



# ZHI CHENG HOLDINGS LIMITED

智城控股有限公司\*

*(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)*  
(Stock Code: 8130)



Third Quarterly Report 2013

\* For identification only

## **CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

**GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.**

**Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.**

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*This report, for which the directors (the “Directors”) of Zhi Cheng Holdings Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material aspects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.*

## UNAUDITED QUARTERLY RESULTS

The board of Directors (the “Board”) of Zhi Cheng Holdings Limited (the “Company”) presents the unaudited condensed consolidated results (the “Unaudited Consolidated Results”) of the Company and its subsidiaries (the “Group”) for the three months and the nine months ended 31 December 2013, together with the comparative unaudited figures for 2012 as follows:

### CONDENSED CONSOLIDATED INCOME STATEMENT

	Notes	For the three months ended 31 December		For the nine months ended 31 December	
		2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000
Turnover	4	6,535	8,021	23,845	26,763
Cost of sales		(1,753)	(6,221)	(9,408)	(19,062)
Gross profit		4,782	1,800	14,437	7,701
Other income and gains	5	4	138	8	390
Administrative expenses		(27,855)	(28,834)	(54,000)	(83,434)
Impairment loss recognised in respect of intangible assets		-	-	-	(139,538)
Gain on cancellation of convertible bonds		-	-	-	212,705
Loss on disposal of available- for-sale investments		-	(12,400)	-	(12,400)
<b>Loss from operations</b>	6	<b>(23,069)</b>	<b>(39,296)</b>	<b>(39,555)</b>	<b>(14,576)</b>
Finance costs	7	(84)	(5)	(103)	(12,093)
<b>Loss before taxation</b>		<b>(23,153)</b>	<b>(39,301)</b>	<b>(39,658)</b>	<b>(26,669)</b>
Income tax expense	8	(498)	-	(1,963)	-
<b>Loss for the period</b>		<b>(23,651)</b>	<b>(39,301)</b>	<b>(41,621)</b>	<b>(26,669)</b>
<b>(Loss)/profit for the period attributable to:</b>					
owners of the Company		(25,243)	(38,117)	(44,589)	(25,101)
non-controlling interests		1,592	(1,184)	2,968	(1,568)
		<b>(23,651)</b>	<b>(39,301)</b>	<b>(41,621)</b>	<b>(26,669)</b>
<b>Loss per share:</b>		<b>HK cents</b>	<b>HK cents</b>	<b>HK cents</b>	<b>HK cents</b>
- Basic and diluted	9	(6.33)	(11.67)	(12.15)	(7.76)

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	For the three months ended 31 December		For the nine months ended 31 December	
	2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000
<b>Loss for the period</b>	<b>(23,651)</b>	(39,301)	<b>(41,621)</b>	(26,669)
<b>Other comprehensive (expense)/ income for the period</b>				
Exchange differences on translation of financial statements of foreign subsidiaries	(422)	390	(50)	407
Fair value changes on available- for-sale investments	-	2,700	-	-
Reclassification adjustment relating to available-for-sale investments disposed of during the period	-	10,000	-	10,000
<b>Other comprehensive (expense)/ income for the period</b>	<b>(422)</b>	13,090	<b>(50)</b>	10,407
<b>Total comprehensive expense for the period</b>	<b>(24,073)</b>	(26,211)	<b>(41,671)</b>	(16,262)
<b>Total comprehensive (expense)/ income attributable to:</b>				
owners of the Company	(25,785)	(25,098)	(44,830)	(14,804)
non-controlling interests	1,712	(1,113)	3,159	(1,458)
	<b>(24,073)</b>	(26,211)	<b>(41,671)</b>	(16,262)

## NOTES

### 1. GENERAL INFORMATION

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 9 November 2001 and continued in Bermuda on 20 April 2009. The Company's shares have been listed on the Growth Enterprise Market (the "GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 26 August 2002.

The registered office and principal place of business of the Company are located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and Suites 802-4, 8th Floor, Ocean Centre, Harbour City, 5 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong respectively.

The Unaudited Consolidated Results are presented in Hong Kong dollars ("HK\$"), which is the same as the functional currency of the Company and all values are rounded to the nearest thousand (HK\$'000) except otherwise indicated.

The Company's principal activity is investment holding and the principal activities of its subsidiaries are provision of medical information digitalisation system, property investment, provision of consultancy services, advertising and media related services and the provision of project management services.

### 2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

The accounting policies used in the preparation of the Unaudited Consolidated Results are consistent with those used in the annual financial statements of the Group for the year ended 31 March 2013, except for the impact of the adoption of the new and revised Hong Kong Accounting Standard ("HKASs"), Hong Kong Financial Reporting Standards and interpretations described below.

In the current period, the Group has applied, for the first time, the following new and revised standards and interpretations (collectively referred to as the "new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). A summary of the new and revised HKFRSs adopted by the Group is set out as follows:

HKAS 1 (Amendments)	Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income
HKAS 19 (Revised)	Employee Benefits
HKAS 27 (Revised)	Separate Financial Statement
HKAS 28 (Revised)	Investments in Associates and Joint Ventures
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2009-2011 Cycle Issued in June 2012
HKFRS 1 (Amendments)	Government Loans
HKFRS 7 (Amendments)	Disclosures – Offsetting Financial Assets and Financial Liabilities
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurements
HKFRS 10, HKFRS 11 and HKFRS 12 (Amendments)	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
HK (IFRIC)-Int 20	Stripping Costs in the Production Phase of a Surface Mine

The adoption of the new and revised HKFRSs has no material effect on the Unaudited Consolidated Results for the current or prior accounting period.

### 3. BASIS OF PREPARATION AND CONSOLIDATION

The Unaudited Consolidated Results have been prepