State University, USA with a bachelor's degree in architecture in 1995. Mr. Ma joined the Group in July 2009 and was promoted to the rank of director in January 2014. Mr. Ma has 29 years of experience in the architectural service industry in Mainland China and Hong Kong. Mr. Ma has held professional membership in the HKIA since 2011 and has been a registered architect in Hong Kong since 2012.

Mr. Lo Kin Nang（盧建能）, aged 55, is the director of architecture. He is responsible for architectural projects and overseeing the operations in Hong Kong and Greater Bay Area Studio in Mainland China. He graduated from the University of New South Wales in Australia with a bachelor's degree in architecture in 1996. He joined the Group in 1997 and was promoted to the rank of director in 2010. He is a director of certain subsidiaries of the Group.

Mr. Lo has 26 years of experience in the architectural service industry by being involved in projects in Mainland China and Hong Kong. He served as an evaluation expert member of the Shenzhen Construction Bureau (深圳市住房和建設局建設工程評標專家庫專家成員) in 2012. Mr. Lo has been a registered architect in Hong Kong since 2001. He holds professional membership in the HKIA since 2001. He is currently a Chartered Membership of the Royal Institute of British Architects, a specialist of BIM Pro (HK) BIM Pro of HKIA), a vice-chairperson of the Council of Guangzhou Engineering Exploration and Design Association (廣州市工程勘察設計行業協會副會長), co-chairman of Green Building Association of the Council of Guangzhou Engineering Exploration and Design Association (廣州市工程勘察設計行業協會綠色建築分會聯席會長), a honorary member of the Council of Guangdong Engineering Exploration and Design Association (廣東省工程勘察設計行業協會榮譽理事), co-chairman of Guangzhou Exploration & Design Association and Hong Kong and Macao Development Association (廣州市工程勘察設計行業協會協同港澳發展聯會聯席會長) and a member of the 11th CPPCC National Committee in Baiyun District, Guangzhou City (中國人民政治協商會議廣州市白雲區委員會委員). He is also a class 1 registered architect in Mainland China.

Mr. Ng Kwok Fai (吳國輝), aged 54, is the director of architecture. He is responsible for architectural projects in Hong Kong and overseeing the operations in Hong Kong. He initially joined the Group in 1996 and later rejoined in 2004. He was promoted to the rank of director in 2010. He graduated from the University of Hong Kong with a bachelor's degree in arts (architectural studies) in 1992 and a master's degree in architecture in 1995.

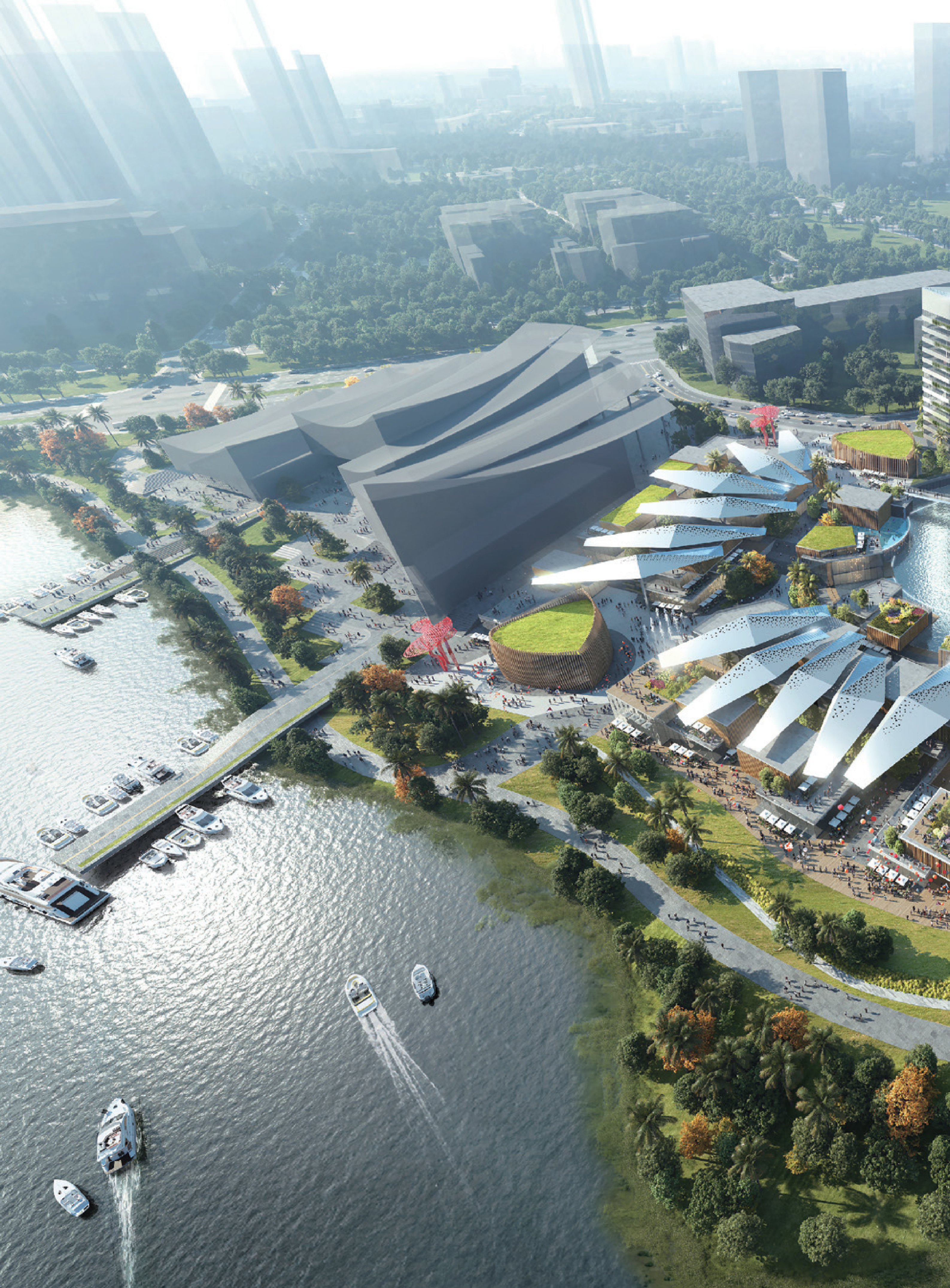
Mr. Ng has 29 years of experience in the architectural service industry in Hong Kong. He was involved in the Group's projects in Mainland China and Hong Kong. Mr. Ng has been a registered architect in Hong Kong since 1998 and an authorised person under the Buildings Ordinance of Hong Kong since 1999. He holds professional membership in the HKIA since 1998. He is also a class 1 registered architect in the PRC.

Mr. Chan Chui Man (陳聚文), aged 49, is the director of architecture. He is responsible for assisting the executive Directors in overseeing the operations in Hong Kong. Mr. Chan graduated from the University of Hong Kong with a bachelor's degree in architectural studies and a master's degree in architecture in December 1997 and November 2000, respectively. He joined the Group in June 2000 as an architectural assistant and was promoted to the rank of director in January 2014. Mr. Chan has been a registered architect in Hong Kong since 2003, an authorised person under the Buildings Ordinance of Hong Kong since 2014 and a LEED AP of US Green Building Council since 2009 and a BEAM Pro between 2011 to 2015. He has held professional membership in the HKIA since 2003.

Ms. Yu Wing Sze (余詠詩), aged 48, is the company secretary and authorised representative of the Company and chief financial officer of the Group. She is responsible for overseeing the overall financial management of the Group. Ms. Yu graduated from the University of Hong Kong with a bachelor's degree in accounting and finance in December 1998. She joined the Group and served as finance and accounting director of LWK in August 2011. She has been a certified public accountant of the Hong Kong Institute of Certified Public Accountants since 2003. She was admitted as a member and a fellow of the Association of Chartered Certified Accountants in November 2001 and December 2006, respectively. Ms. Yu has over 25 years of accounting and auditing experience accumulated for working for international accounting firm and main board listed companies in Hong Kong.

Ms. Li Min（李敏）, aged 60, is the financial controller of a significant subsidiary established in Mainland China. She is responsible for the finance, administration and human resources management for the operations in Mainland China. Ms. Li graduated from the Liaoning University (遼寧大學) with a bachelor's degree in biology in July 1988. Ms. Li was accredited as an engineer (工程師) by the Title Management Office of Shenzhen City (Second Evaluation Committee of Engineer Qualification of Construction Engineering) (深圳市職稱管理辦公室 (深圳市建築工程技術工程師資格第二評審委員會)) in November 1999 with over 33 years of related experience. Before joining the Group in 2011, Ms. Li served as financial controller and deputy general manager in an architectural firm in Shenzhen and having many years of managerial experience. Ms. Li is the spouse of Mr. Wang Jun You, an executive Director and a significant Shareholder.

Ms. Zhang Li Juan（張麗娟）, aged 60, is the operations controller in Mainland China. She is responsible for the operations and contract management for the projects in Mainland China. Ms. Zhang graduated from Chongqing Professional Construction College (重慶建築專科學校) with a professional certificate in management in construction engineering (建築工程管理專業) in July 1988. Ms. Zhang has over 27 years of managerial experience in operations and/or contract departments. She was accredited as an engineer (工程師) by the Title Reform Leading Group Office of Hebei Province (河北省職稱改革領導小組辦公室) in March 1998.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT THIS REPORT

C Cheng Holdings Limited (the "Company") along with its subsidiaries (collectively known as the "Group") are pleased to present the Environmental, Social and Governance ("ESG") Report (the "Report"), covering the period from 1 January 2024 to 31 December 2024 (the "Reporting Period") unless otherwise specified.

The Group recognises that integrating effective ESG initiatives into its business operations is essential for long-term success. By prioritising ESG practices, the Group not only aims to enhance its financial performance and strengthen risk management strategies but also to offer stakeholders valuable insights into its operations and impact. Furthermore, the Group is dedicated to promoting sustainable and responsible business practices. This commitment to sustainability transcends mere compliance; it reflects a genuine effort to create positive social and environmental outcomes while driving business growth. Through continuous improvement and proactive engagement with stakeholders, the Group aims its operations contribute positively to the communities and environments in which it operates.

The Group is headquartered in Hong Kong and primarily focuses on delivering comprehensive architectural services along with Building Information Modelling (BIM) services. The Report covers Group's business operations in Hong Kong, Mainland China as well as Middle East and North Africa ("MENA") and Southeast Asia, where the Group maintains offices in Dubai, Riyadh and Manila. The reporting scope is consistent with last year's report, ensuring continuity and comparability in its disclosures.

The Report has been developed in alignment with the ESG Reporting Code set out in Appendix C2 to the Main Board Listing Rules of The Stock Exchange of Hong Kong Limited (the "Listing Rules"). It complies with the mandatory disclosure requirements and "comply or explain" provisions of the ESG Reporting Code. There were no changes to the methods or KPIs used, or any other relevant factors affecting a meaning comparison with previous period.

In order to deliver meaningful and decision useful ESG information, the reporting principles of materiality; quantitative; balance and consistency have been applied in the Report. In addition, we have been collecting both qualitative and quantitative data for the Report, formulating, implementing, and monitoring policies.

OUR BUSINESS

The principal business of the Group is the delivery of comprehensive architectural and BIM services. This encompasses architecture, planning and urban design, interiors, landscape, heritage conservation, BIM, brand experience and lighting design. These diverse yet interconnected disciplines within the Group work in seamless collaboration, akin to the integrated parts of a machine, allowing the Group to offer holistic and comprehensive design solutions for all entrusted projects.

The Group's key business entity, LWK + PARTNERS, stands as one of the leading global architectural firms, having commenced its operations in 1985. It has achieved remarkable success in the Greater China region, operating offices in key cities such as Hong Kong, Shenzhen, Beijing, Guangzhou, Shanghai, Chongqing and Macau. In addition to its established presence, LWK + PARTNERS is actively expanding its market reach into MENA and Southeast Asia, with offices in Dubai, Riyadh and Manila.

In 2024, LWK + PARTNERS earned the prestigious 27th position in the World Architecture 100 (WA100) 2024. The recognition as one of the top 100 largest architecture practices for consecutive years truly reflects the firm's unwavering commitment to excellence in architecture, innovative design, and sustainable practices.

OUR APPROACH

ESG performance is an important measure of an organisation's resilience and effective risk management. The Group is dedicated to conducting its business in a sustainable, conscientious, and transparent manner. The Board of Directors of the Group (the "Board") has overall responsibility to oversight of ESG issues which includes identifying, evaluating, prioritising, and managing material ESG-related risks and opportunities ensuring ESG considerations are integrated into the overall business strategy and objectives of the organisation.

Additionally, the Board is tasked with establishing and reviewing ESG objectives, executing related policies and measures, and ensuring accountability for the ESG report. The Board actively monitors the Group's progress towards achieving its ESG targets and facilitates effective supervision and resource allocation for ESG initiatives through regular meetings and communication with the management.

STAKEHOLDERS ENGAGEMENT AND MATERIALITY ASSESSMENT

The Group believes that through understanding of its stakeholders' expectations and concerns regarding business development strategies, risk management measures, and internal control systems is vital for responsible business practice. To cultivate a collaborative relationship with its stakeholders, the Group is committed to proactively engaging with key stakeholder groups through various communication channels and activities. This engagement aims to better understand their needs and expectations and to develop effective strategies and measures to address these issues. Through ongoing dialogue, the Group strives to strengthen relationships with stakeholders and enhance its operations and practices, ultimately creating value for them. This approach allows the Group to remain informed about stakeholder concerns and to assess the significance of ESG issues in shaping business strategies that support its operations and sustainable development.

Key stakeholders of the Group include shareholders, employees, customers, suppliers and business partners, government and regulatory authorities and communities.

Through continuous communication with stakeholders and discussions at the Board level, the Group has identified the following ESG issues that are material to its operations. This identification process is instrumental in developing effective sustainability strategies and policies. Furthermore, the Group's performance regarding these issues will be disclosed in the Report.

Material Issues	Materiality
Environment	
1. Emissions	Important
2. Energy management	Important
3. Environmental and natural resources	Important
4. Climate change	Important
Social	
Employment and Labour Practices	
1. Employment	Most important
2. Health and safety	Most important
3. Development and training	Important
4. Labour standards	Most important
Operating Practices	
1. Supply chain management	Important
2. Product responsibility	Most Important
3. Anti-corruption	Most important
Community	
1. Community investment	Relevant

A. ENVIRONMENTAL PERFORMANCE

Environmental Policy and Performance

The Group is firmly committed to environmental sustainability, despite operating in non-carbon-intensive industries without any manufacturing facilities and does not significantly contribute to environmental pollution. Nevertheless, the Group recognizes that climate change is the most significant challenge in achieving sustainable development. Climate-related risks not only impact enterprise's long-term sustainability and profitability but also influence how these risks are managed, ultimately affecting the growth of the enterprise. The Group is diligently monitoring the physical and transition risks associated with a changing climate. Simultaneously, the Board believes that the transition to a low-carbon economy presents substantial opportunities for its business. By actively engaging with stakeholders, the Group can identify and implement effective solutions.

The Group acknowledge green buildings practice are essential for decarbonising Hong Kong and achieving the global target set by the Paris Agreement. The Group has not only implemented the ISO14001 Environmental Protection System and awarded ISO14001:2015 certification since 2018 but it is also an activity corporate members of China Green Building (Hong Kong) Council and Hong Kong Green Building Council (the "HKGBC").

2024 has been a landmark year for sustainability at LWK + PARTNERS, marked by its active participation in major global and regional events. In December 2024, LWK + PARTNERS was proud to participate in the HKGBC 15th Anniversary Celebration Cocktail, joining over 250 guests to celebrate the accomplishments of green building initiatives. As an organisation deeply committed to developing sustainable architecture, it is still dedicated to prioritising green development as the cornerstone of mission. At the Quality Building Award 2024, its prestigious project, Ningbo New World Phase 2 had been awarded Grand Award (Building Outside Hong Kong) that truly reflects this year's QBA theme of Empowering Innovation, Sustaining Green and Generating Wellness through innovative designs of the exceptional teams behind. This mixed-use development offers a vibrant and diverse environment for live, work, retail and cultural activities.

Furthermore, LWK + PARTNERS honored to participate in the Sustainability in Design Conference KSA, where key stakeholders had been engaged to discuss the integration of sustainability principles into architectural practices. An involvement in panel discussions emphasised the vital links between sustainability, education, and the built environmental, driving conversations on how design can contribute to a greater future.

These initiatives underscore its dedication to championing sustainability, reinforcing its positions as advocates and visionaries committed to building a more sustainable and resilient world.

The integration of ESG principles with BIM signifies a potent alignment of sustainability and technological innovation within the construction and real estate developments. The Group has been a strong advocate and early adopter of BIM technologies. It not only provides comprehensive architectural solutions that significantly enhance the entire life cycle of a project but also serves as a tool for simulating a building's environmental impacts such as energy consumption, carbon footprint, and water usage, before construction commences. This pre-construction analysis allows architects and engineers to optimise the design for environmental performance, addressing critical environmental concerns. By doing so, the Group promotes green construction practice including waste reduction, sustainable materials selection, and enhanced energy efficiency. It is all aimed at achieving long-term sustainability and operational efficiency. These concepts have already been implemented in many of its current developments.

To expedite the integration of BIM into its current developments, the Group invests substantial resources in establishing a dedicated team lead by Certified BIM Manager and Certified BIM Coordinator to effectively manage these important tasks.

During the Reporting Period, the Group did not notice any non-compliance incidents in relation to environmental protection that would have imposed significant impacts on the operation of the Group. Furthermore, no complaints have been received from our clients.

Referring to the deemed disposal of interest in a subsidiary, isBIM, on 6 October 2023. The below KPIs for 2024 could be compared with the performance of after disposal of 2023.

KPI of ESG Reporting Code		**Corresponding Page**
A	*Environmental Performance*	
A1	Emissions	
A1.1	Types of emissions and respective emissions data	Not applicable while insignificant
A1.2	Greenhouse gas emissions	Page 34
A1.3	Hazardous waste	Not applicable while insignificant
A1.4	Non-hazardous waste	Not applicable while insignificant
A1.5	Emissions mitigation	Page 34
A1.6	Hazardous and non-hazardous wastes reduction	Not applicable while insignificant
A2	Use of Resources	
A2.1	Energy consumption	Page 35
A2.2	Water consumption	Not applicable while insignificant
A2.3	Energy use efficiency	Page 35
A2.4	Water use efficiency	Not applicable while insignificant
A2.5	Packaging material	Not applicable while insignificant
A3	Environmental and Natural Resources	
A3.1	Impacts of activities on environment and natural resources	Page 36
A4	Climate Change	
A4.1	Significant climate-related issues	Page 37

Emissions

The group is dedicated to energy efficiency enhancement, which leads to a reduction in carbon emissions. By prioritising emission reductions, the Group seeks to combat climate change and improve local air quality. To achieve this initiative, the Group implements management systems designed to identify relevant requirements and monitor the performance of related activities. Furthermore, the Group ensures compliance with the latest applicable environmental laws, regulations, codes of practice, and other requirements pertaining to environmental aspects during the operations.

Since the Group is a non-industrial business in nature, it has an insignificant effect on the environment and natural resources. It does not produce any hazardous production nor produce any hazardous waste with no usage of packaging material for finished products during the operations. In addition, the Group considers its fuel usage of vehicles to be insignificant. As a result, KPIs A1.1 (types of emissions and respective emissions data), A1.3 and A1.4 (total hazardous waste and non-hazardous waste produced) and A1.6 (description of how hazardous and non-hazardous waste are handled, reduction initiatives and result achieved) are insignificant to the Group's operation and have not been disclosed in this Report.

During the Reporting Period, the Group did not have any violations of relevant environmental laws and regulations relating to air and greenhouse gas emissions, discharges into water and land, and the generation of hazardous and non-hazardous waste that have a significant impact on the Group.

Electricity consumption is the primary source of energy indirect greenhouse gas ("GHG") emissions (Scope 2). The electricity consumption of the Group's office in Hong Kong, Mainland China and MENA was 918,946 kWh (2023: 878,135 kWh) supplied by the relevant power companies.

Office	**Electricity Consumption (kWh) 2024**	Electricity Consumption (kWh) 2023
Hong Kong	**353,613**	347,024
Mainland China	**556,399**	524,287
MENA	**8,934**	6,824

The CO_2 equivalent emissions amounted to 474,535 kg covering the Group's workplaces with floor area of 9,126 square-meter in Hong Kong, Mainland China and MENA (2023: 451,172 kg covering workplaces with a total floor area of 12,511 square-meter in the same regions).

Non-hazardous waste category	**Quantity**	**Unit**
CO_2 equivalent emissions	474,535	kg
Intensity – Unit per office space	52.00	kg/m^2

To foster emissions mitigation (KPI A1.5), the Group has established a target for conscious consumption of electricity and records the usage on a monthly basis. In addition, the Group implement various energy-saving measures including promoting conscious energy consumption and emissions reduction to mitigate environmental impact. The Group also promotes environmental awareness among employees through regular briefings and internal communications, and advocates for the adoption of energy-efficient appliances with energy labels. Furthermore, the Group encourages the use of public transport and promotes teleconferencing and video conferencing as alternatives to business travel for staff in particular of business air travel.

During the Reporting Period, the Group has actively in promoting energy-saving and efficiency initiatives. This commitment is reflected in the signing of the Energy Saving Charter launched by the Environment and Ecology Bureau and the Electrical and Mechanical Services Department. This initiative aims to encourage the employees to adopt energy-saving practices and demonstrate the Group's support for energy-saving initiatives.

Use of Resources

The sustainable use of resources is crucial for the future. The Group is committed to the responsible use of resources and actively promotes efficient resource utilisation. The Groups consider its direct energy consumption from vehicle use as minimal while electricity consumption for its workplace represents a primary source of indirect energy consumption. The total electricity consumption was 918,946 kWh (2023: 878,135 kWh) with an energy intensity of 100.70 kWh/m^2 (2023: 70.19 kWh/m^2) for the offices in Hong Kong, Mainland China and MENA.

Energy type	Quantity	Unit	Intensity – Unit per employee
2024			
Electricity consumption	918,946	kWh	1,486.97
Energy intensity	100.70	kWh/m^2	0.16
2023			
Electricity consumption	878,135	kWh	1,236.81
Energy intensity	70.19	kWh/m^2	0.10

To maximise the workplace efficiency, the Group will periodically assess the workspace. Furthermore, energy conservation measures have been implemented to reduce electricity consumption in the workplace. The measures include, but are not limited, to adopting energy-efficient equipment, installing LED lighting, ensuring lights and air-conditioning are turned off in respective areas after office hours and conducting regular maintenance of equipment to ensure optimal performance and enhance energy efficiency.

The water consumption in total and intensity (KPI A2.2) and water efficiency initiatives and result achieve (KPI A2.4) of the Group are insignificant to the Group's operation since our operation does not involve any water consumption. The primary use of water was daily human water consumption within the workplace. While this involves a minimal usage, the Group consistently advocates for conscientious water usage habits. During the Reporting Period, the Group did not maintain formal statistics on water consumption, as the water supply in the Group's office premises is managed by the building's management office. Additionally, no packaging materials were utilised for finished products in the operations, rendering the packaging material usage for finished products (KPI A2.5) inapplicable to the Group.

Environment and Natural Resources

Given the business nature of the Group, its operation does not involve any production-related pollution with respect to air, water and land, which are regulated under the related environmental laws and regulations. All main operations of the Group are indoor operations, where direct impact arising from the activities of the operation towards the environment and natural resources are minimal.

The Group upholds the commitment in creating low-carbon community through green construction practice with innovativeness towards sustainability. The recent project, Ningbo New World Plaza Phase 2 is situated in Sanjiangkou, Mainland China which fully demonstrated the Group's firm commitment to sustainable practices. This project integrated with the design concept of sustainability and the sponge city, it showcases ecological retention ponds, rain gardens, permeable paving, and ecological roofs to create a green city landmark. Fully respecting the land division of small urban blocks, under the goal of compact and comprehensive development, with the overall large-base development mode, it coordinates various business forms, functions, and transportation. It not only meet the requirements of inheriting the urban context, but also makes efficient and reasonable use of three-dimensional space and integrates various business forms and other functions.

Climate Change

Global warming and climate change are the most significant challenges to achieving sustainable development in every part of the world. The Group views these challenges as business opportunities by allocating a robust resource for green construction practice.

In addressing the issue, the group endorse the "Energy Saving Charter" and uphold consciousness use of energy in the workplace. Furthermore, we have identified climate change-related risks and opportunities that could impact on Group's business operations through a comprehensive review of internal policies, analysing current business conditions, stakeholder engagement, and examination of relevant government policies. Upon the thorough review by the Board, climate-related risks are categorised into two groups: physical risks and transition risks. The Group will strive to pay heavy effort to assess and evaluate these risks and opportunities in developing future management strategies to address climate change issues.

Climate change is causing a rise in extreme weather events in the short term. These extreme weather conditions pose safety risks for employees commuting to work and may result in temporary business suspensions. In response, the Group has established a health and safety policy to safeguard the employees including a contingency work plan to address extreme weather events. This plan ensures that operation can resume once conditions are stable alongside as development of work mobility plan.

In addressing the challenges posed by global climate change, government and regulatory organisations are imposing tightening regulatory restrictions or measures on climate disclosure and environmental protection. This transition risk, which spans the medium to long-term, may require the Group to allocate more resources to comply with these regulations, thereby impacting our operation, strategic planning and financial performance. To meet this challenge, the Group is required to stay abreast of the latest regulations and conduct thorough internal review on ESG-related measures regularly by engaging with professional personnel.

Moreover, there is a growing market awareness of the importance of high ESG performance, leading to a greater receptiveness to sustainability and wellness. Customers' concern rapidly evolves into demands for sustainable design and green building practice. This represents a medium to long-term impact since customers inspire for more innovative, sustainable design with green building practice utilising eco-friendly materials. Consequently, the Group is required to make significant investments in state-of-the-art design technologies and methodologies, as well as to enhance the skills of professional personnel through targeted training. However, the Board considers this as an opportunity to excel in the industry by being an early adopter of these changes.

Changing is ever; the Group will strive to adapt to these changes and will continue to explore the potential climate-related opportunities in the future. In conclusion, the Group is committed to embedding sustainability into the Group's business strategies and operations with toward innovation in creating long-term value to the Group and the community.

B. SOCIAL PERFORMANCE

KPI of ESG Reporting Code		Corresponding Page
B.	*Social Performance*	
B1	Employment policies and standard	
B1.1	Total workforce	Page 39
B1.2	Employee turnover rate	Page 41
B2	Health and Safety policies and standard	Page 43
B2.1	Number and rate of work-related fatalities	No work-related fatalities in the past 3 years
B2.2	Lost days due to work injury	No lost day due to work injury
B2.3	Occupational health and safety measures	Page 43
B3	Development and Training	Page 43
B3.1	Percentage of employees trained	Page 44
B3.2	Average training hours	Page 44
B4	Labour Standards	
B4.1	Avoid child and forced labour	No child and forced labour employment
B4.2	Steps taken to eliminate child and forced labour	Page 45
B5	Supply Chain Management	
B5.1	Number of suppliers by geographical region	Page 45
B5.2	Suppliers engagement	Page 45
B5.3	Practice used to identify environmental and social risks	Page 45
B5.4	Practice used to promote environmentally preferable products and services	Page 45
B6	Product Responsibility	
B6.1	Product recalls for safety and health reasons	No product recall record
B6.2	Products and service related complaints received	No complaint received
B6.3	Intellectual property rights protection	No infringement case
B6.4	Quality assurance process and recall procedures	Page 45
B6.5	Data Protection and privacy policies	Page 46
B7	Anti-corruption	
B7.1	Number of concluded legal cases of corruption practices	No concluded legal case
B7.2	Preventive measures and whistle-blowing procedures	Page 46
B7.3	Anti-corruption training	Page 46
B8	Community Investment	
B8.1	Focus areas of contribution	Page 46-51
B8.2	Resources contributed on focus area	Page 46-51

Employment

The Group recognises that a motivated and balanced workforce is cornerstone for supporting business expansion strategy in building a sustainable business model and achieving long-term success. To attract and retain the right talent, the Group is committed to cultivating a rewarding and fulfilling work environment while enhancing workplace diversity and inclusion. In addition to offering competitive remuneration and benefits packages that are benchmarked annually with reference to industry trends, the Group supports employee's wellbeing through a comprehensive wellness programme and invest in their professional development. Furthermore, the Group acknowledges that proper empowerment is key to unlocking employees' full potential.

To keep an agile workforce, the Group actively recruits graduates from reputable global institutions each year and searches for talent with different competencies. This diverse workforce, with various background and education, providing a wealth of ideas and competencies that contribute to the Group's long-term success. The dedicated establishment of the Institutional Team, which specialises in projects such as hospitals, senior care homes and academic institutions, would serve as a landmark example.

In addition, the Group views the Internship Program as a pipeline of future talent and an essential part of its commitment to corporate social responsibility. By investing in emerging talent, the Group aim to inspire and empower the future leaders of the industry, ensuring that they are equipped to contribute to meaningful change in the years to come.

As of 31 December 2024, the Group has employed around 615 (2023: around 710) full-time staff in its office in Hong Kong, Mainland China, MENA and South East Asia.

The distribution of workforce (excluding placement) of the Group is summarised as below:

	Regional Distribution	
	2024	2023
Hong Kong	**32%**	35%
Greater China	**55%**	54%
Southeast Asia	**8%**	7%
MENA	**5%**	4%
Total	**100%**	100%

The Group strictly observes national laws and regulations and implements a standard labour employment management system across the Group. Being an equal opportunity employer, the Group is committed to fair and equal treatment in all aspects of human resource management irrespective of gender, disability, family status, race, age, sexual orientation or other personal attributes. These principles are strictly adhered from the process of recruitment and training to promotions, compensation, benefits and termination.

The Group is committed to gender equality and diversity. Women empowerment in construction is a vital issue across the region. The Group encourages the female staff to participate in panels and discussion across platforms and industries, where they shared their experience and knowledge on a range of topics with diverse audiences. By advocating for gender equality and diversity within the industry, we foster better decision-making and generate more creative and effective solutions to construction and design challenges. Additionally, several women hold senior management positions within the Group and are responsible for the Group's strategic development.

As of 31 December 2024, the annual turnover rate of the Group is listed in the table below. Staff turnover among managerial positions is relatively low, reflecting a high level of employee satisfaction and the engagement of the Group. Consequently, many employees have worked with the Group for over 5 years, enjoying long and fulfilling careers with the Group.

Position Grade	**Male**	**Female**	**Sub-total**
2024			
Senior Management	**1%**	**0%**	**1%**
Middle Management	**7%**	**2%**	**9%**
General Management	**58%**	**32%**	**90%**
Total	**66%**	**34%**	**100%**
2023			
Senior Management	2%	0%	2%
Middle Management	9%	2%	11%
General Management	52%	35%	87%
Total	63%	37%	100%

During the Reporting Period, the Group did not notice any material non-compliance of laws and regulations in respect of human resources.

Number of Employee (divided by position grade and age)

			Age			
Position Grade	**30 & below**	**31-40**	**41-50**	**51-60**	**60 & above**	**Sub-total**
2024						
Senior Management	**0%**	**1%**	**4%**	**2%**	**1%**	**8%**
Middle Management	**0%**	**5%**	**7%**	**1%**	**0%**	**13%**
General Employees	**28%**	**35%**	**10%**	**5%**	**1%**	**79%**
Total	**28%**	**41%**	**21%**	**8%**	**2%**	**100%**
2023						
Senior Management	0%	1%	3%	3%	1%	8%
Middle Management	0%	5%	7%	1%	0%	13%
General Employees	29%	33%	12%	3%	2%	79%
Total	29%	39%	22%	7%	3%	100%

Number of Employees (divided by position grade and education)

Position Grade	Master or above	Bachelor	College	Technical Institute	Secondary School or below	Sub-total
	Education					
2024						
Senior Management	**3%**	**5%**	**0%**	**0%**	**0%**	**8%**
Middle Management	**5%**	**7%**	**1%**	**0%**	**0%**	**13%**
General Employees	**11%**	**48%**	**16%**	**3%**	**1%**	**79%**
Total	**19%**	**60%**	**17%**	**3%**	**1%**	**100%**
2023						
Senior Management	3%	4%	0%	0%	0%	7%
Middle Management	6%	7%	1%	0%	0%	14%
General Employees	12%	45%	19%	2%	1%	79%
Total	21%	56%	20%	2%	1%	100%

Number of Employees (divided by position grade and gender)

Position Grade	Male	Female	Sub-total
2024			
Senior Management	**7%**	**1%**	**8%**
Middle Management	**10%**	**3%**	**13%**
General Employees	**52%**	**27%**	**79%**
Total	**69%**	**31%**	**100%**
2023			
Senior Management	6%	1%	7%
Middle Management	10%	3%	13%
General Employees	52%	28%	80%
Total	68%	32%	100%

Health and Safety

The Group recognises that an agile, inclusive and sustainable workforce is a cornerstone of success and competitiveness. Therefore, the Group promotes a "People-oriented" approach aimed at providing a safe, accident-free and welcoming workplace, complimented by a competitive remuneration package and strict adherence to occupational health and safety regulations.

Workplace improvement is one of the Group's top priorities. To foster health and wellbeing within the office, the Group established a communal space in offices, featuring a variety of recreational facilities for social gathering and causal discussion. This initiative is designed to encourage communication and teamwork, and all staff members have benefited from for these spaces.

The Group also actively promotes work-life balance inside the workplace, believing that a harmonious relationship between high-quality work and personal fulfilment can enhance job satisfaction. A luxury boat trip with fishing is the perfect summer activity, the Group organised a funny and memorable outing to Sai Kung for the dynamic team. All members enjoyed delicious food on the boat while basking in the gentle breeze. In addition, some members participated in cuttlefish fishing competition, adding an exciting twist to the day.

During the Reporting Period, the Group are pleased to maintain zero occurrence of work-related accidents and injuries. Thus no lost days due to work injury. The Group has achieved zero work-related fatalities in the past three years.

Development and Training

Excelling in the industry is always challenging. To meet the demands of a dynamic and evolving industry, the Group places a high value on and actively promotes lifelong learning. During the Reporting Period, the Group conducted a series of training and sharing sessions across various offices.

A key training priority is to enhance our design capabilities aimed at decarbonising future cities and buildings. Industrial experts had been invited to present the latest international trends, policies, industry standards, and research insights. The focal topics including zero energy design, climate adaptability, water and resource management, Artificial Intelligence (AI) integration, BIM and the evolving architecture in the context of carbon neutrality goals and smart work for efficiency improvement.

To promote sharing of knowledge and experience, the Group was held large-scale sharing session in Hong Kong Office and Shenzhen Office in the first quarter of 2024. All project teams gather to showcase their achievements over the year and share their development plan in these meaningful sharing event. These events foster a culture of continuous learning and growth, creating an environment where knowledge-sharing is encouraged, and innovation thrives

In addition, the Group continued its commitment to professional development through bi-monthly "Lunch & Learn" sessions. This initiative provides team members with an opportunity to enhance their skills and knowledge during a relaxed and convenient setting – the lunch break.

In support of sustainability and technology adoption in construction, the Group sponsored the course fee with paid leave to its staff attending BIM training courses in particular of training courses for Certified BIM Manager and Certified BIM Coordinator to uplift their knowledge and professional qualification on the latest green construction practice.

During the Reporting Period, the Group's training hour were 1,520 hours in total, with participation of 446 employees from all levels. Both physical training and on-line training were conducted across the global office network.

	Senior Management		**Middle Management**		**General Staff**	
Position Grade	**Male**	**Female**	**Male**	**Female**	**Male**	**Female**
2024						
Percentage of Employee Trained	**83%**	**88%**	**100%**	**100%**	**49%**	**88%**
Average Training Hours Completed Per Employee	**4**	**3**	**3**	**3**	**4**	**3**
2023						
Percentage of Employee Trained	58%	50%	100%	68%	59%	79%
Average Training Hours Completed Per Employee	4	4	3	3	3	3

Labour Standards

The Group is fully committed to the relevant national laws and regulations relating to employment, child and forced labour practices in the place where it has operations. Child labour and forced labour are strictly prohibited in our operation. Human Resources Department strictly adhere the established procedures from staff recruitment to management to ensure that every employment would all be proper and right. During the Reporting Period, the Group had no material labour disputes, litigation, claims, administrative action or/and arbitration against the Group.

Supply Chain Management

Supply chains represent a new frontier for sustainability, serving as essential drivers for organisation-wide sustainability goals and commitments. The Group takes into account a wide range of environmental and social factors when formulating supply chain management policies. To support the daily operations, the Group collaborates with over 100 global business partners, predominantly local companies based in Hong Kong and the Mainland China. The diverse network of business partners across different regions ensures a consistent and robust supply chain.

The Group is committed to responsible procurement, considering environmental impact together with other selection criteria such as quality, price and punctuality during procurement decision-making process. In addition, the Group has regularly reviewed business partners' performance in respect of business ethics, including compliance with laws, intellectual property rights, data privacy, competitive practices, anti-bribery and avoidance of conflicts of interest. As a responsible enterprise, the Group encourages all business partners to collaborate in upholding their corporate social responsibility and demonstrating their commitment to environmental protection.

Product Responsibility

The Group places the highest priority on delivering an innovative and high-quality product and service to consistently enhance customer experience. This commitment to excellence is not just a goal; it is an integral part of the Group's identity and operational strategy. By focusing on customer satisfaction, the Group aims to build lasting relationships and foster loyalty among its clientele.

To ensure that this commitment is met, the Group rigorously adheres to all relevant laws and regulations, integrating ISO ISO9001 Quality Management System and ISO14001 Environmental Management System into its daily operations. These internationally recognised standards guide the Group in achieving operational efficiency and sustainability while minimising any negative impact on the environment. During the Reporting Period, no product recalls for safety and health reasons and no complaints were received regarding service quality and service delivery.

Intellectual Property Rights

Brand singularity is considered the Group's most valuable asset and is of utmost importance. To protect this asset, the Group acquired and registered numerous unique trademarks and domain names. The Group is dedicated to safeguarding its intellectual property and ensuring compliance with the intellectual property rights regulations, while also avoiding infringing the rights of third parties. During the Reporting Period, the Group did not receive any reports of infringement. To further support this effort, Branding Guidelines and a centralised library have been established to assist our employees in the proper use of these materials.

Data Protection and Privacy

The Group upholds high priority to data protection and privacy by ensuring a secure data environment. Customer privacy will be respected and safeguarded in accordance with Personal Data (Privacy) Ordinance and other relevant codes of practice. All employees are firmly committed to refraining from disclosing any information related to their employment, including but not limited to trade secrets, know-how, client information, supplier information, and other proprietary information, to third parties without the Group's written authorisation. This provision is explicitly outlined in each employee's employment contract.

The escalating use of digitised data emerging privacy risks associated with the evolving technological landscape. To ensure effective data protection in the digital realm, a range of cybersecurity measures have been implemented to protect the company's information assets from unauthorised access and malicious attacks. In addition, a proper internal communication about cybersecurity risk mitigation has been arranged for all employees.

Anti-corruption

All the Group's employees are accountable for upholding high standards of business ethics, regardless of their roles. The Group conduct periodic reviews of our management approach to business ethics to ensure compliance with anti-corruption laws and the Code of Conduct, which includes a biannual assessment of controls for managing bribery risks as preventive measures. In addition, the Group provide training on anti-corruption. New employees are acquainted with this policy through the staff induction program compulsory, and it is stipulated in the staff handbook. To enhance employees' awareness, the Group nominated them for attending the Public Works Integrity Leadership training workshop organised by ICAC.

Furthermore, the Group has implemented a whistle-blowing policy and procedures to facilitate the reporting of illegal or excessively risky activities to the board of directors. Such policy and procedures are clearly stipulated in staff handbook which is accessible to all employees. It enables and encourages employees, suppliers, customers and other third parties to report potential improprieties of the Group. Whistle-blowers making such reports are assured of confidentiality and provided with appropriate protection.

During the Reporting Period, the Group did not observe any instances of non-compliance with the relevant laws and regulations of bribery, extortion, fraud and money laundering.

Community Empowerment

The Group remains committed to uplifting underprivileged communities while encouraging employees to actively participate in meaningful social initiatives. By embracing these efforts. We not only fulfill our corporate social responsibility but also inspires our team to engage with critical societal challenges. Together, these actions foster a more compassionate and inclusive society, strengthening the sense of community and shared purpose.

Hong Kong office participated in the "Home Visit and Gift Bag Distribution" volunteer initiative organised by Kowloon Lok Sin Tong. The team delivered thoughtfully prepared gift bags to 250 elderly households, including individuals living alone and elderly couples. Beyond providing practical support, the team spread warmth and compassion, ensuring the elderly felt valued and cared for within their community.

Additionally, the Group collaborated with the mainland Charity Club to donate unused computers to a primary school in Jingning, Gansu Province. By providing modern computing equipment to rural schools, we aim to bridge the digital divide, enhance educational experiences, and support the development of essential technology and information literacy skills crucial for future success. This initiative aligns with our environmental sustainability commitment by extending device lifecycles, reducing the need for new production, and minimising electronic waste, thereby contributing to a more circular economy.

Empowering Emerging Talent through Educational events

The Group remains deeply committed to fostering knowledge exchange and contributing to meaningful discourse within our industry. This year, we continued to support our community and professional network by offering a wide array of talks and panel discussions—completely free of charge. These initiatives aim to enrich research, inspire debate, and strengthen connections across both physical and digital platforms.

In 2024, we expanded this initiative to actively involve our entire team. Collectively, they brought diverse perspectives to the table, engaging in critical conversations around sustainability, technology, and empowerment. Their contributions underscored our belief in the value of collaboration and the power of collective insight to drive change.

Our outreach this year included collaborations with over ten universities, forging strong bridges between academia and professional practice. By sharing knowledge and mentoring emerging talent, we worked to bridge the gap between theoretical learning and the practical demands of the industry.

In total, we participated in over 30 lectures and panel discussions across local and international stages. These engagements not only reinforced our commitment to supporting education and professional growth but also affirmed our role as thought leaders in architecture and urban development.

Partnerships for Youth Development and Work Experience

The Group acknowledges the vital role that younger generations play in shaping a sustainable and prosperous society. Since our inception, we have been committed to supporting the development of young talent through knowledge sharing, education promotion, and the application of our professional expertise to create meaningful, lasting impact.

As a longstanding corporate partner of Project WeCan, we were pleased to host a workplace experience program at our Hong Kong office, welcoming four talented secondary school students for a two-week internship. This provided them with valuable, hands-on exposure to the architecture industry offering practical insights into the field.

Additionally, we participated in Career Exploration Day by delivering a workshop designed to help over 20 students refine their career goals and explore the diverse opportunities available within the architecture field.

We have collaborated with several organisations to host a series of corporate events for secondary schools and universities, offering students the opportunity to participate in meaningful discussions with architects. Through such communication and interaction, students gain valuable insights into the architecture industry, enabling them better understand the field and make informed decisions about their future careers.

Empowering Future Architects and Designers

The Group is committed to empowering future architects and designers by fostering creativity, innovation, and collaboration. This year, we proudly supported the inaugural RIBA Gulf Student Awards in MENA, a platform that celebrates the ingenuity and forward-thinking ideas of architecture students across the region. Our involvement underscores the strategic importance of recognising emerging talent and providing students with opportunities to showcase their visions on an international stage.

In addition, we participated in the RIBA ADC Cityscape LIVE Charette – Urban Transformation Competition, a unique initiative blending the rigor of a traditional design contest with the collaborative spirit of design charrettes. This workshop in KSA brought together young practitioners and recent graduates to tackle pressing social and design issues through innovative solutions. Participants worked in teams to develop proposals addressing key themes, including: Sustainable urban environments, Revitalisation of communities, Designing inclusive public spaces.

The competition fostered creativity and encouraged collaborative problem-solving, equipping participants with valuable skills to address real-world challenges. Through initiatives like these, the Group continues to play a pivotal role in shaping the future of the architecture and design industry, bridging the gap between academia and practice, and inspiring the next generation to create impactful and sustainable designs.

Encouraging Wellness Through Community and Charity Runs

The Group is deeply committed to supporting the health and well-being of our employees. Our team's enthusiasm for running and participation in various races reflects this commitment, as we believe that promoting physical fitness is essential for a dynamic and productive workforce. By investing in our employees' health benefits, we foster a culture that values both physical and mental well-being

Each year, we proudly participate in renowned charity marathons, such as the Standard Chartered Marathon and the Kerry Hong Kong Streetathon. These events not only support charitable causes but also allow us to combine our pursuit of wellness with our commitment to giving back to the community.

Beyond running, our Shenzhen office demonstrated its athletic prowess by competing in the prestigious Shenzhen Survey and Design Industry Football Tournament, achieving a top-eight finish and receiving the Honourable Award. Meanwhile, our Dubai office embraced the annual Dubai Fitness Challenge, committing to 30 minutes of exercise daily for 30 days. This collective effort culminated in the Dubai Run, joining over 2.4 million participants in celebrating active, healthy lifestyles. Through these initiatives, The Group reinforces its dedication to employee health and well-being, while contributing to the creation of healthier, more vibrant communities.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE REPORT

The Company is committed to promoting good corporate governance, with the objectives of (i) the maintenance of responsible decision making; (ii) the improvement in transparency and disclosure of information to Shareholders; (iii) the continuance of respect for the rights of Shareholders and the recognition of the legitimate interests of the Shareholders; and (iv) the improvement in management of risk and the enhancement of performance by the Group. The Company will continue to monitor and review its corporate governance practices to ensure compliance with the regulatory requirements and to meet the expectations of the Shareholders and investors.

(A) CORPORATE GOVERNANCE PRACTICES

For the year ended 31 December 2024, the Company applied the principles and complied with the code provisions set out in the Corporate Governance Code (the "Code") contained in Appendix C1 of the Rules Governing the Listing of Securities of the Stock Exchange (the "Listing Rules").

CULTURES AND VALUES

A healthy corporate culture across the Group is integral to attain its vision and strategy. It is the role of the Board to foster a corporate culture with the following core principles and to ensure that the vision, values and business strategies of the Company are aligned to it.

1. **Integrity and code of conduct**
   The Group strives to maintain high standards of business ethics and corporate governance across all our activities and operations. The Directors, management and staff are all required to act lawfully, ethically and responsibly, and the required standards and norms are explicitly set out in the training materials for all new staff and embedded in various policies such as the employee handbook (including therein the code of conduct), the anti-corruption policy and the whistleblowing policy of the Group. Trainings are conducted from time to time to reinforce the required standards in respect of ethics and integrity.

2. **Commitment**
   The Group believes that the culture of commitment to workforce development, workplace safety and health, diversity, and sustainability is one where people have a feeling of commitment and emotional engagement with the mission of the Group. This sets the tone for a strong, productive workforce that attracts, develops, and retains the best talent and produces the highest quality work. Moreover, the strategy in the business development and management are to achieve long-term, steady and sustainable growth, while having due considerations from environment, social and governance aspects.

   The Company will continually review and adjust the vision, values and business strategies as required to keep track of changing market conditions and context to ensure that timely and pro-active measures will be taken to mitigate the effect of changes.

(B) MODEL CODE FOR SECURITIES TRANSACTIONS

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

(C) BOARD OF DIRECTORS

The Board is entrusted with the overall responsibility for promoting the success of the Company by directing and supervising the business and affairs of the Company. The ultimate responsibility for the day-to-day management of the Company is delegated to the chairman, chief executive officer and senior management of the Company. In practice, the Board takes responsibilities for decision making in all major matters of the Company. The day-to-day management, administration and operation of the Company are delegated to the executive Directors and senior management. Approval has to be obtained from the Board prior to any significant transactions entered into by the Group and the Board has the full support of them to discharge its responsibilities.

As at the date of this report, the Board comprises nine Directors, including six executive Directors and three independent non-executive Directors. The composition of the Board is set out as follows:

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

Independent Non-Executive Directors

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

Each independent non-executive Director has given an annual written confirmation of his/her independence to the Company, and the Company considers them to be independent under Rule 3.13 of the Listing Rules.

In compliance with Rule LR3.09D of the Listing Rules which took effect on 31 December 2023, Mr. Lei Zhi Jun ("Mr. Lei"), who was appointed as a Director on 6 June 2024, obtained the legal advice referred to in Rule 3.09D on 5 June 2024, and Mr. Lei confirmed that he understood his obligations as a Director.

The Board meets at least four times a year at approximately quarterly intervals and additional meetings will be convened as and when required. During the year ended 31 December 2024, the record of attendance of each Director is set out as follows:

Directors	Board meeting attended/ eligible to attend	General meeting attended/ eligible to attend
Executive Directors		
Mr. Liang Ronald	4/4	1/1
Mr. Liu Jiang Tao	3/4	1/1
Mr. Fu Chin Shing	4/4	1/1
Mr. Wang Jun You	4/4	1/1
Mr. Deng Li Ming	4/4	1/1
Mr. Lei Zhi Jun (appointed on 6 June 2024)	2/2	0/0
Mr. Liu Yong (resigned on 6 June 2024)	1/2	0/1
Independent Non-Executive Directors		
Mr. Chan James	4/4	1/1
Mr. Wong Hin Wing	4/4	1/1
Ms. Su Ling	4/4	0/1

Board Diversity Policy

The Company has a board diversity policy (the "Board Diversity Policy") whereby it recognises and embraces the benefits of a diversity of Board members. It endeavors to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business. All Board appointments will continue to be made on a merit basis with due regard for the benefits of diversity of the Board members. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, professional experience, skills and knowledge. The Board comprised of nine Directors including six executive Directors and three independent non-executive Directors, and, amongst them, 1 member is female and 8 are male. The Board shall continue to maintain the gender diversity among the Board members.

For the year ended 31 December 2024, the Company maintained an effective Board comprising members of different genders, professional background and industry experience. The Board Diversity Policy was consistently implemented. As at the date of this report, the Board consists of one female and eight male Directors. The Board considers that the gender diversity in respect of the Board taking into account the business model and specific needs of the Company is satisfactory.

The Group has also taken, and continues to take, steps to promote diversity at all levels of its workforce. Opportunities for employment, training and career development are equally opened to all eligible employees without discrimination. Currently, the male to female ratio in the workforce of the Board and Senior Management is approximately 75%:25% while the male to female ratio in the workforce of the Group including Senior Management is approximately 68%:32%. The Board considers that the gender diversity in workforce is currently achieved.

Chairman and Chief Executive Officer

The roles and duties of the chairman and the chief executive officer of the Company are carried out by different individuals to achieve a balance of authority and power, which is in compliance with the code provision C.2.1 of the Code.

The chairman and co-chairman of the Board are Mr. Liang Ronald and Mr. Liu Jiang Tao respectively, who provide leadership for the Board and oversee the functioning of the Board and ensuring that the Board acts in the best interests of the Group and Board meetings are planned and conducted effectively. The chairman and co-chairman are primarily responsible for approving the agenda for each Board meeting, taking into account, where appropriate, matters proposed by other Directors for inclusion in the agenda. With the support of the company secretary and other senior management, the chairman and co-chairman seek to ensure that all Directors are properly briefed on issues arising at Board meetings and receive adequate and reliable information in a timely manner. The chairman and co-chairman also actively encourages Directors to fully engage in the Board's affairs and make contribution to the Board's functions.

The chief executive officer is Mr. Fu Chin Shing, who is in charge of the day-to-day management and operations of the Company and focuses on implementing objectives, policies and strategies approved and delegated by the Board.

Appointments, Re-Election and Removal of Directors

The current articles of association of the Company (the "Articles") provide that subject to the manner of retirement by rotation of directors as from time to time prescribed by the Listing Rules, at each annual general meeting, one-third of the directors for the time being shall retire from office by rotation and that every director shall be subject to retirement by rotation at least once every 3 years.

Independent non-executive Directors are appointed for a specific term subject to retirement by rotation and re-election in accordance with the Articles. Each independent non-executive Director is required to inform the Company as soon as practicable if there is any change that may affect his/her independence and must provide an annual confirmation of his/her independency to the Company.

The Board recommended the re-appointment of the retiring Directors standing for re-election at the forthcoming AGM. Details of the information of the retiring Directors standing for re-election are set out in the circular accompanying the notice of the AGM.

Independent Non-Executive Directors

In compliance with Rule 3.10 of the Listing Rules, the Company has appointed three independent non-executive Directors, one of whom possesses the appropriate professional qualifications in accounting and financial management. Each of the three independent non-executive Directors has confirmed his/her independence of the Company and the Company considers each of them to be independent in accordance with the guidelines of assessing independence as set out in Rule 3.13 of the Listing Rules. Each of the three independent non-executive Directors has signed a letter of appointment with the Company for a specific term of three years.

Continuing Professional Development

The Directors are aware of the requirement under code provision C.1.4 of the Code regarding continuous professional development. During the year, the Company had arranged a training session to all Directors in regards to director's duty which was conducted by an external professional firm. In addition, the Directors also reviewed the reading materials related to corporate governance and regulations that provided to them concerning latest developments in corporate governance practices and relevant legal and regulatory developments. All Directors provided the Company a record of training they received in 2024.

Directors' and Officers' Insurance

Appropriate insurance covers on Directors' and officers' liabilities have been in force to protect the Directors and officers of the Group from their risk exposure arising from the business of the Group.

Board Committees

The Board has established four committees, namely the audit committee (the "Audit Committee"), the remuneration committee (the "Remuneration Committee"), the nomination committee (the "Nomination Committee") and the investment committee (the "Investment Committee"), to oversee particular aspects of the affairs of the Company. Their respective terms of reference are set out in the website of the Company .

Audit Committee

The Company has established the Audit Committee on 5 December 2013 with terms of reference in compliance with Rules 3.21 to 3.23 of the Listing Rules, and paragraphs A.2.1 and D.3.3 of the Code. The primary duties of the Audit Committee include, among other things, reviewing and supervising the financial reporting process and internal control systems, as well as the overall risk management of the Group, reviewing the consolidated financial statements and the interim and annual reports of the Group, reviewing the terms of engagement and scope of audit work of the external auditors, and performing the corporate governance function.

The composition of the Audit Committee is as follows:

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

The members of the Audit Committee possess diversified industry experience and the chairman of the Audit Committee has appropriate professional qualifications and experience in accounting matters.

The Audit Committee has reviewed with the management of the Group the financial and accounting policies and practices adopted by the Group, its internal controls and financial reporting matters, the corporate governance procedures and practices, interim results of the Group for the period end 30 June 2024 and the audited annual results of the Group for the year ended 31 December 2024.

According to the current terms of reference, the Audit Committee shall meet at least twice a year. Three meetings were held by the Audit Committee for the year ended 31 December 2024. The record of attendance of each member of the Audit Committee is set out as follows:

Name of member of the Audit Committee	**Meeting attended/ eligible to attend**
Mr. Wong Hin Wing	3/3
Mr. Chan James	3/3
Ms. Su Ling	3/3

Remuneration Committee

The Company has established the Remuneration Committee on 5 December 2013 with terms of reference in compliance with paragraph E.1.2 of the Code. The primary duties of the Remuneration Committee include, among other things, formulating and making recommendations to the Board on the remuneration policy, determining the specific remuneration packages of all executive Directors and senior management and making recommendations to the Board of the remuneration of independent non-executive Directors.

The composition of the Remuneration Committee is as follows:

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

The worked performed by the Remuneration Committee during the year ended 31 December 2024 comprises: (1) reviewed the remuneration of Directors and senior management of the Group; and (2) assessed and approved the terms of executive Directors' service contracts.

Two meetings were held by the Remuneration Committee for the year ended 31 December 2024 and the record of attendance of each member of the Remuneration Committee is set out as follows:

Name of member of the Remuneration Committee	Meeting attended/ eligible to attend
Mr. Chan James	2/2
Mr. Fu Chin Shing	2/2
Mr. Wong Hin Wing	2/2

Nomination Committee

The Company has established the Nomination Committee on 5 December 2013 with terms of reference in compliance with paragraph B.3.1 of the Code. The primary duties of the Nomination Committee include reviewing the structure, size and composition of the Board, identifying and nomination of Directors and making recommendations to the Board on appointment and re-appointment of Directors.

The Company recognises and embraces the benefits of having a diverse Board to enhance the quality of its performance in compliance with the Code.

In assessing the Board composition, the Nomination Committee would take into account various aspects set out in the Board Diversity Policy, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge and experience. The Nomination Committee would discuss and agree on measurable objectives for achieving diversity on the Board, where necessary, and recommend them to the Board for adoption.

In identifying and selecting suitable candidates for directorships, the Nomination Committee would consider the candidate's character, qualifications, experience, independence and other relevant criteria necessary to complement the corporate strategy and achieve Board diversity, where appropriate, before making recommendation to the Board.

The composition of the Nomination Committee is as follows:

Mr. Liang Ronald (Chairman)
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)

The work performed by the Nomination Committee during the year ended 31 December 2024 comprises: (1) to assess the independence of each independent non-executive Director; (2) to review the structure, size and composition of the Board; and (3) to make the recommendation of re-election of retiring Directors to the Board.

Two meetings were held by the Nomination Committee for the year ended 31 December 2024 and the record of attendance of each member of the Nomination Committee is set out as follows:

Name of member of the Nomination Committee	Meeting attended/ eligible to attend
Mr. Liang Ronald	2/2
Mr. Lei Zhi Jun (appointed on 6 June 2024)	0/0
Mr. Chan James	2/2
Mr. Wong Hin Wing	2/2
Ms. Su Ling	2/2
Mr. Liu Yong (resigned on 6 June 2024)	1/2

Investment Committee

The Company has established the Investment Committee on 11 May 2017 with terms of reference adopted on 29 August 2017. The major duties of the Investment Committee include reviewing and assessing major investment plans and transactions (including but not limited to acquisitions and disposals, etc.) of the Group; expressing opinions and recommendations to the Board; and taking up any other responsibilities assigned by the Board.

The composition of the Investment Committee is as follows:

Mr. Liu Jiang Tao (Chairman)
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)

One meeting was held by the Investment Committee for the year ended 31 December 2024 and the record of attendance of each member of the Investment Committee is set out as follows:

Name of member of the Investment Committee	Meeting attended/ eligible to attend
Mr. Liu Jiang Tao	1/1
Mr. Liang Ronald	1/1
Mr. Fu Chin Shing	1/1
Mr. Wang Jun You	1/1
Mr. Lei Zhi Jun (appointed on 6 June 2024)	1/1
Mr. Liu Yong (resigned on 6 June 2024)	0/0

Company Secretary

Ms. Yu Wing Sze was appointed as the company secretary of the Company on 5 December 2013. She has been a certified public accountant of the Hong Kong Institute of Certified Public Accountants since 2003. She was admitted as a member and a fellow of the Association of Chartered Certified Accountants in November 2001 and December 2006, respectively.

For the year ended 31 December 2024, she has undertaken not less than 15 hours of relevant professional training in accordance with Rule 3.29 of the Listing Rules.

(D) FINANCIAL REPORTING AND INTERNAL CONTROL

Financial Reporting

The management provides such explanation and information to the Board and reports regularly to the Board on financial position and prospects of the business of the Company so as to enable the Board to make an informed assessment of the financial and other information put before the Board for approval.

The Directors acknowledge their responsibilities (as set out in the Independent Auditor's Report) for preparing the financial statements of the Group that give a true and fair view of the state of affairs of the Group. The Board was not aware of any material uncertainties relating to events or conditions that might cast significant doubt upon the ability to continue as a going concern of the Group and the Board has prepared the financial statements on a going concern basis. The responsibility of the external auditor is to form an independent opinion, based on their audit, on those consolidated financial statements prepared by the Board and to report their opinion to the Shareholders. A statement by auditor about their reporting responsibility is set out in the Independent Auditor's Report.

Risk Management and Internal Control

The Board is responsible for the internal control system and risk management procedures and for reviewing the effectiveness of the internal control of the Company. The system of internal control aims to help achieving the Group's business objectives, adequacy of resources, sustainability, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function.

The Group is committed to the identification, monitoring and management of risks associated with its business activities. The internal control system of the Group is designed to provide reasonable assurance against material misstatement or loss and to manage and eliminate risks of failure in operational systems and fulfillment of business objective.

The Board has the overall responsibility to review and maintain a sound and effective internal control and risk management. The senior management is delegated to design and implement systems that manage risks and facilitate internal control, and to report to the Board and Audit Committee on risk exposures and mitigation plans. The senior management also updates and enhances the risk management and internal control system in response to the changes to the business environment of regulatory guidelines.

Business departments and senior management convene meetings on a regular basis to evaluate and review potential risks across different levels of project operations. Proactive preventions and risk mitigation plans will be designed and implemented following such meetings. Senior management will meet periodically to assessment enhance risk control qualities on finance, IT and talent retention, among other issues.

The Group is committed to maintaining and upholding good corporate governance practice and internal control systems. The Board is delegated to a team responsible for internal control of the Group and for reviewing its effectiveness. To enhance the credibility of internal control, the Group has implemented ISO 9001:2015 Quality Management System and ISO 14001:2015 Environmental Management System which map out a framework for the Group to follow in setting up an effective quality and environmental management system. These systems aim for process approach and continuous improvement as well as provide a clear and established procedure to the Group both for project management and daily office operation.

According to the requirement of these systems, regular internal and external audit will be conducted to ensure the Group adhere the quality and environmental policy and procedures in its daily operation. The Group currently appoint Hong Kong Quality Assurance Agency to conduct the external audit in addition to an internal audit conducted by trained office staff. An independent audit report on the company-wide management system will be presented to the senior management for review and discussion if any.

The Board has reviewed the effectiveness of the internal controls of the Group and concluded that in general, the internal control system of the Group is effective and adequate, no material deficiencies has been identified.

Whistleblowing Policy

The Board adopted a whistleblowing policy (the "Whistleblowing Policy") in March 2022. The purpose of the Whistleblowing Policy is to encourage employees of the Group and related third parties to raise concerns, in confidence, about misconduct, malpractice or irregularities in any matters in relation to the Group.

The nature, status and the results of the complaints received under the Whistleblowing Policy are reported to the Compliance Department and the Audit Committee of the Group. No incident of fraud or misconduct that have material effect on the Group's financial statements or overall operations for the year ended 31 December 2024 has been discovered. The Whistleblowing Policy is reviewed periodically to ensure its effectiveness.

Anti-corruption Policy

The Board adopted an anti-corruption policy (the "Anti-corruption Policy") in March 2022. The Group is committed to upholding high standard of business integrity, honesty and transparency in all its business dealings. The Anti-corruption Policy sets out the specific behavioural guidelines that the Group's personnel and business partners must follow to combat corruption. It demonstrates the Group's commitment to the practice of ethical business conduct and the compliance of the anti-corruption laws and regulations that apply to its local and foreign operations. In line with this commitment and to ensure transparency in the Group's practices, the Anti-corruption Policy has been prepared as a guide to all Group employees and third parties dealing with the Group.

The Anti-corruption Policy is reviewed and updated periodically to align with the applicable laws and regulations as well as the industry best practice.

Disclosure of Inside Information

The Group acknowledges its responsibilities under the Securities and Futures Ordinance ("SFO") (Chapter 571 of the Laws of Hong Kong) and the Listing Rules that inside information should be announced immediately when it is the subject of a decision. The procedures and internal controls for the handling and disseminating inside information are as follows:

- the Group conducts its affairs with strict compliance with the disclosure requirement under the Listing Rules and the "Guideline on Disclosure of Inside Information" published by the Securities and Futures Commission of Hong Kong;
- the Group has implemented its policy on fair disclosure by pursuing board, non-exclusive distribution of information to the public through channels such as financial reporting, public announcement and its website; and
- the Group has strictly prohibited any unauthorised use of confidential or inside information.

Auditor's Remuneration

The remuneration in respect of the services provided by the independent auditors of the Company for the Group for the years ended 31 December 2024 and 2023 respectively are analysed as follows:

Services rendered	Fees paid/payable 2024 HK$'000	2023 HK$'000
Audit services	**1,280**	1,480
Non-audit services	**147**	545
	1,427	2,025

Annual Remuneration Payable to the Members of Senior Management

Pursuant to the provision E.1.5 of the CG Code and Appendix D2 of the Listing Rules, the annual remuneration of the members of the senior management except the Directors by band for the Reporting Period is as follows:

Remuneration Band	Number of Senior Management
Nil – HK$1,000,000	1
HK$1,000,001 – HK$2,000,000	4
HK$2,000,001 – HK$3,000,000	2

Further details of the Directors' remuneration and the five highest paid employees required to be disclosed under Appendix D2 of the Listing Rules are set out in note 8 to the consolidated financial statements.

(E) SHAREHOLDERS' RIGHTS

The general meetings of the Company provide an opportunity for communication between the Shareholders and the Board. An annual general meeting of the Company shall be held in each year and at the place as may be determined by the Board. Each general meeting, other than an annual general meeting, shall be called an extraordinary general meeting ("EGM").

Right to convene extraordinary general meeting

Any one or more members holding at the date of the deposit of the requisition not less than one-tenth of the paid-up capital of the Company carrying the right of voting at general meetings of the Company, shall at all times have the right, by written requisition sent to the Company's principal office as set out in the manner below, to require an EGM to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition.

The written requisition must state the purposes of the meeting, signed by the requisitionist(s) and deposit it to the Board or the company secretary of the Company at the Company's principal place of business in Hong Kong at 15th Floor, North Tower, World Finance Centre, Harbour City, Tsim Sha Tsui, Kowloon, Hong Kong, and such may consist of several documents in like form, each signed by one or more requisitionist(s).

The request will be verified with the Company's branch share registrars in Hong Kong and upon their confirmation that the request is proper and in order, the company secretary of the Company will ask the Board to convene an EGM by serving sufficient notice in accordance with the statutory requirements to all the registered members. On the contrary, if the request which has been verified is not in order, the Shareholders will be advised of this outcome and accordingly, an EGM will not be convened as requested. If within twenty-one days from the date of the deposit of the requisition the Board fails to proceed to convene such meeting, the requisitionist(s), may convene a meeting in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed by the Company to the requisitionist(s).

The notice period to be given to all the registered members for consideration of the proposal raised by the requisitionist(s) concerned at the EGM is at least 14 clear days' notice in writing.

Right to put enquiries to the Board

Shareholders have the right to put enquiries to the Board. All enquiries shall be first directed to the company secretary of the Company at the Company's principal place of business in Hong Kong at 15th Floor, North Tower, World Finance Centre, Harbour City, Tsim Sha Tsui, Kowloon, Hong Kong.

Right to put forward proposals at general meetings

There are no provisions allowing shareholders to propose new resolutions at the general meetings under the Cayman Islands Company Law (2011 Revision). However, Shareholders are requested to follow Article 58 of the Articles for including a resolution at an EGM. The requirements and procedures are set out above. Pursuant to Article 85 of the Articles, no person other than a director retiring at the meeting shall, unless recommended by the directors for election, be eligible for election as a director at any general meeting unless a notice signed by a member (other than the person to be proposed) duly qualified to attend and vote at the meeting for which such notice is given of his intention to propose such person for election and also a notice signed by the person to be proposed of his willingness to be elected shall have been lodged at the head office or at the registration office provided that the minimum length of the period, during which such notice(s) are given, shall be at least seven (7) days and that (if the notices are submitted after the despatch of the notice of the general meeting appointed for such election) the period for lodgment of such notice(s) shall commence on the day after the despatch of the notice of the general meeting appointed for such election and end no later than seven (7) days prior to the date of such general meeting. The written notice must state that person's biographical details as required by Rule 13.51(2) of the Listing Rules. The procedures for Shareholders to propose a person for election as Director is posted on the Company's website.

Dividend policy

The Company has adopted a dividend policy, pursuant to which the Company may declare dividends recommended by the Board to the Shareholders.

The declaration of dividends is subject to the discretion of the Board, and the amounts of dividends actually declared and paid will depend on the following factors:

- the actual and expected financial performance of the Group;
- retained earnings and distributable reserves of the Company and each of the other members of the Group;
- economic conditions and other internal or external factors that may have an impact on the business or financial performance and position of the Group;
- business strategies of the Group, including future cash commitments and investment needs to sustain the long-term growth aspect of the business;
- the current and future operations, liquidity position and capital requirements of the Group;
- statutory and regulatory restrictions; and
- other factors that the Board deems appropriate

The declaration and payment of dividend by the Company is subject to the Cayman Islands Companies Law and the Articles.

(F) COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Board recognises the importance of good communications with all Shareholders. The Company believes that maintaining a high level of transparency is a key to enhance investor relations. The Company is committed to a policy of open and timely disclosure of corporate information to its Shareholders and investment public.

"Corporate Communication" refers to any documents issued or to be issued by the Company for the information or action of holders of any of its securities, including, but not limited to, the directors' report and annual accounts together with a copy of the auditor's report, interim report, notice of meeting, circular and proxy form. Both English and Chinese versions of Corporate Communication will be provided to Shareholders by electronic means through the websites of the Company at www.cchengholdings.com (the "Corporate Website") and The Stock Exchange of Hong Kong Limited at www.hkexnews.hk.

The Company updates its Shareholders on its latest business developments and financial performance through its annual and interim reports. Members of the Board and of the various board committees will attend the annual general meeting of the Company and answer questions raised during the meeting. A dedicated Investor Relations section is available in the Corporate Website at https://www.cchengholdings.com/en/CorporateInformation.aspx, which provides an effective communication platform to the public and the Shareholders.

(G) CONSTITUTIONAL DOCUMENTS

During the year ended 31 December 2024, there had been no significant change in the constitutional documents of the Company.

DIRECTORS' REPORT


新世界中國
New World China

DIRECTORS' REPORT

The Directors present their annual report and the audited consolidated financial statements of the Company for the year ended 31 December 2024.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company and provides corporate management services. The activities of its principal subsidiaries are set out in Note 1 to the consolidated financial statements. There were no significant changes to the principal activities of the Group during the current year.

DIVIDENDS

The results of the Group for the year ended 31 December 2024 and the Group's financial position at that date are set out in the Group's consolidated financial statements on pages 86 to 167.

The Board has resolved not to recommend the payment of any dividend in respect of the year ended 31 December 2024 (2023: Nil).

BUSINESS REVIEW

The business review of the Group for the year ended 31 December 2024 required by Schedule 5 to the Hong Kong Companies Ordinance is set out in the section headed "Management Discussion and Analysis" on pages 10 to 19 of this annual report.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is committed to be an environmentally-friendly corporation and the subsidiaries of the Group are knowledge-based and IT consultancy firms focusing on the design of different types of built environment and customer-centric enterprise solutions. Its physical operations are primarily office based with minimal environment impact. Details have been set out in the section headed "A. Environmental Performance" in the Environmental, Social and Governance Report on pages 32 to 37 of this annual report.

COMPLIANCE WITH LAWS AND REGULATIONS

The operations of the Group are mainly carried out by the subsidiaries of the Company in Mainland China, Hong Kong and MENA while the Company itself is listed on the Stock Exchange in Hong Kong. Our establishment and operations accordingly shall comply with relevant laws and regulations in Mainland China, Hong Kong and MENA. During the year ended 31 December 2024 and up to the date of this annual report, we have complied with all the relevant laws and regulations in Mainland China, Hong Kong and MENA.

CORPORATE GOVERNANCE CODE

The Company had complied with all the applicable code provisions as set out in the Code during the year ended 31 December 2024 and up to the date of this annual report.

The details of the compliance with the Code of the Group is set out in the Corporate Governance Report from pages 54 to 65 of this annual report.

KEY RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

Human resources are one of the most valuable assets of the Group. The Group also offers competitive remuneration packages to our employees. Details of the "Employment and Labour Practices" are set out in the section headed "B. Social Performance" in the Environmental, Social and Governance Report on pages 38 to 51 of this annual report.

The Group treasured to maintain a good relationship with its customers. We are committed to offer a broad and diverse range of inspiring, value-for-money, good quality designs and tailor-made solutions to our customers.

The Group maintains a fair, safe and ethical approach in its day-to-day operation towards its numerous and diversified contractors and suppliers. To comply with the laws and regulations of its operating countries intensity, the Group has established stringent internal controls to procuring goods and services through fair and unbiased tender process. The selection of subcontractors and suppliers will be based on competitive pricing, meet specifications and standards, product and service quality as well as service support.

FIVE YEARS FINANCIAL SUMMARY

A summary of the results and the assets and liabilities of the Group for the last five financial years is set out on page 168 of this annual report.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year ended 31 December 2024 are set out in Note 13 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in the share capital of the Company during the year are set out in Note 29 to the consolidated financial statements.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company.

RESERVES

Details of movements in the reserves of the Group during the year are set out in the consolidated statement of changes in equity on page 90 of this annual report.

DISTRIBUTABLE RESERVES

The Directors consider that the Company's reserves available for distribution to Shareholders comprise the share premium and the retained earnings which amounted to HK$267,621,000 (2023: HK$297,727,000). Under the Companies Law (Revised) Chapter 22 of the Cayman Islands, the share premium of the Company is available for paying distributions or dividends to Shareholders subject to the provisions of its Memorandum or Articles of Association and provided that immediately following the distribution of dividend the Company is able to pay its debts as they fall due in the ordinary course of business.

DIRECTORS

The Directors during the year and up to the date of this report were:

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

Independent non-executive Directors

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

Pursuant to Article 84(1) of the Articles, at each annual general meeting one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to but not less than one-third, shall retire from office by rotation and shall be eligible for re-election. Every Director, including those appointed for a specific term, shall be subject to retirement by rotation at least once every three years.

Pursuant to Article 83(3) of the Articles, the Directors shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the Board or as an addition to the existing Board. Any Director so appointed shall hold office until the first annual general meeting of the Company after his appointment and shall then be eligible for re-elect.

In accordance with the provisions of the Articles, Mr. Liu Jiang Tao, Mr. Fu Chin Shing, Mr. Lei Zhi Jun and Mr. Chan James will retire by rotation and, being eligible, offer themselves for re-election at the forthcoming AGM.

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors has entered into a service agreement with the Company for a period of three years and will continue thereafter until termination in accordance with the terms of the agreement.

Each of the independent non-executive Directors has entered into an appointment letter with the Company for a term of three years, subject to retirement by rotation and re-election at annual general meeting and until terminated by not less than one month's notice in writing served by either party on the other.

No Director proposed for re-election at the forthcoming AGM has a service contract which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

PERMITTED INDEMNITY PROVISION

The Company has arranged for appropriate insurance cover for Directors' and officers' liabilities in respect of legal actions against its Directors and senior management arising out of corporate activities. The permitted indemnity provision is in force for the benefit of the Directors as required by section 470 of the Hong Kong Companies Ordinance when this report prepared by the Directors is approved in accordance with section 391(1)(a)/469(2) of the Hong Kong Companies Ordinance.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITION IN SHARES AND UNDERLAYING SHARES

Save as disclosed below, as at 31 December 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 a Director or chief executive of the Company) who had or were deemed or taken to have an interest or short position in the shares and underlying shares of the Company which 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	Name of the company in which interest is held	Capacity	Total number of ordinary shares	Long/short position	Approximate percentage of total issued share capital in the Company
Beijing Enterprises Group Company Limited	The Company	Interest in a controlled corporation (Note 1)	79,473,780	Long	27.57%
Beijing General Municipal Engineering Design & Research Institute Co., Ltd. ("BMEDI")	The Company	Interest in a controlled corporation (Note 1)	79,473,780	Long	27.57%
Beijing Design Group Company Limited	The Company	Beneficial owner (Note 1)	79,473,780	Long	27.57%
Rainbow Path International Limited	The Company	Beneficial owner (Note 2)	62,198,000	Long	21.57%

Name of Shareholder	Name of the company in which interest is held	Capacity	Total number of ordinary shares	Long/short position	Approximate percentage of total issued share capital in the Company
Veteran Ventures Limited	The Company	Beneficial owner (Note 2)	7,200,000	Long	2.49%
Vivid Colour Limited	The Company	Beneficial owner (Note 3)	25,662,000	Long	8.90%
Jun Ming Investments Limited	The Company	Beneficial owner (Note 4)	12,940,000	Long	4.48%
Liang Sharon	The Company	Interest of spouse (Note 5)	84,170,000	Long	29.20%
Chung Wai Chi, Connie	The Company	Interest of spouse (Note 6)	40,686,000	Long	14.11%
		Beneficial owner	298,000	Long	0.10%
Li Min	The Company	Interest of spouse (Note 7)	17,190,000	Long	5.96%
	The Company	Beneficial owner (Note 8)	500,000	Long	0.17%

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 84,170,000 shares and share options held by Mr. Liang Ronald under the SFO.
6. Ms. Chung Wai Chi, Connie, being spouse of Mr. Fu Chin Shing, is deemed to be interested in the 40,686,000 shares and share options held by Mr. Fu Chin Shing under the SFO.
7. Ms. Li Min, being spouse of Mr. Wang Jun You, is deemed to be interested in the 17,190,000 shares and share options held by Mr. Wang Jun You under the SFO.
8. It represents the interest in 200,000 shares and the interest in 300,000 underlying shares upon exercise of the share options granted under the Share Option Scheme.

Save as disclosed above, as at 31 December 2024, the Directors are not aware of any other corporation or individual (other than a Director or the chief executive of the Company) who had, or were deemed or taken to have, any interests or short positions in any shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were as recorded in the register required to be kept under section 336 of the SFO.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

At 31 December 2024, the interests and short positions of the Directors and the chief executive in the shares and underlying shares of the Company and its associated corporations (within the meaning of the SFO), as recorded in the register maintained by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to 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 percentage of shareholding
Liang Ronald	The Company	Interest in a controlled corporation	69,398,000	24.07%
	The Company	Beneficial interest	6,272,000	2.18%
	The Company	Beneficial interest	8,500,000 (Note 1)	2.95%
Fu Chin Shing	The Company	Interest in a controlled corporation	25,662,000	8.90%
	The Company	Beneficial interest	8,724,000	3.03%
	The Company	Interest of spouse	298,000	0.10%
	The Company	Beneficial interest	6,300,000 (Note 1)	2.19%
Wang Jun You	The Company	Interest in a controlled corporation	12,940,000	4.49%
	The Company	Beneficial interest	1,450,000	0.50%
	The Company	Beneficial interest	2,800,000 (Note 1)	0.97%
	The Company	Interest of spouse	200,000 (Note 2)	0.07%
	The Company	Interest of spouse	300,000 (Note 1)	0.10%

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

(2) Mr. Wang Jun You, being spouse of Ms. Li Min, is deemed to be interested in 200,000 shares held by Ms. Li under the SFO.

(2) Short positions

Save as disclosed above, as at 31 December 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 as otherwise notified to the Company and the Stock Exchange under the Model Code.

SHARE OPTION SCHEME

Particulars of the Company's Share Option Scheme are set out in Note 30 to the consolidated financial statements.

The Company's share option scheme was adopted on 5 December 2013 (the "2013 Share Option Scheme") and expired in December 2023. It was adopted to provide incentive or reward to eligible persons for their contribution to the Group and/or 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.

Under the 2013 Share Option Scheme, the Board might, at its discretion, offer Directors (including executive Directors, non-executive Directors and independent non-executive Directors) and employees of the Group and any suppliers, customers, advisers, consultants, business partners, joint venture business partners, invested entities, service providers of any member of the Group who would contribute or have contributed to the Group, share options to subscribe for such number of new Shares as the Board determined at an exercise price determined in accordance with the terms of the 2013 Share Option Scheme.

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.

The following table discloses movements in the Company's share options during the year:

Share Options

Category of grantees	Date of grant	Vesting period	Exercise period	Exercise price per share	Outstanding at beginning of year	Granted during the year	Exercised during the year	Forfeited or cancelled during the year	Outstanding at the end of year
Executive Directors									
– Liang Ronald	28/9/2017	24/11/2017 to 27/9/2022	28/9/2022 to 27/9/2024	HK$2.49	3,500,000	–	–	(3,500,000)	–
	1/11/2018	13/12/2018 to 31/10/2023	1/11/2023 to 31/10/2025	HK$2.334	3,500,000	–	–	–	3,500,000
	28/11/2019	5/2/2020 to 27/11/2022	28/11/2022 to 27/11/2024	HK$1.55	5,000,000	–	–	(5,000,000)	–
	23/12/2020	5/3/2021 to 22/12/2023	23/12/2023 to 22/12/2025	HK$0.88	5,000,000	–	–	–	5,000,000
– Fu Chin Shing	28/9/2017	24/11/2017 to 27/9/2022	28/9/2022 to 27/9/2024	HK$2.49	2,800,000	–	–	(2,800,000)	–
	1/11/2018	13/12/2018 to 31/10/2023	1/11/2023 to 31/10/2025	HK$2.334	2,800,000	–	–	–	2,800,000
	28/11/2019	5/2/2020 to 27/11/2022	28/11/2022 to 27/11/2024	HK$1.55	3,500,000	–	–	(3,500,000)	–
	23/12/2020	5/3/2021 to 22/12/2023	23/12/2023 to 22/12/2025	HK$0.88	3,500,000	–	–	–	3,500,000
– Wang Jun You	28/11/2019	28/11/2019 to 27/11/2022	28/11/2022 to 27/11/2024	HK$1.55	2,800,000	–	–	(2,800,000)	–
	23/12/2020	23/12/2020 to 22/12/2023	23/12/2023 to 22/12/2025	HK$0.88	2,800,000	–	–	–	2,800,000
Senior management and other employees	28/11/2019	28/11/2019 to 27/11/2022	28/11/2022 to 27/11/2024	HK$1.55	5,100,000	–	–	(5,100,000)	–
	23/12/2020	23/12/2020 to 22/12/2023	23/12/2023 to 22/12/2025	HK$0.88	4,500,000	–	–	–	4,500,000
					44,800,000	–	–	(22,700,000)	22,100,000

There was no share options being exercised in 2024. As at report date, 22,100,000 shares are issuable for options granted and are available for issue under the 2013 Share Option Scheme, representing approximately 7.7% of the total number of issued shares at that date respectively.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Other than the option holdings disclosed above, at no time during the year was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries, a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS OF SIGNIFICANCE

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

COMPETING INTERESTS

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

MANAGEMENT CONTRACT

No contract, other than employment contracts, concerning the management and administration of the whole or any substantial part of the business of the Group was entered into or existed during the year.

INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received, from each of the independent non-executive Directors, an annual confirmation of his/her independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the independent non-executive Directors are independent.

CONNECTED TRANSACTIONS

The Company had not entered into any connected transaction during the year ended 31 December 2024 which is required to be disclosed in accordance with Chapter 14A of the Listing Rules. Related party transactions entered into by the Group during the year ended 31 December 2024, which constitute fully exempt continuing connected transactions under Chapter 14A of the Listing Rules are disclosed in note 35 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles, or the laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing Shareholders.

SUFFICIENCY OF PUBLIC FLOAT

From publicly available information and as far as the Directors are aware, the Company has maintained a sufficient public float throughout the year ended 31 December 2024 and has continued to maintain such a float as at the date of this annual report.

CHARITABLE DONATIONS

During the year, the Group made charitable and other donations amounting to approximately HK$13,000 (2023: HK$266,000).

EMOLUMENT POLICY

The emolument policy for the employees of the Group is determined with reference to market terms and the performance, qualifications and experience of the individual employee.

The emoluments of the Directors are decided by the Board after recommendation from the Remuneration Committee, having considered the factors such as the Group's financial performance, the achievement of special targets and the individual performance of the Directors, etc.

MAJOR CLIENTS AND SUPPLIERS

For the year ended 31 December 2024, the aggregate revenue attributable to the five largest clients of the Group represented approximately 28.8% of the total revenue of the Group. The revenue attributable to the largest client of the Group represented approximately 6.1% of the total revenue of the Group for the same period.

For the year ended 31 December 2024, the aggregate sub-consultancy fee paid to the five largest suppliers of the Group represented approximately 2.0% of the total costs of services of the Group. The sub-consultancy fee to the largest supplier of the Group represented approximately 0.5% of the total costs of the Group for the same period.

None of the Directors nor any of their close associates nor any Shareholders (which, to the best knowledge of the Directors, owns more than 5% of the number of issued shares of the Company) had any beneficial interest in the Group's five largest clients and/or five largest suppliers during the year.

EVENTS AFTER THE REPORTING PERIOD

There is no significant event occurred after the reporting period.

AUDITOR

The Consolidated Financial Statements for the year ended 31 December 2024 have been audited by Ernst & Young who would retire at the 2025 AGM and, being eligible offer themselves for re-appointment. A resolution to re-appoint Ernst & Young as the auditor of the Company and authorise the Board to fix their remuneration will be proposed at the 2025 AGM.

On behalf of the Board

Mr. Liang Ronald
CHAIRMAN

26 March 2025

INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT

Ernst & Young
27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

安永會計師事務所
香港鰂魚涌英皇道979號
太古坊一座27樓

Tel 電話: +852 2846 9888
Fax 傳真: +852 2868 4432
ey.com

To the shareholders of C Cheng Holdings Limited
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of C Cheng Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 86 to 167, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

KEY AUDIT MATTERS (Continued)

Key audit matter	How our audit addressed the key audit matter
Revenue recognition from contracts with customers	
The Group had revenue from contracts with customers of HK$401,303,000 for the year from continuing operations. It was recognised over time using an input method, based on costs incurred representing the progress towards complete satisfaction of the comprehensive architectural services which involves significant management judgement and estimation, in particular the costs to completion. The Group reviews and revises the estimates of both contract revenue and contract costs in the budget prepared for each contract as the contract progresses. Relevant disclosures of accounting judgements and estimates and information about revenue from contracts with customers are included in Notes 3, 4 and 5 to the consolidated financial statements.	Our procedures in relation to revenue recognition from contracts with customers included: • Understanding the management processes relating to recognition of contract revenue and contract costs, and budget estimation; • Understanding from the Group about the contract terms, performance and status of selected contracts and reviewing the terms of selected contracts to evaluate the basis of estimation of the contract costs, and contract costs of the projects incurred for work performed to date; • Checking the estimated budget costs for selected projects taking into account the historical accuracy of estimated budget costs; • Checking the allocation of staff costs to contracts, being the major component of contract costs, on a sample basis, by reference to the timesheet recording system and human resources records; • Performing comparisons between the percentage of completion and the percentage of progress billings on selected contracts for any significant differences; and • Checking the progress billings to invoices issued.

KEY AUDIT MATTERS (Continued)

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of trade receivables and contract assets	
As at 31 December 2024, the carrying amounts of the Group's trade receivables and contract assets were HK$133,039,000 and HK$217,626,000, which represented approximately 21% and 35% of total assets of the Group, respectively. As at 31 December 2024, the loss allowances for trade receivables and contract assets amounted to HK$12,145,000 and HK$4,277,000, respectively. Management's assessment of the expected credit loss(es) ("ECL(s)") involves significant judgement and estimates for the amount of lifetime ECL of trade receivables and contract assets based on provision matrix through grouping of various debtors with similar loss patterns, similar credit rating, ageing and past due status. Estimated loss rates are based on historical observed default rates over the expected life of debtors and adjusted for forward-looking information. In addition, trade receivables that are credit impaired are assessed for ECLs individually. Relevant disclosures of accounting judgements and estimates and impairment of trade receivables and contract assets are included in Notes 3, 21, 22 and 38 to the consolidated financial statements.	Our procedures in relation to impairment assessment of trade receivables and contract assets included: • Understanding the management process in estimation of ECLs and the methodology for ECL model adopted by the Group; • Checking the mathematical accuracy of information used by management in developing the provision matrix on a sample basis and assessing management's assumptions and inputs in the ECL model by considering the historical customer payment behaviours, and basis of estimated loss rates applied in each category in the provision with reference to the historical default rate and forward-looking information; • Assessing management's basis and judgement in identifying the credit impaired trade receivables; and • Assessing the adequacy of disclosures on impairment assessment of trade receivables and contract assets.

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Wong Ka Wing.

Ernst & Young
Certified Public Accountants
Hong Kong

26 March 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

	Notes	2024 HK$'000	2023 HK$'000
CONTINUING OPERATIONS			
Revenue	4, 5	**401,303**	454,250
Cost of services		**(339,060)**	(395,708)
Gross profit		**62,243**	58,542
Other income and gains, net	5	**2,747**	5,890
Gain on fair value changes of financial assets at fair value through profit or loss		**1,768**	513
Impairment losses on financial, contract and other assets, net	7	**(3,385)**	(5,595)
Administrative expenses		**(74,971)**	(89,487)
Share of loss of a joint venture		**(27)**	(994)
Share of profits of associates		**3,234**	1,010
Finance costs	6	**(6,913)**	(6,561)
Loss before tax from continuing operations	7	**(15,304)**	(36,682)
Income tax expense	9	**885**	2,614
Loss for the year from continuing operations		**(14,419)**	(34,068)
DISCONTINUED OPERATION			
Profit for the year from a discontinued operation	10	**–**	14,988
Loss for the year		**(14,419)**	(19,080)
OTHER COMPREHENSIVE LOSS			
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		**(4,513)**	(5,982)
Other comprehensive loss for the year, net of tax		**(4,513)**	(5,982)
Total comprehensive loss for the year		**(18,932)**	(25,062)
Loss for the year attributable to:			
Owners of the Company		**(14,851)**	(21,240)
Non-controlling interests		**432**	2,160
		(14,419)	(19,080)

	Note	**2024** **HK$'000**	2023 HK$'000
Total comprehensive loss for the year attributable to:			
Owners of the Company		**(19,364)**	(27,560)
Non-controlling interests		**432**	2,498
		(18,932)	(25,062)
Loss per share attributable to owners of the Company	11		
Basic and diluted (HK cents)			
– For loss for the year		**(5.15)**	(7.37)
– For loss from continuing operations		**(5.15)**	(11.85)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2024

	Notes	2024 HK$'000	2023 HK$'000
Non-current assets			
Property, plant and equipment	13	**15,551**	36,414
Goodwill	15	**4,151**	4,209
Intangible assets	16	**280**	280
Investment in a joint venture	17	**2,656**	2,851
Investments in associates	18	**101,763**	90,005
Prepayments and deposits	20	**11,823**	9,553
Deferred tax assets	28	**15,226**	13,395
Total non-current assets		**151,450**	156,707
Current assets			
Trade receivables	21	**133,039**	178,601
Contract assets	22	**217,626**	213,222
Financial assets at fair value through profit or loss	19	**7,979**	7,005
Prepayments, deposits, other receivables and other assets	20	**30,696**	37,562
Restricted bank balance	23	**4,492**	–
Cash and bank balances	23	**74,603**	90,101
Total current assets		**468,435**	526,491
Current liabilities			
Trade payables	24	**28,984**	29,015
Other payables and accruals	25	**33,297**	36,145
Contract liabilities	26	**57,588**	77,680
Interest-bearing bank borrowings	27	**85,000**	84,000
Other interest-bearing borrowings	27	**1,603**	3,883
Lease liabilities	14	**8,405**	19,335
Tax payable		**110**	224
Total current liabilities		**214,987**	250,282
Net current assets		**253,448**	276,209
Total assets less current liabilities		**404,898**	432,916

	Notes	2024 HK$'000	2023 HK$'000
Non-current liabilities			
Other interest-bearing borrowings	27	**363**	1,097
Provision for reinstatement costs	25(b)	**2,160**	2,160
Lease liabilities	14	**2,156**	10,528
Deferred tax liabilities	28	**1,156**	1,136
Total non-current liabilities		**5,835**	14,921
Net assets		**399,063**	417,995
Equity			
Issued capital	29	**2,883**	2,883
Reserves		**393,524**	412,888
Equity attributable to owners of the Company		**396,407**	415,771
Non-controlling interests		**2,656**	2,224
Total equity		**399,063**	417,995

Mr. Liang Ronald
DIRECTOR

Mr. Fu Chin Shing
DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

	Attributable to owners of the Company									
	Issued capital HK$'000	**Share premium** HK$'000	**Statutory reserve in Mainland China** HK$'000 (Note a)	**Share option reserve** HK$'000	**Other reserve** HK$'000 (Note b)	**Exchange fluctuation reserve** HK$'000	**Retained profits** HK$'000	**Sub-total** HK$'000	**Non-controlling interests** HK$'000	**Total** HK$'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 year	–	–	–	–	–	–	(21,240)	(21,240)	2,160	(19,080)
Other comprehensive income/(loss) for the year:										
Exchange differences related to foreign operations	–	–	–	–	–	(6,320)	–	(6,320)	338	(5,982)
Total comprehensive income/(loss) for the year	–	–	–	–	–	(6,320)	(21,240)	(27,560)	2,498	(25,062)
Capital injection by non-controlling interests	–	–	–	–	–	–	–	–	7,105	7,105
Equity-settled share option arrangements	–	–	–	2,074	–	–	–	2,074	–	2,074
Transfer of share option reserve to retained profits	–	–	–	(6,206)	–	–	6,206	–	–	–
Deemed disposal of subsidiaries (Note 31)	–	–	–	–	409	2,666	–	3,075	(74,819)	(71,744)
At 31 December 2023 and 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 year	–	–	–	–	–	–	(14,851)	(14,851)	432	(14,419)
Other comprehensive loss for the year:										
Exchange differences related to foreign operations	–	–	–	–	–	(4,513)	–	(4,513)	–	(4,513)
Total comprehensive income/(loss) for the year	–	–	–	–	–	(4,513)	(14,851)	(19,364)	432	(18,932)
Transfer of share option reserve to retained profits	–	–	–	(15,727)	–	–	15,727	–	–	–
At 31 December 2024	2,883	283,501*	10,593*	8,986*	(47,359)*	(16,521)*	154,324*	396,407	2,656	399,063

* These reserve accounts comprise the consolidated reserves of HK$393,524,000 (2023: HK$412,888,000) in the 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 directors of the subsidiaries established in Mainland China in accordance with the relevant laws and regulations of Mainland China. According to the relevant rules and regulations in Mainland China 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 the debit reserve of HK$53,519,000 resulting from the share swap pursuant to the group reorganisation upon initial public offering in 2013 and the credit reserve of HK$5,120,000 resulting from recognition of equity-settled share-based payments to Mr. Wang Jun You ("Mr. Wang"), a director of the Company, in 2013.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

	Notes	2024 HK$'000	2023 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax			
– From continuing operations		**(15,304)**	(36,682)
– From a discontinued operation	10(a)	**–**	17,546
Adjustments for:			
Finance costs		**6,913**	6,995
Share of loss of a joint venture		**27**	994
Share of profits of associates		**(3,234)**	(1,010)
Interest income		**(1,275)**	(812)
Loss on disposal of property, plant and equipment	7	**291**	408
Loss on disposal of other assets	7	**2,097**	1,272
Gain on lease modification		**–**	(562)
Fair value gain on financial assets at fair value through profit or loss		**(1,768)**	(513)
Depreciation		**23,146**	30,778
Amortisation of intangible assets		**–**	1,803
Impairment losses recognised on financial, contract and other assets, net		**3,385**	7,070
Gain on deemed disposal of subsidiaries	31	**–**	(10,458)
Equity-settled share-based payments	7	**–**	2,074
		14,278	18,903
Decrease/(increase) in trade receivables		**43,634**	(4,466)
Increase in contract assets		**(7,722)**	(8,878)
Increase in prepayments, deposits, other receivables and other assets		**(915)**	(3,669)
Increase in restricted cash		**(4,492)**	–
(Decrease)/increase in trade payables		**(29)**	16,455
(Decrease)/increase in other payables and accruals		**(2,371)**	5,366
Decrease in contract liabilities		**(17,838)**	(25,987)
Cash generated from/(used in) operations		**24,545**	(2,276)
Interest paid		**(6,913)**	(6,995)
Income taxes paid		**(1,040)**	(5,892)
Net cash flows from/(used in) operating activities		**16,592**	(15,163)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		**1,275**	812
Purchases of items of property, plant and equipment		**(2,864)**	(3,599)
Additions of intangible assets		**–**	(696)
Net cash outflow from deemed disposal of subsidiaries	31	**–**	(26,247)
Proceeds from disposal of financial assets at fair value through profit or loss		**3,251**	12,222
Investment in financial assets at fair value through profit or loss		**(2,470)**	(6,737)
Investment in an associate		**(8,528)**	(19,000)
Withdrawal/(placement) of non-pledged time deposits with original maturity of over three months		**22,796**	(44,080)
Net cash flows from/(used in) investing activities		**13,460**	(87,325)

	Notes	2024 HK$'000	2023 HK$'000
CASH FLOWS FROM FINANCING ACTIVITIES			
New bank loans		**26,000**	8,000
Repayment of bank loans		**(25,000)**	(907)
Repayment of other loans		**(3,014)**	(1,069)
Capital contribution from non-controlling interests		**–**	7,105
Principal portion of lease payments	32(c)	**(19,142)**	(23,912)
Net cash flows used in financing activities		**(21,156)**	(10,783)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**8,896**	(113,271)
Cash and cash equivalents at beginning of the year		**46,021**	160,869
Effect of foreign exchange rate changes, net		**(1,598)**	(1,577)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, represented by cash and bank balances		**53,319**	46,021
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances other than time deposits	23	**42,253**	39,689
Time deposits	23	**36,842**	50,412
Less: Restricted bank balance	23	**(4,492)**	–
Cash and cash equivalents as stated in the statement of financial position		**74,603**	90,101
Non-pledged time deposits placed in banks with original maturity of more than three months when acquired	23	**(21,284)**	(44,080)
Cash and cash equivalents as stated in the statement of cash flows		**53,319**	46,021

1. CORPORATE AND GROUP 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 are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of the registered office and principal place of business of the Company are Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and 15th Floor, North Tower World Finance Centre, Harbour City, Tsim Sha Tsui, Kowloon, Hong Kong, respectively.

During the year, the Company and its subsidiaries (collectively referred to as the "Group") were involved in the comprehensive architectural services as the principal activities.

Information about subsidiaries

Particulars of the Company's principal subsidiaries are as follows:

Name	Place and date of incorporation/ establishment	Place of operation	Issued ordinary/ registered share capital	Percentage of equity indirectly attributable to the Company		Principal activities
				2024	2023	
LWK & Partners (HK) Limited ("LWK HK")	Hong Kong 9 October 1995	Hong Kong	HK$1,000,000	**100%**	100%	Provision of comprehensive architectural services and investment holding
梁黃顧建築設計 (深圳) 有限公司 ("LWK Architecture")#	The People's Republic of China 24 August 1986	Mainland China	Renminbi ("RMB") 10,000,000	**100%**	100%	Provision of comprehensive architectural services
L W K P ARCHITECTS	Dubai, United Arab Emirates 10 October 2019	Dubai, United Arab Emirates	United Arab Emirates Dirhams ("AED") 300,000	**100%**	100%	Provision of comprehensive architectural services

\# LWK Architecture is a wholly-foreign-owned enterprise under the relevant law of Mainland China.

None of the subsidiaries had issued any debt securities at the end of the year.

The above table lists the subsidiaries of the Company which, in the opinion of the directors of the Company, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

2. ACCOUNTING POLICIES

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 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.

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 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, any 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. ACCOUNTING POLICIES (Continued)

2.2 Changes in accounting policies and disclosures

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

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

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

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

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

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

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

2. ACCOUNTING POLICIES (Continued)

2.3 Issued but not yet effective Hong Kong Financial Reporting Standards

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements. The Group intends to apply these new and revised HKFRSs, if applicable, when they become effective.

HKFRS 18	*Presentation and Disclosure in Financial Statements*[3]
HKFRS 19	*Subsidiaries without Public Accountability: Disclosures*[3]
Amendments to HKFRS 9 and HKFRS 7	*Amendments to the Classification and Measurement of Financial Instruments*[2]
Amendments to HKFRS 9 and HKFRS 7	*Contracts Referencing Nature–dependent Electricity*[2]
Amendments to HKFRS 10 and HKAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
Amendments to HKAS 21	*Lack of Exchangeability*[1]
Annual Improvements to HKFRS Accounting Standards – Volume 11	Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7[2]

1 Effective for annual periods beginning on or after 1 January 2025
2 Effective for annual periods beginning on or after 1 January 2026
3 Effective for annual/reporting periods beginning on or after 1 January 2027
4 No mandatory effective date yet determined but available for adoption

Further information about those HKFRSs that are expected to be applicable to the Group is described below.

(a) HKFRS 18 replaces HKAS 1 *Presentation of Financial Statements*. While a number of sections have been brought forward from HKAS 1 with limited changes, HKFRS 18 introduces new requirements for presentation within the statement of profit or loss and other comprehensive income, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss and other comprehensive income into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in HKAS 1 are moved to HKAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, which is renamed as HKAS 8 *Basis of Preparation of Financial Statements*. As a consequence of the issuance of HKFRS 18, limited, but widely applicable, amendments are made to HKAS 7 *Statement of Cash Flows*, HKAS 33 *Earnings per Share* and HKAS 34 *Interim Financial Reporting*. In addition, there are minor consequential amendments to other HKFRSs. HKFRS 18 and the consequential amendments to other HKFRSs are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required. The Group is currently analysing the new requirements and assessing the impact of HKFRS 18 on the presentation and disclosure of the Group's financial statements.

2. ACCOUNTING POLICIES (Continued)

2.3 Issued but not yet effective Hong Kong Financial Reporting Standards (Continued)

(b) HKFRS 19 allows eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other HKFRSs. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in HKFRS 10 *Consolidated Financial Statements*, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements available for public use which comply with HKFRSs. Earlier application is permitted. As the Company is a listed company, it is not eligible to elect to apply HKFRS 19. Some of the Company's subsidiaries are considering the application of HKFRS 19 in their specified financial statements.

(c) Amendments to HKFRS 9 and HKFRS 7 clarify the date on which a financial asset or financial liability is derecognised and introduce an accounting policy option to derecognise a financial liability that is settled through an electronic payment system before the settlement date if specified criteria are met. The amendments clarify how to assess the contractual cash flow characteristics of financial assets with environmental, social and governance and other similar contingent features. Moreover, the amendments clarify the requirements for classifying financial assets with non-recourse features and contractually linked instruments. The amendments also include additional disclosures for investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features. The amendments shall be applied retrospectively with an adjustment to opening retained profits (or other component of equity) at the initial application date. Prior periods are not required to be restated and can only be restated without the use of hindsight. Earlier application of either all the amendments at the same time or only the amendments related to the classification of financial assets is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

(d) Amendments to HKFRS 9 and HKFRS 7 Contracts Referencing Nature-dependent Electricity clarify the application of the "own-use" requirements for in-scope contracts and amend the designation requirements for a hedged item in a cash flow hedging relationship for in-scope contracts. The amendments also include additional disclosures that enable users of financial statements to understand the effects these contracts have on an entity's financial performance and future cash flows. The amendments relating to the own-use exception shall be applied retrospectively. Prior periods are not required to be restated and can only be restated without the use of hindsight. The amendments relating to the hedge accounting shall be applied prospectively to new hedging relationships designated on or after the date of initial application. Earlier application is permitted. The amendments to HKFRS 9 and HKFRS 7 shall be applied at the same time. The amendments are not expected to have any significant impact on the Group's financial statements.

(e) Amendments to HKFRS 10 and HKAS 28 address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to HKFRS 10 and HKAS 28 was removed by the HKICPA. However, the amendments are available for adoption now.

2. ACCOUNTING POLICIES (Continued)

2.3 Issued but not yet effective Hong Kong Financial Reporting Standards (Continued)

(f) Amendments to HKAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. Earlier application is permitted. When applying the amendments, an entity cannot restate comparative information. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening balance of retained profits or to the cumulative amount of translation differences accumulated in a separate component of equity, where appropriate, at the date of initial application. The amendments are not expected to have any significant impact on the Group's financial statements.

(g) *Annual Improvements to HKFRS Accounting Standards – Volume 11* set out amendments to HKFRS 1, HKFRS 7 (and the accompanying *Guidance on implementing HKFRS 7*), HKFRS 9, HKFRS 10 and HKAS 7. Details of the amendments that are expected to be applicable to the Group are as follows:

- HKFRS 7 *Financial Instruments: Disclosures:* The amendments have updated certain wording in paragraph B38 of HKFRS 7 and paragraphs IG1, IG14 and IG20B of the *Guidance on implementing HKFRS 7* for the purpose of simplification or achieving consistency with other paragraphs in the standard and/or with the concepts and terminology used in other standards. In addition, the amendments clarify that the *Guidance on implementing HKFRS 7* does not necessarily illustrate all the requirements in the referenced paragraphs of HKFRS 7 nor does it create additional requirements. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

- HKFRS 9 *Financial Instruments:* The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with HKFRS 9, the lessee is required to apply paragraph 3.3.3 of HKFRS 9 and recognise any resulting gain or loss in profit or loss. In addition, the amendments have updated certain wording in paragraph 5.1.3 of HKFRS 9 and Appendix A of HKFRS 9 to remove potential confusion. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

- HKFRS 10 *Consolidated Financial Statements:* The amendments clarify that the relationship described in paragraph B74 of HKFRS 10 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor, which removes the inconsistency with the requirement in paragraph B73 of HKFRS 10. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

- HKAS 7 *Statement of Cash Flows:* The amendments replace the term "cost method" with "at cost" in paragraph 37 of HKAS 7 following the prior deletion of the definition of "cost method". Earlier application is permitted. The amendments are not expected to have any impact on the Group's financial statements.

2. ACCOUNTING POLICIES (Continued)

2.4 Material accounting policies

Investments in associates and a joint venture

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investments in a joint venture and associates are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses.

The Group's share of the post-acquisition results and other comprehensive income of joint ventures and associates is included in profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the joint venture or associate, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its joint ventures or associates are eliminated to the extent of the Group's investments in the joint ventures or associates, except where unrealised losses provide evidence of an impairment of the asset transferred. Goodwill arising from the acquisition of joint ventures or associates is included as part of the Group's investments in joint ventures or associates.

Upon loss of joint control over the joint venture or significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the joint venture or associate upon loss of joint control or significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

2. ACCOUNTING POLICIES (Continued)

2.4 Material accounting policies (Continued)

Business combinations and goodwill (Continued)
Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Fair value measurement
The Group measures certain financial assets at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

2. ACCOUNTING POLICIES (Continued)

2.4 Material accounting policies (Continued)

Fair value measurement (Continued)
The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets
Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, contract assets, deferred tax assets and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit ("CGU") to which the asset belongs.

In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

2. ACCOUNTING POLICIES (Continued)

2.4 Material accounting policies (Continued)

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

  (i) has control or joint control over the Group;

  (ii) has significant influence over the Group; or

  (iii) is a member of the key management personnel of the Group or of a holding company of the Group;

or

(b) the party is an entity where any of the following conditions applies:

  (i) the entity and the Group are members of the same group;

  (ii) one entity is an associate or joint venture of the other entity (or of a holding company, subsidiary or fellow subsidiary of the other entity);

  (iii) the entity and the Group are joint ventures of the same third party;

  (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

  (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

  (vi) the entity is controlled or jointly controlled by a person identified in (a);

  (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a holding company of the entity); and

  (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to a holding company of the Group.

2. ACCOUNTING POLICIES (Continued)

2.4 Material accounting policies (Continued)

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any accumulated impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its estimated residual value over its estimated useful life. The estimated useful lives of different categories of property, plant and equipment are as follows:

Leasehold improvements	20% or over the term of the lease, whichever is shorter
Furniture, fixtures and equipment	20%
Motor vehicles	20%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the period the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

2. ACCOUNTING POLICIES (Continued)

2.4 Material accounting policies (Continued)

Intangible assets (other than goodwill) (Continued)

An intangible asset is derecognised on disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the period the intangible asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant intangible asset.

Club membership

Club membership with an indefinite useful life is stated at cost less accumulated impairment losses.

License

License is stated at cost less any impairment losses and is amortised on the straight-line basis over its remaining license period of 5 years.

Customer relationship

Customer relationship is stated at cost less any impairment losses and is amortised on the straight-line basis over its useful life ranging from 6 to 8 years.

Non-competition agreement

Non-completion agreement is stated at cost less any impairment losses and is amortised on the straight-line basis over its useful life of 5 years.

Research and development costs

All research costs are charged to profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Deferred development costs (e.g. BIM platform and BIM platform under development which are internally generated) are stated at cost less any impairment losses and are amortised using the straight-line basis over 7 years, commencing from the date when the products are put into commercial production.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

2. ACCOUNTING POLICIES (Continued)

2.4 Material accounting policies (Continued)

Leases (Continued)

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) *Right-of-use assets*

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less accumulated depreciation and any accumulated impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on the straight-line basis over the shorter of the lease terms and the estimated useful lives of the office properties and staff quarters ranging from 2 to 5 years.

If ownership of the leased asset is transferred to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) *Lease liabilities*

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments).

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

The Group's lease liabilities are separately disclosed in consolidated statement of financial position.

(c) *Short-term leases*

The Group applies the short-term lease recognition exemption to its short-term leases of warehouses, car parking spaces and office equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option).

Lease payments on short-term leases are recognised as an expense on a straight-line basis over the lease term.

2. ACCOUNTING POLICIES (Continued)

2.4 Material accounting policies (Continued)

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under HKFRS 15 *Revenue from Contracts with Customers* in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset (debt instrument) to be classified and measured at amortised cost, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets (debt instruments) with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets (debt instruments) refers to how it manages its financial assets (debt instruments) in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets (debt instruments), or both. Financial assets (debt instruments) classified and measured at amortised cost are held within a business model with the objective to hold financial assets (debt instruments) in order to collect contractual cash flows, while financial assets (debt instruments) classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets (debt instruments) which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

2. ACCOUNTING POLICIES (Continued)

2.4 Material accounting policies (Continued)

Investments and other financial assets (Continued)

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

(a) *Financial assets at amortised cost (debt instruments)*

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

(b) *Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss are carried in the consolidated statement of financial position at fair value with net changes in fair value recognised in profit or loss.

This category includes equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on the equity investments are also recognised in profit or loss when the right of payment has been established.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or

- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

2. ACCOUNTING POLICIES (Continued)

2.4 Material accounting policies (Continued)

Investments and other financial assets (Continued)

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group considers a financial asset in default when contractual payments are 1 year past due. The Group has rebutted the 90 days past due presumption of default based on reasonable and supportable information, including the Group's credit risk control practices and the historical recovery rate of financial assets over 90 days past due. However, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets which apply the simplified approach as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

2. ACCOUNTING POLICIES (Continued)

2.4 Material accounting policies (Continued)

Investments and other financial assets (Continued)

Impairment of financial assets (Continued)

Simplified approach

For trade receivables and contract assets that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as loans and borrowings and payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade payables, other payables and accruals, interest-bearing bank and other bank borrowings.

Subsequent measurement of financial liabilities at amortised cost

After initial recognition, trade payables, other payables and accruals, and interest-bearing borrowings are subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in in profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

2. ACCOUNTING POLICIES (Continued)

2.4 Material accounting policies (Continued)

Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in profit or loss.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of taxable temporary differences associated with investments in subsidiaries, joint ventures and associates, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

2. ACCOUNTING POLICIES (Continued)

2.4 Material accounting policies (Continued)

Income tax (Continued)
Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of deductible temporary differences associated with investments in subsidiaries, joint ventures and associates, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Governments grants
Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

2. ACCOUNTING POLICIES (Continued)

2.4 Material accounting policies (Continued)

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

Contracts of comprehensive architectural services and BIM services

Revenue from the provision of comprehensive architectural services and BIM services is recognised over time, using an input method to measure progress towards complete satisfaction of the service, because the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced. The input method recognises revenue based on the proportion of the actual costs incurred relative to the estimated total costs for satisfaction of the comprehensive architectural services and BIM services.

Sale of IT products

Revenue from the sale of IT products is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the IT products.

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

2. ACCOUNTING POLICIES (Continued)

2.4 Material accounting policies (Continued)

Contract assets

If the Group performs by transferring goods or services to a customer before being unconditionally entitled to the consideration under the contract terms, a contract asset is recognised for the earned consideration that is conditional. Contract assets are subject to impairment assessment, details of which are included in the accounting policies for impairment of financial assets. They are reclassified to trade receivables when the right to the consideration becomes unconditional.

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Contract costs

Costs to fulfil a contract

Costs incurred to fulfil a contract with a customer are capitalised as an asset if all of the following criteria are met:

(a) The costs relate directly to a contract or to an anticipated contract that the entity can specifically identify.

(b) The costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future.

(c) The costs are expected to be recovered.

The capitalised contract costs are amortised and charged to profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. Other contract costs are expensed as incurred.

Costs to obtain a contract

Incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with customer that it would not have incurred if the contract had not been obtained. Incremental costs of obtaining a contract are capitalised when incurred if the costs relate to revenue which will be recognised in a future reporting period and the costs are expected to be recovered. The incremental costs of obtaining a contract are charged to profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. Other costs of obtaining a contract are expensed when incurred.

Share-based payments

The Company operated a share option scheme. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments ("equity-settled transactions"). The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a binomial model, further details of which are given in Note 30 to the consolidated financial statements.

2. ACCOUNTING POLICIES (Continued)

2.4 Material accounting policies (Continued)

Share-based payments (Continued)

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification, that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

2. ACCOUNTING POLICIES (Continued)

2.4 Material accounting policies (Continued)

Other employee benefits

Pension schemes

The Group participates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for all qualifying employees in Hong Kong. Contributions are made based on a percentage of the employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute certain percentage of their payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

Long service payment

The Group is obligated to make long service payment to qualifying employees in Hong Kong with a minimum of 5 years of employment period upon retirement or termination of employment under certain circumstances, in accordance with the Hong Kong Employment Ordinance (the "Employment Ordinance"). Long service payment is calculated based on the last monthly salary of the employees and the number of years of service. There are provisions under the Employment Ordinance permitting employers to offset employees' long service payment against the accrued benefits attributable to employer's contributions to the MPF Scheme. In 2022, the Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Bill 2022 (the "Amendment Bill") was enacted, such that the Group can no longer use accrued benefits arising from MPF mandatory employer contributions to offset employees' long service payment accrued as from the transition date (i.e., 1 May 2025). The enactment of the Amendment Bill is treated as a plan amendment. Except for the statutory right to offset as described above, the long service payment benefits are unfunded.

The liability recognised in the consolidated statement of financial position in respect of long service payment is the net obligation, representing the present value of the future long service payment benefits reduced by entitlements from accrued benefits arising from MPF contributions made by the Group.

Borrowing costs

Borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Events after the reporting period

If the Group receives information after the reporting period, but prior to the date of authorisation for issue, about conditions that existed at the end of the reporting period, it will assess whether the information affects the amounts that it recognises in its financial statements. The Group will adjust the amounts recognised in its financial statements to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions in light of the new information. For non-adjusting events after the reporting period, the Group will not change the amounts recognised in its financial statements, but will disclose the nature of the non-adjusting events and an estimate of their financial effects, or a statement that such an estimate cannot be made, if applicable.

2. ACCOUNTING POLICIES (Continued)

2.4 Material accounting policies (Continued)

Foreign currencies

These financial statements are presented in Hong Kong dollars, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation differences on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of certain overseas subsidiaries, a joint venture and an associate are currencies other than the Hong Kong dollar. As at the end of the reporting period, the assets and liabilities of these entities are translated into Hong Kong dollars at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into Hong Kong dollars at the exchange rates that approximate to those prevailing at the dates of the transactions.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve, except to the extent that the differences are attributable to non-controlling interests. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognised in profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

For the purpose of the consolidated statement of cash flows, the cash flows of oversea subsidiaries are translated into Hong Kong dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into Hong Kong dollars at the weighted average exchange rates for the year.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Revenue recognition

The Group recognises contract revenue over time using an input method based on the progress towards satisfaction of the comprehensive architectural services, measured based on proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. Accordingly, revenue recognition involves a significant degree of judgement, with estimates being made to assess the total contract costs and on progress towards complete satisfactions of the contract and to provide appropriately for onerous contracts.

The management estimates the financial impact of changes of service scope, claims and disputes of contract work including architecture, landscape architecture, town planning, interior design and heritage conservation services based on the latest available budgets of the contracts prepared by the project team with reference to their past experience with similar contracts and latest human resources records and the management's best estimates and judgements.

Due to the contracting nature of the business, revenue recognition involves a significant degree of judgement. Notwithstanding that the management reviews and revises the estimates of contract costs for the contract of comprehensive architectural services as the contract progresses, the actual outcome of the contract in terms of its total costs may be higher or lower than the estimates and this will affect the revenue and profit recognised.

During the year, the contract revenue (including both the continuing operations and discontinued operation) of HK$401,303,000 (2023: HK$532,713,000) was recognised over time. Further details are given in Note 5 to the financial statements.

Impairment assessment of non-financial assets

The Group determines whether goodwill is impaired at least on an annual basis and whenever, any impairment indicators for goodwill exist. In addition, the Group assesses whether there are any indicators of impairment for other non-financial assets at the end of each reporting period. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. This requires an estimation of the value in use of the cash-generating units to which the goodwill, other non-financial assets such as property, plant and equipment including right-of-use assets and intangible assets are allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

The carrying amounts of goodwill, property, plant and equipment including right-of-use assets and intangible assets at 31 December 2024 were HK$4,151,000 (2023: HK$4,209,000), HK$15,551,000 (2023: HK$36,414,000) and HK$280,000 (2023: HK$280,000), respectively. Further details are given in Notes 13, 15 and 16 to the financial statements.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Estimation uncertainty (Continued)

Impairment assessment of trade receivables and contract assets

The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets based on provision matrix through grouping of various debtors that have similar loss patterns, after considering internal credit ratings, ageing and past due status of respective trade receivables and contract assets.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed. In addition, trade receivables that are credit impaired are assessed for ECLs individually.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The carrying amounts of trade receivables and contract assets at 31 December 2024 were HK$133,039,000 (2023: HK$178,601,000) and HK$217,626,000 (2023: HK$213,222,000), respectively. Further details are given in Notes 21 and 22 to the financial statements.

Leases – Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiaries stand-alone credit rating).

4. OPERATING SEGMENT INFORMATION

Year ended 31 December 2024

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

Year ended 31 December 2023

Information reported to the Chief Executive Officer of the Company, being the chief operating decision maker ("CODM"), for the purposes of resource allocation and assessment of segment performance focuses on types of services rendered and the Group had two reportable operating segments (including discontinued operation in note 10) as follows:

(a) the comprehensive architectural services segment engaged in the provision of architectural, landscape architectural, town planning, interior design and heritage conservation services; and

(b) the BIM services segment engaged in the provision of BIM consultancy services, IT consultancy services, BIM professional training services and BIM software development (a deemed disposal during the year ended 31 December 2023 which was classified as a discontinued operation, as shown in note 10).

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

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

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

4. OPERATING SEGMENT INFORMATION (Continued)

For the year ended 31 December 2023

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

4. OPERATING SEGMENT INFORMATION (Continued)

Other segment information:

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

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

Geographical information

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

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

4. OPERATING SEGMENT INFORMATION (Continued)

Information about a major customer

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

	2024 **HK$'000**	2023 HK$'000
Customer A [1]	**NA[2]**	45,672

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

(2) During the year ended 31 December 2024, there is no customer which revenue from sales accounted for 10% or more of the total revenue of the Group.

5. REVENUE, OTHER INCOME AND GAINS, NET

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

Performance obligations for contracts with customers

Comprehensive architectural services

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

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

5. REVENUE, OTHER INCOME AND GAINS, NET (Continued)

Performance obligations for contracts with customers (Continued)

Comprehensive architectural services (Continued)

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

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

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December and the expected timing of recognising revenue are as follows:

	2024 **HK$'000**	2023 HK$'000
Within one year	**402,921**	499,204
More than one year but not more than two years	**296,729**	280,892
More than two years	**499,732**	613,896
	1,199,382	1,393,992

The revenue recognised in the year relating to the performance obligations satisfied in the previous year due to constraints on variable consideration amounted to HK$616,000 (2023: HK$924,000).

5. REVENUE, OTHER INCOME AND GAINS, NET (Continued)

An analysis of the other income and gains, net from continuing operations is as follows:

	2024 HK$'000	2023 HK$'000
Other income		
Bank interest income	**1,275**	633
Government subsidies#	**2,557**	3,926
Others	**1,649**	2,110
	5,481	6,669
Gains/(losses), net		
Foreign exchange differences, net	**24**	319
Gain on lease modification	**–**	562
Loss on disposal of other assets	**(2,097)**	(1,272)
Loss on disposal of property, plant and equipment	**(291)**	(408)
Others	**(370)**	20
	(2,734)	(779)
	2,747	5,890

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

6. FINANCE COSTS

An analysis of finance costs from continuing operations as follows:

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

7. LOSS BEFORE TAX FROM CONTINUING OPERATIONS

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

	Notes	2024 HK$'000	2023 HK$'000
Cost of services rendered		**339,060**	395,708
Depreciation of property, plant and equipment		**23,146**	25,594
Lease payments not included in the measurement of lease liabilities		**3,033**	4,381
Auditor's remuneration (including remuneration for non-audit services)		**1,427**	2,025
Staff costs including directors' and chief executives' remunerations			
– Salaries, allowances, and other benefits		**266,565**	310,145
– Equity-settled share-based payments		**–**	2,074
– Contributions to retirement benefit schemes[1]		**11,545**	13,731
		278,110	325,950
Loss on disposal of property, plant and equipment		**291**	408
Loss on disposal of other assets		**2,097**	1,272
Impairment recognised on:			
– Trade receivables, net	38	**685**	1,577
– Contract assets, net	38	**(72)**	962
– Other assets	20(b)	**2,772**	3,056
		3,385	5,595

Note:

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

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

(a) Directors' and chief executive's emoluments

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

		Other emoluments				
	Fees HK$'000	Salaries, allowances and other benefits HK$'000	Performance related bonuses[4] HK$'000	Equity-settled share based payments HK$'000	Pension scheme contributions HK$'000	Total HK$'000
2024						
Executive directors[1]						
Mr. Liang Ronald	**400**	**5,310**	**–**	**–**	**216**	**5,926**
Mr. Liu Jiang Tao	**–**	**–**	**–**	**–**	**–**	**–**
Mr. Fu Chin Shing ("Mr. Fu")[2]	**333**	**4,899**	**–**	**–**	**96**	**5,328**
Mr. Wang Jun You	**133**	**4,108**	**–**	**–**	**70**	**4,311**
Mr. Liu Yong (resigned on 6 June 2024)	**–**	**–**	**–**	**–**	**–**	**–**
Mr. Deng Liming	**400**	**–**	**–**	**–**	**–**	**400**
Mr. Lei Zhi Jun (appointed on 6 June 2024)	**–**	**–**	**–**	**–**	**–**	**–**
	1,266	**14,317**	**–**	**–**	**382**	**15,965**
Independent non-executive directors[3]						
Mr. Chan James	**168**	**–**	**–**	**–**	**–**	**168**
Mr. Wong Hin Wing	**168**	**–**	**–**	**–**	**–**	**168**
Ms. Su Ling	**168**	**–**	**–**	**–**	**–**	**168**
	504	**–**	**–**	**–**	**–**	**504**
	1,770	**14,317**	**–**	**–**	**382**	**16,469**
2023						
Executive directors[1]						
Mr. Liang Ronald	1,200	8,630	–	743	216	10,789
Mr. Liu Jiang Tao	–	–	–	–	–	–
Mr. Fu	1,000	6,825	–	572	90	8,487
Mr. Wang Jun You	400	5,668	–	288	38	6,394
Mr. Liu Yong	–	–	–	–	–	–
Mr. Deng Liming (appointed on 12 September 2023)	121	284	–	–	4	409
Mr. Ma Kwai Lam Lambert (resigned on 12 September 2023)	279	1,138	–	103	13	1,533
	3,000	22,545	–	1,706	361	27,612
Independent non-executive directors[3]						
Mr. Chan James (appointed on 3 April 2023)	126	–	–	–	–	126
Mr. Wong Hin Wing (appointed on 3 April 2023)	126	–	–	–	–	126
Ms. Su Ling	168	–	–	–	–	168
Mr. Lo Wai Hung (resigned on 3 April 2023)	42	–	–	–	–	42
Mr. Yu Chi Hang (alias, Yue Chi Hang) (resigned on 3 April 2023)	42	–	–	–	–	42
	504	–	–	–	–	504
	3,504	22,545	–	1,706	361	28,116

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (Continued)

(a) Directors' and chief executive's emoluments (Continued)

Notes:

(1) The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group.

(2) Mr. Fu is the Chief Executive Officer of the Company and his emoluments disclosed above include the services rendered as the Chief Executive Officer.

(3) The independent non-executive directors' emoluments shown above were for their services as directors of the Company.

(4) The performance related bonuses are determined by reference to the performance of the Group for the years ended 31 December 2024 and 2023.

In prior years and during the year, certain directors were granted share options in respect of their services to the Group, under the share option scheme of the Company, further details of which are set out in Note 30 to the consolidated financial statements. The fair value of such options, which has been recognised in profit or loss over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the current year is included in the above directors' and chief executive's remuneration disclosures.

During the year ended 31 December 2024, Mr. Liu Jiang Tao, Mr. Liu Yong and Mr. Lei Zhi Jun waived their entitled emoluments of HK$1,200,000, HK$172,000 and HK$228,000, respectively, for their capacity as executive directors of the Company. Except Mr. Liu Jiang Tao, Mr. Liu Yong and Mr. Lei Zhi Jun, no director or the chief executive waived or agreed to waive any remuneration during the year ended 31 December 2024.

During the year ended 31 December 2023, Mr. Liu Jiang Tao and Mr. Liu Yong waived their entitled emoluments of HK$1,200,000 and HK$400,000, respectively, for their capacity as executive directors of the Company. Except Mr. Liu Jiang Tao and Mr. Liu Yong, no director or the chief executive waived or agreed to waive any remuneration during the year ended 31 December 2023.

During the years ended 31 December 2024 and 2023, no emoluments were paid by the Group to any of the directors or the chief executive as an inducement to join or upon joining the Group or as compensation for loss of office.

(b) Five highest paid employees

The five highest paid individuals in the Group included three (2023: three) directors of the Company (including the Chief Executive Officer of the Company) whose emoluments are set out above. The emoluments of the remaining two (2023: two) highest paid employees are as follows:

	2024 HK$'000	2023 HK$'000
Salaries, allowances and other benefits	**4,440**	4,855
Pension scheme contributions (defined contribution scheme)	**36**	36
Equity-settled share based payments	**–**	211
	4,476	5,102

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (Continued)

(b) Five highest paid employees (Continued)

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees	
	2024	2023
HK$2,000,001 to HK$2,500,000	**2**	1
HK$2,500,001 to HK$3,000,000	**–**	1
Total	**2**	2

In prior years, share options were granted to a non-director and non-chief executive highest paid employee in respect of his services to the Group, further details of which are included in the disclosures in note 30 to the financial statements. The fair value of such options, which has been recognised in profit or loss over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the year ended 31 December 2023 is included in the above non-director and non-chief executive highest paid employees' remuneration disclosures.

9. INCOME TAX EXPENSE

The income tax expense comprises:

	2024	2023
	HK$'000	HK$'000
Current tax:		
Hong Kong Profits Tax	**–**	–
Mainland China	**926**	1,453
	926	1,453
Deferred tax	**(1,811)**	(4,067)
Total tax credit for the year from continuing operations	**(885)**	(2,614)
Total tax charge for the year from a discontinued operation (note 10)	**–**	2,558
Total	**(885)**	(56)

9. INCOME TAX EXPENSE (Continued)

Hong Kong profits tax has been provided at the rate of 16.5% (2023: 16.5%) on the estimated assessable profits arising in Hong Kong during the year, except for a subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime effective from 2018/19. The first HK$2,000,000 (2023: HK$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (2023: 8.25%) and the remaining assessable profits are taxed at 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.

CIT in Mainland China has been provided at the rate of 25% (2023: 25%) on the estimated assessable profits in Mainland China during the year. LWK Architecture, 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% (2023: 15%) for the year. Certain subsidiaries of the Company satisfied the Inclusive Tax Deduction and Exemption Policies for Micro and Small Enterprises. The first RMB1,000,000 (2023: RMB1,000,000) taxable income shall be included in its taxable income at the reduced rate of 25% (2023: 25%), with the applicable corporate income tax rate of 20% (2023: 20%), and the annual taxable income not less than RMB1,000,000 (2023: RMB1,000,000) nor more than RMB3,000,000 (2023: RMB3,000,000) shall be included in its taxable income at the reduced rate at 50% (2023: 50%), with the applicable corporate income tax rate at 20% (2023: 20%).

A reconciliation of the tax credit applicable to loss before tax at the statutory rates for the jurisdictions in which the Group is domiciled and/or operate to the tax expense at the effective tax rates is as follows:

	2024 **HK$'000**	2023 HK$'000
Loss before tax from continuing operations	**(15,304)**	(36,682)
Profit before tax from a discontinued operation	**–**	17,546
Total	**(15,304)**	(19,136)
Tax at statutory tax rates	**(2,525)**	(3,200)
Income not subject to tax	**(543)**	(1,331)
Expenses not deductible for tax	**696**	2,300
Tax losses not recognised	**903**	2,291
Tax losses utilised from previous periods	**(34)**	(581)
Others	**618**	465
Income tax expense	**(885)**	(56)
Tax credit from continuing operations	**(885)**	(2,614)
Tax charge from a discontinued operation (note 10)	**–**	2,558

10. DISCONTINUED OPERATION

On 3 August 2023, isBIM (a then indirect non-wholly owned subsidiary of the Company) entered into a share subscription agreement with two independent third parties (namely, "**Investor 1**" and "**Investor 2**"), pursuant to which isBIM agreed to issue and each of the Investor 1 and Investor 2 agreed to subscribe for 4,123 and 2,062 new preference shares of isBIM at considerations 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**"). Further details of the transaction are set out in note 31 to the financial statements.

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

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

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

10. DISCONTINUED OPERATION (Continued)

(b) The net cash flows of a discontinued operation dealt with in the financial statements for the year ended 31 December 2023 are as follows:

	2023 HK$'000
Operating activities	5,684
Investing activities	(793)
Financing activities	(7,256)
Net cash outflow attributable to a discontinued operation	(2,365)

(c) Earnings per share from a discontinued operation

	2023 HK cents
Basic and diluted	4.49

The calculation of the basic earnings per share amount from a discontinued operation for the year ended 31 December 2023 was based on the profit for the year from a discontinued operation attributable to owners of the Company of HK$12,932,000, and the weighted average number of ordinary shares in issue during the year (note 11).

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

11. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

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

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

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

	2024 HK$'000	2023 HK$'000
Loss:		
Loss attributable to owners of the Company, used in the basic and diluted loss per share calculation	**(14,851)**	(21,240)
Loss for the year from continuing operations attributable to owners of the Company used in the basic loss per share calculation	**(14,851)**	(34,172)

	Number of shares 2024	2023
Shares:		
Weighted average number of ordinary shares in issue during the year, used in the basis loss per share calculation	**288,260,780**	288,260,780
Effect of dilution – weighted average number of ordinary shares:		
Share options	**–**	–
Weighted average number of ordinary shares in issue during the year, used in the diluted loss per share calculation	**288,260,780**	288,260,780

12. DIVIDENDS

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

13. PROPERTY, PLANT AND EQUIPMENT

	Right-of-use assets HK$'000	Leasehold improvements HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
COST					
At 1 January 2023	181,927	27,062	65,420	1,890	276,299
Additions	5,068	–	3,599	–	8,667
Disposals/write-off	–	(249)	(1,585)	–	(1,834)
Derecognised upon deemed disposal of subsidiaries	(7,524)	(4,169)	(7,660)	–	(19,353)
Lease modification	(34,865)	–	–	–	(34,865)
Exchange realignment	(5,158)	(247)	(995)	(16)	(6,416)
At 31 December 2023 and 1 January 2024	139,448	22,397	58,779	1,874	222,498
Additions	214	–	2,864	–	3,078
Disposals/write-off	(231)	–	(3,026)	–	(3,257)
Exchange realignment	(846)	(289)	(735)	(18)	(1,888)
At 31 December 2024	138,585	22,108	57,882	1,856	220,431
ACCUMULATED DEPRECIATION					
At 1 January 2023	123,444	23,068	55,126	1,890	203,528
Charge for the year	24,384	1,308	5,086	–	30,778
Disposals/write-off	–	–	(703)	–	(703)
Derecognised upon deemed disposal of subsidiaries	(4,183)	(4,169)	(5,854)	–	(14,206)
Lease modification	(28,200)	–	–	–	(28,200)
Exchange realignment	(4,399)	(160)	(538)	(16)	(5,113)
At 31 December 2023 and 1 January 2024	111,046	20,047	53,117	1,874	186,084
Charge for the year	18,943	1,170	3,033	–	23,146
Disposals/write-off	(231)	–	(2,720)	–	(2,951)
Exchange realignment	(518)	(238)	(625)	(18)	(1,399)
At 31 December 2024	129,240	20,979	52,805	1,856	204,880
CARRYING AMOUNTS					
At 31 December 2024	9,345	1,129	5,077	–	15,551
At 31 December 2023	28,402	2,350	5,662	–	36,414

14. LEASES

The Group as a lessee

The Group has lease contracts of office properties and staff quarters. Leases of office properties and staff quarters generally have lease terms between 2 and 5 years.

(a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	Office properties HK$'000	**Staff quarters** HK$'000	**Total** HK$'000
At 1 January 2023	57,406	1,077	58,483
Additions	5,042	26	5,068
Lease modification	(6,665)	–	(6,665)
Derecognised upon deemed disposal of subsidiaries	(3,564)	–	(3,564)
Depreciation charge	(23,850)	(534)	(24,384)
Exchange realignment	(518)	(18)	(536)
At 31 December 2023 and 1 January 2024	27,851	551	28,402
Additions	214	–	214
Depreciation charge	(18,427)	(516)	(18,943)
Exchange realignment	(321)	(7)	(328)
At 31 December 2024	9,317	28	9,345

14. LEASES (Continued)

The Group as a lessee (Continued)

(b) Lease liabilities

The carrying amount of lease liabilities and the movements during the year are as follows:

	Lease liabilities HK$'000
Carrying amount at 1 January 2023	61,308
New leases	5,049
Lease modification	(7,227)
Derecognised upon deemed disposal of subsidiaries	(3,490)
Accretion of interest recognised during the year	1,995
Payments	(25,907)
Exchange realignment	(1,865)
Carrying amount at 31 December 2023 and 1 January 2024	29,863
New leases	214
Accretion of interest recognised during the year	1,074
Payments	(20,216)
Exchange realignment	(374)
Carrying amount at 31 December 2024	10,561

	2024 HK$'000	2023 HK$'000
Analysed into:		
Current portion	**8,405**	19,335
Non-current portion	**2,156**	10,528
	10,561	29,863

14. LEASES (Continued)

The Group as a lessee (Continued)

(b) **Lease liabilities** (Continued)

The maturity analysis of lease liabilities was as follows:

	2024 HK$'000	2023 HK$'000
Analysed into:		
Within one year or on demand	**8,405**	19,335
In the second year	**2,156**	8,336
In the third to fifth years, inclusive	**–**	2,192
	10,561	29,863

(c) The amounts charged/(credited) to profit or loss in relation to leases are as follows:

	2024 HK$'000	2023 HK$'000
Interest on lease liabilities	**1,074**	1,995
Depreciation charge of right-of-use assets	**18,943**	24,384
Expense relating to short-term leases	**3,033**	4,381
Gain on lease modification	**–**	(562)
Total amount recognised in profit or loss	**23,050**	30,198

(d) The total cash outflow for leases is disclosed in Note 32(c) to the financial statements.

15. GOODWILL

	LWK Architecture HK$'000	isBIM HK$'000	Total HK$'000
COST AND CARRYING VALUES			
At 1 January 2023	4,326	10,961	15,287
Derecognised upon deemed disposal of subsidiaries (note 31)	–	(10,961)	(10,961)
Exchange realignment	(117)	–	(117)
At 31 December 2023 and 1 January 2024	4,209	–	4,209
Exchange realignment	(58)	–	(58)
At 31 December 2024	4,151	–	4,151

LWK Architecture CGU

Goodwill arose from the acquisition of a 75% equity interest in LWK Architecture in 2011, which is engaged in the provision of comprehensive architectural services in Mainland China and is considered a cash-generating unit ("CGU") that generates independent cash flows.

The goodwill so arising was allocated to the LWK Architecture CGU for impairment testing.

The recoverable amount of the LWK Architecture CGU has been determined based on a value-in-use. The calculation uses cash flow projection based on financial budgets approved by management covering a 5-year period, and an appropriate discount rate. The cash flows beyond the 5-year period are extrapolated using a steady growth rate. This growth rate is based on the relevant industry growth forecasts and does not exceed the average long-term growth rate for the relevant industry. The discount rates used are before tax and reflect specific risks relating to the relevant units.

Other key assumptions for the value-in-use calculation relate to the estimation of cash inflows/outflows which include budgeted revenue and gross margin, such estimates are based on the LWK Architecture CGU's past performance and management's expectations for the market development.

	2024	2023
Discount rate	**11.7%**	11.3%
Terminal growth rate	**2%**	2%

The directors of the Company considered that any reasonably possible change in the key assumptions on which the recoverable amount is based would not cause the carrying amount of the LWK Architecture CGU to exceed its recoverable amount as at 31 December 2024.

16. INTANGIBLE ASSETS

	Software platform HK$'000	License HK$'000	Customer relationship HK$'000	Club membership HK$'000 (Note)	Other HK$'000	Total HK$'000
COST						
At 1 January 2023	13,016	4,311	4,349	280	61	22,017
Additions	696	–	–	–	–	696
Derecognised upon deemed disposal of subsidiaries	(13,140)	–	(4,349)	–	(61)	(17,550)
Exchange realignment	(572)	(118)	–	–	–	(690)
At 31 December 2023 and 1 January 2024	–	4,193	–	280	–	4,473
Exchange realignment	–	(137)	–	–	–	(137)
At 31 December 2024	–	4,056	–	280	–	4,336
ACCUMULATED AMORTISATION						
At 1 January 2023	4,761	4,311	2,687	–	28	11,787
Charge for the year	1,376	–	416	–	11	1,803
Derecognised upon deemed disposal of subsidiaries	(5,888)	–	(3,103)	–	(39)	(9,030)
Exchange realignment	(249)	(118)	–	–	–	(367)
At 31 December 2023 and 1 January 2024	–	4,193	–	–	–	4,193
Exchange realignment	–	(137)	–	–	–	(137)
At 31 December 2024	–	4,056	–	–	–	4,056
CARRYING AMOUNTS						
At 31 December 2024	–	–	–	280	–	280
At 31 December 2023	–	–	–	280	–	280

Note:

Club membership has an indefinite useful life as there is no time limit for which the Group can use the membership, and therefore it will not be amortised until its useful life is determined to be finite upon reassessment annually. Accordingly, club membership is tested for impairment annually and whenever there is an indication that it may be impaired. During the years ended 31 December 2024 and 2023, management determined that there was no impairment of club membership by reference to the quoted market prices, which is classified as Level 1 of the fair value hierarchy.

17. INVESTMENT IN A JOINT VENTURE

	2024 **HK$'000**	2023 HK$'000
Share of net assets	**2,656**	2,851

Particulars of the Group's joint venture are as follows:

Name	Registered capital	Place of registration and business	Percentage of Ownership interest	Percentage of Voting power	Percentage of Profit sharing	Principal activity
C-Bay	RMB26,270,000	Mainland China	50%	50%	50%	Provision of smart city consultancy services

On 13 August 2019, Bertrand Investments Limited, a subsidiary of the Company, entered into the Sino-foreign joint venture agreement with Beijing General Municipal Engineering Design & Research Institute Co. Ltd ("BMEDI") to establish a Sino-foreign joint venture company, C-Bay Smart Cities Limited (大雲灣智滙城市發展(深圳)有限公司), which will focus on providing consultancy services in Guangdong-Hong Kong-Macau Greater Bay Area in respect of smart city development.

The above investment is indirectly held by the Company. The Group has exercised joint control on C-Bay as both joint venture partners have respectively appointed two directors out of four directors of C-Bay, and the remaining director, who is independent to both joint venture partners, was nominated and appointed by both joint venture partners. The relevant activities of C-Bay require the unanimous consent from both joint venture partners.

The total investment costs of C-Bay were HK$50,000,000, of which joint venture partners are required to subscribe the capital in aggregate of HK$30,000,000. One-third of capital injection has to be paid upon the completion of the registration of C-Bay, which was in September 2019, and the remaining two-thirds of capital injection are required to be paid within 30 years on dates mutually agreed by both joint venture partners. As at the year ended 31 December 2023, the Group has paid up HK$5,000,000 for the capital of C-Bay.

On 9 March 2025, the Group has completed the entire capital reduction of HK$5,000,000 from C-Bay. C-Bay has ceased to be a joint venture of the Group since then and the Group has no remaining interests in C-Bay.

The summarised financial information in respect of the Group's joint venture accounted for using the equity method is set out below:

	2024 **HK$'000**	2023 HK$'000
Cash and bank balances	**5,312**	5,546
Other current assets	**–**	156
Net assets	**5,312**	5,702
Reconciliation to the Group's interest in the joint venture:		
Proportion of the Group's ownership	**50%**	50%
Carrying amount of the investment	**2,656**	2,851
Revenue	**–**	–
Interest income	**63**	90
Loss for the year	**(54)**	(1,987)
Total comprehensive loss for the year	**(390)**	(1,942)

18. INVESTMENTS IN ASSOCIATES

	2024 HK$'000	2023 HK$'000
Share of net assets	**84,771**	73,013
Goodwill on acquisition recognised by the Group	**16,992**	16,992
	101,763	90,005

Particulars of the Group's principal associates are as follows:

Name	Issued ordinary/ registered share capital	Place of registration	Percentage of Ownership interest	Percentage of Voting power	Percentage of Profit sharing	Principal activities
isBIM Limited	HK$27,065,200	Hong Kong	35%	35%	35%	BIM software development, BIM consultancy services and BIM professional training services
Element Investment (Hong Kong) Limited	HK$55,000,000	Hong Kong	45.5%	45.5%	45.5%	Investment holding

On 3 August 2023, isBIM entered into a share subscription agreement with two independent third parties for the issuance of new preference shares. 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 during the year ended 31 December 2023. Further details are given in Note 10 to the consolidated financial statements.

18. INVESTMENTS IN ASSOCIATES (Continued)

The summarised financial information in respect of the Group's associates accounted for using the equity method is set out below:

	isBIM		Element Investment	
	2024	2023	**2024**	2023
	HK$'000	HK$'000	**HK$'000**	HK$'000
Current assets	**206,125**	198,901	**85,635**	14,621
Non-current assets	**44,753**	59,305	**14,250**	27,183
Current liabilities	**(37,530)**	(38,829)	**(37,392)**	(3)
Non-current liabilities	**(47,411)**	(55,352)	**–**	–
Net assets	**165,937**	164,025	**62,493**	41,801
Less: Non-controlling interests	**(1,049)**	(10,049)	**(4,318)**	–
Net assets attributable to shareholders of associates	**164,888**	153,976	**58,175**	41,801
Reconciliation to the Group's interests in the associates:				
Proportion of the Group's ownership	**35%**	35%	**45.5%**	45.5%
Group's share of net assets of the associates, excluding goodwill recognised by the Group	**57,711**	53,892	**26,943**	19,000
Goodwill on acquisition recognised by the Group	**16,992**	16,992	**–**	–
Carrying amounts of the investments	**74,703**	70,884	**26,943**	19,000
Revenue	**160,049**	40,788	**–**	–
Profit/(loss) for the year	**10,911**	2,998	**(1,285)**	–
Other comprehensive loss for the year	**–**	(28)	**–**	–
Total comprehensive income/(loss) for the year	**10,911**	2,970	**(1,285)**	–
Share of the associates' profit/(loss) for the year	**3,819**	1,049	**(585)**	–

The following table illustrates the aggregate financial information of the Group's associates that are not individually material:

	2024	2023
	HK$'000	HK$'000
Share of the associates' loss for the year	**–**	(39)
Share of net assets of the associates	**117**	121

19. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

As at 31 December 2024 and 2023, financial assets at fair value through profit or loss represents listed equity investments measured at fair value. The 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.

20. PREPAYMENTS, DEPOSITS, OTHER RECEIVABLES AND OTHER ASSETS

	Notes	**2024** **HK$'000**	2023 HK$'000
Prepayments		**12,313**	15,450
Rental and utility deposits paid		**5,748**	6,807
Prepaid staff disbursements and advances		**160**	251
Other receivables	(a)	**16,117**	13,430
Other assets	(b)	**8,181**	11,177
		42,519	47,115
Analysed into			
Non-current assets		**11,823**	9,553
Current assets		**30,696**	37,562
		42,519	47,115

Notes:

(a) As at 31 December 2024, included in other receivables was a loan amount to HK$7,600,000 (2023: HK$7,600,000) to an independent third party, which was secured by a property, with interest rate of 5.5% and repayable within one year.

(b) Other assets as at 31 December 2024 represented properties held for sale located in Mainland China at the aggregate carrying value of HK$8,181,000 (2023: HK$11,177,000). The Group entered into arrangements with certain customers which the customers settled their trade receivables due to the Group with their own properties during the year and in prior years. The directors of the Company are intended to sell those properties within one year from the end of the reporting period. Accordingly, those properties are recognised as held for sale. During the year, the Group has recognised loss on disposal and impairment of other assets of HK$2,097,000 and HK$2,772,000, respectively, based on the relevant transaction prices.

21. TRADE RECEIVABLES

	2024 HK$'000	2023 HK$'000
Bills receivable*	1,490	3,084
Trade receivables	143,694	187,206
	145,184	190,290
Impairment (note 38)	(12,145)	(11,689)
	133,039	178,601

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

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

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

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

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

Disclosure requirement related to ECLs is set out in Note 38 to the financial statements.

22. CONTRACT ASSETS

	31 December 2024 HK$'000	31 December 2023 HK$'000	1 January 2023 HK$'000
Comprehensive architectural services	**221,903**	217,717	211,694
BIM services	**–**	–	60,886
	221,903	217,717	272,580
Impairment (note 38)	**(4,277)**	(4,495)	(4,459)
	217,626	213,222	268,121

The contract assets primarily relate to the Group's right to consideration for the services rendered and not yet invoiced because the rights are conditional on the Group's future performance. The contract assets are transferred to trade receivables when the rights become unconditional.

Typical payment terms which impact on the amount of contract assets recognised are as follows:

The Group's comprehensive architectural service contracts (1 January 2023 balance also includes BIM service contracts) include payment schedules which require stage payments over the service period once certain specified milestones are achieved. The Group requires certain customers to provide upfront deposits ranging from 5% to 10% of total contract sum as part of its credit risk management policies. Typically, the Group transfers the contract assets to trade receivables as "unbilled receivables" when the Group achieves the specific milestones in the corresponding contracts.

The Group typically agrees to a retention period ranging from 6 months to 1 year for 5% of the contract value. This amount is included in contract assets until the end of the retention period as the Group's entitlement to this final payment is conditional on the completion of services. The contract asset balance in 2024 was comparable to the one in 2023. The decrease in contract asset balance in 2023 was mainly due to post COVID-19 impact. There was a delay in project progress resulted from the outbreak of COVID-19 in prior years, which progress of the projects not yet achieved the milestone as stated in the contract, then billing cannot be issued and resulted in a higher contract asset balance in 2022.

The Group classifies these contract assets as current because the Group expects to realise them in its normal operating cycle. Disclosures relating to ECLs are set out in Note 38 to the financial statements.

23. CASH AND BANK BALANCES

	2024 HK$'000	2023 HK$'000
Cash and bank balances other than time deposits	**42,253**	39,689
Time deposits placed in banks		
– With original maturity of less than three months when acquired	**15,558**	6,332
– With original maturity of more than three months when acquired	**21,284**	44,080
Sub-total	**79,095**	90,101
Less: Restricted bank balance (note (c))	**(4,492)**	–
Cash and cash equivalents	**74,603**	90,101

Notes:

(a) As at 31 December 2024, the cash and bank balances of the Group denominated in Renminbi ("RMB") amounted to HK$57,856,000 (2023: HK$71,309,000). Certain RMB maintained in Mainland China is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlements, and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

(b) Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term time deposits are made for varying periods of between two months and one year depending on the immediate cash requirements of the Group, and earn interest at the respective short-term time deposit rates.

(c) The restricted cash mainly represented (i) tender deposits of HK$2,776,000 made for the submission of bids for comprehensive architectural services and (ii) HK$1,548,000 placed in an escrow account in relation to a litigation claim for labour dispute, which has been settled in November 2024 and the restricted cash has been released in February 2025.

24. TRADE PAYABLES

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

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

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

25. OTHER PAYABLES AND ACCRUALS

	2024 HK$'000	2023 HK$'000
Refundable deposits received from customers	**3,418**	557
Accrued payroll costs and bonuses	**14,649**	17,316
Accrued expenses	**4,439**	5,912
Other payables	**9,751**	10,191
Other tax payables	**1,040**	2,169
	33,297	36,145

Notes:

(a) Other payables are non-interest bearing and have an average term of one month.

(b) Provision for reinstatement costs represents the present value of the estimated cost for the restoration work of the Group's leased office properties agreed to be carried out upon the expiry of the relevant leases. The amount of the provision for reinstatement costs is estimated based on past experience of the level of restoration work performed. The estimation basis is reviewed on an ongoing basis and revised where appropriate. The related reinstatement costs, upon initial recognition, have been included as right-of-use assets in the consolidated statement of financial position.

26. CONTRACT LIABILITIES

	31 December 2024 HK$'000	31 December 2023 HK$'000	1 January 2023 HK$'000
Comprehensive architectural services	**57,588**	77,680	98,529
BIM services	**–**	–	18,072
	57,588	77,680	116,601

The revenue recognised in the current year relating to carryforward of contract liabilities was as follows:

	2024 HK$'000	2023 HK$'000
Revenue recognised that was included in the contract liabilities at the beginning of the year – Comprehensive architectural services	**48,144**	53,682
	48,144	53,682

26. CONTRACT LIABILITIES (Continued)

Typical payment terms which impact on the amount of contract liabilities recognised are as follows:

When the Group receives a deposit before the service commences, this will give rise to contract liabilities at the start of a contract until the revenue recognised on the relevant contract exceeds the amount of the deposit. Typically, the Group receives deposits ranging from 5% to 10% of total contract sum from certain customers before the service commences.

The Group considered that the advance payments contain a financing component. In the opinion of the directors of the Company, given the consideration of the time value of money and credit characteristics of the relevant group entities, the adjusted amount is immaterial.

The decrease in contract liabilities in 2024 and 2023 was mainly due to the decrease in comprehensive architectural service fees received in advance during the year.

27. INTEREST-BEARING BANK BORROWINGS AND OTHER INTEREST-BEARING BORROWINGS

(a) Interest-bearing bank borrowings

	2024			2023		
	Effective interest rate (%)	**Maturity**	**HK$'000**	Effective interest rate (%)	Maturity	HK$'000
Current						
Revolving bank loans (Note (ii))	**Hong Kong Interbank Offered Rate ("HIBOR") +2.0-2.3**	**Revolving**	**85,000**	Hong Kong Interbank Offered Rate ("HIBOR") +1.8-2.3	Revolving	84,000

Notes:

(i) Without considering the effect of any repayment on demand clause and based on the maturity terms of the bank borrowings, the bank borrowings are repayable:

	2024 **HK$'000**	2023 HK$'000
Within one year	**85,000**	84,000

(ii) The amount was revolved on a monthly basis with the repayment on demand clause set out in the loan agreements.

(iii) All bank borrowings are dominated in Hong Kong dollars as at 31 December 2024 and 2023.

27. INTEREST-BEARING BANK BORROWINGS AND OTHER INTEREST-BEARING BORROWINGS (Continued)

(b) Other interest-bearing borrowings

	2024 HK$'000	2023 HK$'000
Within one year or on demand	**1,603**	3,883
In the second year	**363**	734
In the third to fifth years, inclusive	**–**	363
Other interest-bearing borrowings	**1,966**	4,980
Less: Amount repayable within one year or on demand and classified as current portion	**(1,603)**	(3,883)
	363	1,097

The other interest-bearing borrowings were unsecured, bear interest at rates ranging from 3.00% to 4.70% (2023: 3.00% to 4.70%) and repayable within one to five years. The balance was dominated in Hong Kong dollars.

28. DEFERRED TAX

The movements in deferred tax assets/(liabilities) during the years are as follow:

	Difference between accounting depreciation and depreciation allowance HK$'000	Temporary differences related to contract assets/ contract liabilities HK$'000	Intangible assets HK$'000	Fair value adjustments on contracts in progress HK$'000	Share options vested but not yet exercised HK$'000	Right-of-use assets HK$'000	Lease liabilities HK$'000	ECLs HK$'000	Tax loss HK$'000	Total HK$'000
At 1 January 2023	762	(591)	(1,286)	194	4,706	(3,207)	3,524	926	2,896	7,924
Deferred tax credited/ (charged) to profit or loss	103	163	71	(86)	186	(1,233)	1,146	89	3,896	4,335
Derecognised upon deemed disposal of subsidiaries	(301)	(708)	1,215	(108)	–	283	(296)	(85)	–	–
At 31 December 2023 and 1 January 2024	564	(1,136)	–	–	4,892	(4,157)	4,374	930	6,792	12,259
Deferred tax credited/ (charged) to profit or loss	85	(20)	–	–	(3,409)	2,784	(2,820)	(459)	5,650	1,811
At 31 December 2024	649	(1,156)	–	–	1,483	(1,373)	1,554	471	12,442	14,070

28. DEFERRED TAX (Continued)

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	2024 HK$'000	2023 HK$'000
Deferred tax assets	**15,226**	13,395
Deferred tax liabilities	**(1,156)**	(1,136)
	14,070	12,259

The Group has not recognised deferred tax assets in respect of cumulative tax losses arising in Hong Kong of HK$18,090,000 (2023: HK$18,218,000) and in respect of cumulative tax losses arising in Mainland China of HK$14,688,334 (2023: HK$15,058,000) as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity. Tax losses arising in Hong Kong are available indefinitely for offsetting against future taxable profits while tax losses arising in Mainland China will expire in one to five years for offsetting against future taxable profits of the companies in which the losses arose.

Pursuant to the CIT Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 5%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008. Deferred taxation has not been provided for in the financial statements in respect of temporary differences attributable to retained profits of the subsidiaries in Mainland China amounting to HK$111,071,000 (2023: HK$126,160,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

29. ISSUED CAPITAL

Ordinary shares of HK$0.01 each	Number of shares	Share capital HK$'000
Authorised		
At 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024	1,000,000,000	10,000
Issued and fully paid		
At 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024	288,260,780	2,883

All issued shares rank pari passu in all respects with each other.

30. SHARE OPTION SCHEME

The Company's Share Option Scheme was adopted pursuant to a resolution passed on 5 December 2013 for the primary purpose of providing incentives or rewards to directors and eligible employees for their contribution to the Group and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group, and expired on 5 December 2023. The total number of shares in respect of which options may be granted under the Share Option Scheme was not permitted to exceed 10% of the shares of the Company in issue at any time, without prior approval from the Company's shareholders. Options granted to substantial shareholders or independent non-executive directors or their respective associates in excess of 0.1% of the Company's share capital or with an aggregate value in excess of HK$5 million based on the closing price of the shares at the date of each grant must be approved in advance by the Company's shareholders. Options granted must be taken up within one month of the date of grant, upon payment of HK$1 per option. Options may be exercised at any time from the date of grant of the share option to the tenth anniversary of the date of grant. The exercise price was determined by the directors of the Company, and would not be less than the highest of (i) the closing price of the Company's shares on the date of grant, (ii) the average closing price of the shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's share.

Details of specific categories of options granted under the Share Option Scheme are as follows:

Grant	Grantee	Date of grants	Number of options granted	Vesting period	Exercise period	Exercise price	Fair value at grant date
2017 Grant 2*	Executive directors	28 September 2017	10,800,000	24 November 2017 to 27 September 2022	28 September 2022 to 27 September 2024	HK$2.49	HK$0.96
2017 Grant 2*	Executive directors	28 September 2017	3,100,000	28 September 2017 to 27 September 2020	28 September 2020 to 27 September 2022	HK$2.49	HK$0.85
2017 Grant 2*	Other employees	28 September 2017	11,460,000	28 September 2017 to 27 September 2020	28 September 2020 to 27 September 2022	HK$2.49	HK$0.85
2018 Grant	Executive directors	1 November 2018	10,800,000	13 December 2018 to 31 October 2023	1 November 2023 to 31 October 2025	HK$2.33	HK$0.88
2018 Grant	Executive directors	1 November 2018	3,200,000	1 November 2018 to 31 October 2021	1 November 2021 to 31 October 2023	HK$2.33	HK$0.83
2018 Grant	Other employees	1 November 2018	4,100,000	1 November 2018 to 31 October 2021	1 November 2021 to 31 October 2023	HK$2.33	HK$0.82
2019 Grant*	Executive directors	28 November 2019	4,800,000	28 November 2019 to 27 November 2022	28 November 2022 to 27 November 2024	HK$1.55	HK$0.56
2019 Grant*	Other employees	28 November 2019	4,100,000	28 November 2019 to 27 November 2022	28 November 2022 to 27 November 2024	HK$1.55	HK$0.59
2019 Grant*	Executive directors	28 November 2019	13,500,000	5 February 2020 to 27 November 2022	28 November 2022 to 27 November 2024	HK$1.55	HK$0.62
2020 Grant	Other employees	23 December 2020	3,500,000	23 December 2020 to 22 December 2023	23 December 2023 to 22 December 2025	HK$0.88	HK$0.32
2020 Grant	Executive directors	23 December 2020	4,800,000	23 December 2020 to 22 December 2023	23 December 2023 to 22 December 2025	HK$0.88	HK$0.32
2020 Grant	Executive directors	23 December 2020	8,500,000	5 March 2021 to 22 December 2023	23 December 2023 to 22 December 2025	HK$0.88	HK$0.22

* Share options lapsed.

30. SHARE OPTION SCHEME (Continued)

Details of the Company's share options held by employees and directors during the year ended 31 December 2024 were as follows:

	Outstanding at 1.1.2024	Granted during the year	Exercised during the year	Lapsed/ forfeited during the year	Outstanding at 31.12.2024
2017 Grant 2	6,300,000	–	–	(6,300,000)	–
2018 Grant	6,300,000	–	–	–	6,300,000
2019 Grant	16,400,000	–	–	(16,400,000)	–
2020 Grant	15,800,000	–	–	–	15,800,000
	44,800,000	–	–	(22,700,000)	22,100,000
Exercisable at the end of the year					22,100,000
Weighted average exercise price per share	HK$1.56	–	–	HK$1.81	HK$1.29

Details of the Company's share options held by employees and directors during the year ended 31 December 2023 were as follows:

	Outstanding at 1.1.2023	Granted during the year	Exercised during the year	Lapsed/ forfeited during the year	Outstanding at 31.12.2023
2017 Grant 2	6,500,000	–	–	(200,000)	6,300,000
2018 Grant	13,600,000	–	–	(7,300,000)	6,300,000
2019 Grant	16,400,000	–	–	–	16,400,000
2020 Grant	15,800,000	–	–	–	15,800,000
	52,300,000	–	–	(7,500,000)	44,800,000
Exercisable at the end of the year					44,800,000
Weighted average exercise price per share	HK$1.67	–	–	HK$2.41	HK$1.56

30. SHARE OPTION SCHEME (Continued)

During the year ended 31 December 2024, 22,700,000 (2023: 7,500,000) shares options were lapsed after the vesting period and no share option was forfeited within the vesting period. Share options amounting to HK$15,727,000 (2023: HK$6,206,000) were transferred from the share option reserve to retained profits.

The Company recognised expenses for the share options vested during the year of HK$2,074,000 for the year ended 31 December 2023 in relation to share options granted by the Company in prior years.

At the end of the reporting period, the Company had 22,100,000 share options outstanding under the Share Option Scheme. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 22,100,000 additional ordinary shares of the Company and additional share capital and share premium of HK$221,000 and HK$28,362,000, respectively (before issue expenses).

At the date of approval of these financial statements, the Company had 22,100,000 share options outstanding under the Share Option Scheme, which represented approximately 7.7% of the Company's shares in issue as at that date.

31. DEEMED DISPOSAL OF SUBSIDIARIES

As detailed in note 10 to the financial statements, the Group had a deemed disposal of isBIM during the year ended 31 December 2023. The assets and liabilities of isBIM as at the Completion date were as follows:

	Completion date HK$'000
Net assets disposed of:	
Property and equipment	5,147
Goodwill (note 15)	10,961
Intangible assets	8,520
Deferred tax assets	301
Contract assets	59,958
Trade receivables	34,520
Prepayments, deposits and other receivables	19,325
Cash and cash equivalents	26,247
Trade payables	(3,160)
Other payables and accruals	(10,799)
Contract liabilities	(10,517)
Interest-bearing bank borrowings	(3,003)
Lease liabilities	(3,490)
Tax payable	(2,588)
Deferred tax liabilities	(301)
Non-controlling interests	(74,819)
	56,302
Exchange fluctuation reserve realised	2,666
Other reserve	409
Gain on deemed disposal of subsidiaries, included in a discontinued operation (note 10)	10,458
Fair value of the remaining interest in isBIM	69,835

An analysis of net outflow of cash and cash equivalents in respect of the deemed disposal of subsidiaries is as follows:

	2023 HK$'000
Cash and cash equivalents disposed of and net outflow of cash and cash equivalents in respect of the deemed disposal of subsidiaries	26,247

32. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

In addition to the non-cash transactions detailed elsewhere in these financial statements, the Group had the following non-cash transactions during the year.

During the year, the Group had non-cash additions to right-of-use assets and lease liabilities of HK$214,000 (2023: HK5,068,000) and HK$214,000 (2023: HK$5,049,000), respectively, in respect of lease arrangements for office premises and staff quarters. In prior year, the Group had non-cash deductions to right-of-use assets and leases liabilities of 2023 of HK$6,665,000 and HK$7,227,000 respectively, in respect of the modification/ surrender of leases of office premises.

(b) Changes in liabilities arising from financing activities

	Lease liabilities HK$'000	Interest-bearing bank borrowings HK$'000	Other interest-bearing borrowing HK$'000
At 1 January 2023	**61,308**	**79,910**	**6,049**
Financing cash flows	**(23,912)**	**7,093**	**(1,069)**
New leases	**5,049**	**–**	**–**
Modification of leases	**(8,223)**	**–**	**–**
Deemed disposal of subsidiaries (note 31)	**(3,490)**	**(3,003)**	**–**
Interest expense	**1,995**	**–**	**–**
Interest paid classified as operating cash flows	**(1,995)**	**–**	**–**
Exchange realignment	**(869)**	**–**	**–**
At 31 December 2023 and 1 January 2024	**29,863**	**84,000**	**4,980**
Financing cash flows	**(19,142)**	**1,000**	**(3,014)**
New leases	**214**	**–**	**–**
Interest expense	**1,074**	**–**	**–**
Interest paid classified as operating cash flows	**(1,074)**	**–**	**–**
Exchange realignment	**(374)**	**–**	**–**
At 31 December 2024	**10,561**	**85,000**	**1,966**

32. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

(c) Total cash outflows for leases

The total cash outflows for leases included in the consolidated statement of cash flows are as follows:

	2024 **HK$'000**	2023 HK$'000
Within operating activities	**4,107**	6,376
Within financing activities	**19,142**	23,912
	23,249	30,288

33. CAPITAL COMMITMENT

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

34. CONTINGENT LIABILITIES

As at 31 December 2024, the Group provides guarantees amounting to HK$5,939,000 (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, it was considered to be minimal. Accordingly, no value has been recognised in the consolidated statement of financial position.

35. RELATED PARTY TRANSACTIONS

(a) Related party transactions

During the year ended 31 December 2023, the Group recognised revenue of HK$438,000 from its comprehensive architectural services and BIM services provided to BMEDI and its subsidiaries. As at 31 December 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.

(b) Compensation of key management personnel

The remuneration of directors and other members of key management is disclosed in Note 8 to the financial statements.

Save as disclosed in elsewhere to the financial statements, certain of the above related party transactions also constituted fully-exempt connected transaction of the Company under Chapter 14A of the Listing Rules.

36. FINANCIAL INSTRUMENTS BY CATEGORIES

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

Financial assets	2024 HK$'000	2023 HK$'000
Financial assets at amortised cost		
Financial assets included in prepayments, deposits, other receivables and other assets	**21,865**	20,037
Trade receivables	**133,039**	178,601
Cash and bank balances	**79,095**	90,101
	233,999	288,739
Financial assets at fair value through profit or loss – mandatorily measured as such	**7,979**	7,005
	241,978	295,744

Financial liabilities	2024 HK$'000	2023 HK$'000
Financial liabilities at amortised cost		
Trade payables	**28,984**	29,015
Financial liabilities included in other payables and accruals	**17,608**	16,660
Interest-bearing bank borrowings	**85,000**	84,000
Other interest-bearing borrowings	**1,966**	4,980
Lease liabilities	**10,561**	29,863
	144,119	164,518

37. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and bank balances, trade receivables, trade payables, financial assets included in prepayments, deposits, other receivables and other assets, interest-bearing bank borrowings, current portion of other interest-bearing borrowings and financial liabilities included in other payables and accruals which approximate to their carrying amounts largely due to the short-term maturities of these instruments or repayable on demand.

The Group's finance department headed by the chief financial officer is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The financial controller reports directly to the chief financial officer and the audit committee. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer. The valuation process and results are discussed with the audit committee twice a year for interim and annual financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of the non-current portion of deposits and other borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair value as a result of the Group's own non-performance risk for interest-bearing other borrowings as at 31 December 2023 were assessed to be insignificant and the fair value of non-current portion of deposits and other borrowings were approximately to the carrying amounts.

Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's financial instruments:

	Fair value as at				
	2024 **HK$'000**	2023 HK$'000	**Fair value hierarchy**	**Valuation technique and key inputs**	**Significant unobserved inputs**
Financial assets at fair value through profit or loss – listed equity investments	**6,479**	7,005	Level 1	Based on the quoted price	N/A
Financial assets at fair value through profit or loss – unlisted equity investment	**1,500**	–	Level 2	Based on the recent investment price	N/A
	7,979	7,005			

The Group did not have any financial liabilities measured at fair value as at 31 December 2024 and 2023.

During the years of 2024 and 2023, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's major financial instruments comprise interest-bearing bank borrowings, other interest-bearing borrowings and cash and bank balances, trade receivables, trade payables, financial assets included in prepayments, deposits, other receivables and other assets and financial liabilities included in other payables and accruals which arise directly from its operations.

The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner. The main risks arising from the Group's financial instruments are market risk including interest rate risk, currency risk, credit risk and liquidity risk.

Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to variable-rate bank balances, unsecured bank borrowings and other borrowings. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of interest rates on bank balances and other borrowings and HIBOR arising from the Group's HK$ denominated bank borrowings. It is the Group's policy to keep its borrowings at floating rates of interest so as to minimise the fair value interest rate risk.

The Group currently does not have an interest rate hedging policy. However, the management monitors interest rate exposure and will consider other necessary actions when significant interest rate exposure is anticipated.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. A 50 basis points increase or decrease is used when reporting interest rate risk internally to key management personnel and represents the management's assessment of the reasonably possible change in interest rates. Bank balances are excluded from sensitivity analysis as the directors of the Company consider that the exposure of cash flow interest rate risk arising from variable-rate bank balances is insignificant.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's post-tax loss for the year ended 31 December 2024 would decrease/increase by HK$435,000 (2023: HK$374,000). This is mainly attributable to the Group's exposure to interest rates on its variable-rate bank and other borrowings.

Currency risk

Certain financial assets at fair value through profit or loss, trade receivables, cash and bank balances and other payables of the Group are denominated in foreign currencies, which expose the Group to foreign currency risk. The Group currently does not have a foreign exchange hedging policy. However, management monitors foreign exchange exposure and will consider hedging significant foreign exchange exposure should the need arise.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Currency risk (Continued)

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the RMB exchange rate, with all other variables held constant, of the Group's loss before tax.

	Change in foreign currency rate %	**Decrease/ (increase) in loss before tax HK$'000**
2024		
If HK$ weakens against RMB	**5%**	**603**
If HK$ strengthens against RMB	**5%**	**(603)**

	Change in foreign currency rate %	Decrease/ (increase) in loss before tax HK$'000
2023		
If HK$ weakens against RMB	5%	719
If HK$ strengthens against RMB	5%	(719)

Credit risk and impairment assessment

As at 31 December 2024, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties arose from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

Trade receivables and contract assets arising from contracts with customers

As at 31 December 2024, the Group's concentration of credit risk by geographical locations of the projects is in Mainland China, which accounted for HK$95,343,000 (2023: HK$94,082,000) of the trade receivables.

The Group has a concentration of credit risk from its major customers. For the year ended 31 December 2024, aggregate revenue from the top five customers of the Group accounted for 28.8% (2023: 30.4%) of the total revenue. As at 31 December 2024, balances due from them amounted to approximately HK$13,453,000 (2023: HK$11,194,000), representing 10.1% (2023: 6.3%) of the trade receivables. These major customers are mainly property developers in Hong Kong and MENA with good reputation.

In order to minimise the credit risk, management of the Group has delegated a team responsible for determination of credit limits and credit approvals. Before accepting any new customer, the Group uses an internal credit scoring system to assess the potential customer's credit quality. Scoring attributed to customers is reviewed once a year. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. In addition, the Group performs impairment assessment under the ECL model on the balance including trade receivables and contract assets based on provision matrix. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Credit risk and impairment assessment (Continued)

Bank balances

The credit risk on bank balances is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

Other receivables

The Group has considered that credit risk on other receivables has not increased significantly since initial recognition and has assessed the expected credit loss rate under the 12-month ECL method based on the Group's assessment in the risk of default of the respective counterparties.

As at 31 December 2024 and 2023, the Group has assessed that the expected loss rates for other receivables were immaterial. Thus, no loss allowance for other receivables was recognised.

The Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Trade receivables/ contract assets	Other financial assets
High	The counterparties are multinational companies, listed companies or entities in public sectors which have a low risk of default based on information developed internally or external resources	Lifetime ECL – not credit-impaired	12-month ECL
Medium	The counterparties are unlisted entities or small to medium entities	Lifetime ECL – not credit-impaired	12-month ECL
Low	There have been significant increases in credit risk since initial recognition based on information developed internally or external resources	Lifetime ECL – not credit-impaired	Lifetime ECL – not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Lifetime ECL – credit-impaired	Lifetime ECL – credit-impaired

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Credit risk and impairment assessment (Continued)

The tables below detail the credit risk exposure of the Group's financial assets and contract assets, which are subject to ECL assessment:

	Notes	External credit rating	Internal credit rating	12-month or lifetime ECL	2024 Gross carrying amount HK$'000	2024 Gross carrying amount HK$'000	2023 Gross carrying amount HK$'000	2023 Gross carrying amount HK$'000
Financial assets at amortised cost								
Trade receivables[1]	21	N/A	High	Lifetime ECL (provision matrix)	79,163		100,081	
			Medium	Lifetime ECL (provision matrix)	47,536		73,599	
			Low	Lifetime ECL (provision matrix)	6,059		4,576	
			Loss	Credit-impaired	10,936	143,694	8,950	187,206
Bill receivables	21	N/A	High	12-month ECL	1,490	1,490	3,084	3,084
Bank balances	23	A-3 to A-1+	N/A	12-month ECL	79,095	79,095	90,101	90,101
Rental and utility deposits[2]	20	N/A	High	12-month ECL	5,748	5,748	6,807	6,807
Other receivables[2]	20	N/A	High	12-month ECL	16,117	16,117	13,430	13,430
Other items								
Contract assets[1]	22	N/A	High	Lifetime ECL (provision matrix)	133,559		136,382	
			Medium	Lifetime ECL (provision matrix)	77,503		75,437	
			Low	Lifetime ECL (provision matrix)	8,500		4,580	
			Loss	Credit-impaired	2,341	221,903	1,318	217,717

Notes:

1. For trade receivables and contract assets, the Group has applied the simplified approach to measure the loss allowance based on lifetime ECLs. Except for debtors which are credit-impaired, the Group determines the expected credit losses on these items by using a provision matrix, grouped by internal credit rating.

2. For the purposes of internal credit risk management, the Group uses past due information to assess whether credit risk has increased significantly since initial recognition.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Credit risk and impairment assessment (Continued)

The information about the exposure to credit risk for trade receivables and contract assets as at 31 December was as follows:

Gross carrying amount

	2024			2023		
Internal credit rating	Average loss rate	Trade receivables HK$'000	Contract assets HK$'000	Average loss rate	Trade receivables HK$'000	Contract assets HK$'000
Grades 1 to 5: High	**0.17%**	**79,163**	**133,559**	0.20%	100,081	136,382
Grade 6: Medium	**1.06%**	**47,536**	**77,503**	1.72%	73,599	75,437
Grades 7 to 8: Low	**7.57%-10.94%**	**6,059**	**8,500**	37%-50%	4,576	4,580
Grade 9: loss	**100%**	**10,936**	**2,341**	50%-100%	8,950	1,318
		143,694	**221,903**		187,206	217,717

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by management to ensure that relevant information about specific debtors is updated.

The movements in lifetime ECLs that have been recognised for trade receivables under the simplified approach are as follows:

	2024			2023		
	Lifetime ECL (not credit-impaired) HK$'000	Lifetime ECL (credit-impaired) HK$'000	Total HK$'000	Lifetime ECL (not credit-impaired) HK$'000	Lifetime ECL (credit-impaired) HK$'000	Total HK$'000
At beginning of year	**3,396**	**8,293**	**11,689**	3,194	10,052	13,246
Transfer to credit-impaired	**(4,648)**	**4,648**	**–**	(1,501)	1,501	–
Provision of impairment losses	**4,190**	**625**	**4,815**	3,653	–	3,653
Reversal of impairment losses	**(1,662)**	**(2,468)**	**(4,130)**	(1,687)	(389)	(2,076)
Derecognised upon deemed disposal of a subsidiary	**–**	**–**	**–**	(251)	(2,734)	(2,985)
Exchange realignment	**(67)**	**(162)**	**(229)**	(12)	(137)	(149)
At end of year	**1,209**	**10,936**	**12,145**	3,396	8,293	11,689

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Credit risk and impairment assessment (Continued)

Gross carrying amount (Continued)

The movements in lifetime ECLs that have been recognised for contract assets under the simplified approach are as follows:

	2024 **HK$'000**	2023 HK$'000
At beginning of year	**4,495**	4,459
Provision for impairment losses, net	**(72)**	489
Deemed disposal of subsidiaries	**–**	(295)
Exchange realignment	**(146)**	(158)
At end of year	**4,277**	4,495

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of interest-bearing bank borrowings and ensures compliance with loan covenants.

At 31 December 2024, the Group had available unutilised bank facilities of HK$5,000,000 (2023: HK$56,000,000). The banks may at any time immediately modify, withdraw, terminate, cancel, suspend or make demand for repayment of the whole or any part of the facilities or vary the terms applicable to the facilities.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Liquidity risk (Continued)

The table below shows the maturity profile including both interest and principal cash flows of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments. To the extent that interest flows are at floating rates, the undiscounted amount is derived from the interest rate curve at the end of the reporting period.

	Weighted average interest rate	On demand or less than 1 year	Over 1 year but less than 2 years	Over 2 years but less than 5 years	Total undiscounted cash flows	Carrying amount at 31 December
	%	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
2024						
Trade payables	**n/a**	**28,984**	**–**	**–**	**28,984**	**28,984**
Financial liabilities included in other payables and accruals	**n/a**	**17,608**	**–**	**–**	**17,608**	**17,608**
Lease liabilities	**2.66**	**8,659**	**2,189**	**–**	**10,848**	**10,561**
Interest-bearing bank borrowings	**4.92**	**85,459**	**–**	**–**	**85,459**	**85,000**
Other interest-bearing borrowings	**3.19**	**1,801**	**413**	**–**	**2,214**	**1,966**
		142,511	**2,602**	**–**	**145,113**	**144,119**
2023						
Trade payables	n/a	29,015	–	–	29,015	29,015
Financial liabilities included in other payables and accruals	n/a	16,660	–	–	16,660	16,660
Lease liabilities	4.03	20,262	8,645	2,224	31,131	29,863
Interest-bearing bank borrowings	7.45	84,521	–	–	84,521	84,000
Other interest-bearing borrowings	3.13	4,123	852	427	5,402	4,980
		154,581	9,497	2,651	166,729	164,518

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Liquidity risk (Continued)

Note:

Included in the above interest-bearing bank borrowings of the Group are term loans and revolving loans with a carrying amount of HK$85,000,000 (2023: HK$84,000,000). The loan agreements contain a repayment on demand clause giving the bank the unconditional right to call the loans at any time and therefore, for the purpose of the above maturity profile, the total amount is classified as "on demand".

Notwithstanding the above clause, the directors do not believe that the loans will be called in its entirety within 12 months from the end of the reporting period, and they consider that the loans will be repaid in accordance with the maturity dates as set out in the loan agreements. This evaluation was made considering: the financial position of the Group at the date of approval of the financial statements, the lack of events of default, and the fact that the Group has made all previously scheduled repayments on time.

In accordance with the terms of the loans which contain a repayment on-demand clause, the maturity profile of those loans as at 31 December, based on the contractual undiscounted payments and ignoring the effect of any repayment on demand clause, is as follows:

	Weighted average interest rate %	On demand or less than 1 year HK$'000	Over 1 year but less than 2 years HK$'000	Over 2 years but less than 5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount at 31 December HK$'000
2024						
Interest-bearing bank borrowings	**4.92**	**85,459**	**–**	**–**	**85,459**	**85,000**
2023						
Interest-bearing bank borrowings	7.45	84,521	–	–	84,521	84,000

Capital Risk Management Policies and Objectives

The objectives of the management of the Group for managing capital are to safeguard the Group's ability as a going concern in order to provide returns for shareholders and to support future development of business through optimisation of debt and equity balances. The Group's strategy remains unchanged from the prior year.

The capital structure of the Group consists of net debt, which includes the unsecured bank borrowings and other borrowings disclosed in Note 27 to the consolidated financial statements, net of cash and bank balances and equity attributable to owners of the Company, comprising issued capital, reserves and retained profits.

The Group reviews the capital structure periodically and manages its overall structure through payment of dividends, new share issues as well as issue of new debt or redemption of existing debt.

39. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2024 HK$'000	2023 HK$'000
Non-current assets		
Investments in subsidiaries	**107,046**	94,007
Due from subsidiaries	**175,339**	173,351
Total non-current assets	**282,385**	267,358
Current assets		
Other receivables	**802**	431
Due from subsidiaries	**9,416**	54,995
Cash and bank balances	**2,614**	2,722
Total current assets	**12,832**	58,148
Current liabilities		
Accruals	**–**	183
Total current liabilities	**–**	183
Net current assets	**12,832**	57,965
Net assets	**295,217**	325,323
Equity		
Issued capital	**2,883**	2,883
Reserves (Note)	**292,334**	322,440
Total equity	**295,217**	325,323

39. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

Note:

A summary of the Company's reserve is as follows:

	Share premium HK$'000	Share option reserve HK$'000	Retained profits/ (accumulated losses) HK$'000	Total HK$'000
At 1 January 2023	283,501	28,845	(2,354)	309,992
Profit and total comprehensive income for the year	–	–	10,374	10,374
Equity-settled share-option arrangements	–	2,074	–	2,074
Transfer of share option reserve to retained profits	–	(6,206)	6,206	–
At 31 December 2023 and at 1 January 2024	283,501	24,713	14,226	322,440
Loss and total comprehensive loss for the year	–	–	(30,106)	17,354
Equity-settled share option arrangements	–	–	–	–
Transfer of share option reserve to retained profits	–	–	–	–
At 31 December 2024	283,501	24,713	(15,880)	292,334

40. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 26 March 2025.

FINANCIAL SUMMARY

	For the year ended 31 December				
	2020 HK$'000	2021 HK$'000	2022 HK$'000	2023 HK$'000	**2024** **HK$'000**
RESULTS					
Revenue	717,172	861,990	682,667	454,250	**401,303**
PROFIT/(LOSS) FOR THE YEAR	14,243	4,505	(11,136)	(19,080)	**(14,419)**
Attributable to:					
Shareholders of the Company	9,498	(1,139)	(18,797)	(21,240)	**(14,851)**
Non-controlling interests	4,745	5,644	7,661	2,160	**432**
	14,243	4,505	(11,136)	(19,080)	**(14,419)**

	As at 31 December				
	2020 HK$'000	2021 HK$'000	2022 HK$'000	2023 HK$'000	**2024** **HK$'000**
ASSETS AND LIABILITIES					
Total assets	884,269	903,524	834,203	683,198	**619,885**
Total liabilities	(391,195)	(381,472)	(328,581)	(265,203)	**(220,822)**
NET ASSETS	493,074	522,052	505,622	417,995	**399,063**
Equity attributable to:					
Shareholders of the Company	446,473	468,912	438,182	415,771	**396,407**
Non-controlling interests	46,601	53,140	67,440	2,224	**2,656**
TOTAL EQUITY	493,074	522,052	505,622	417,995	**399,063**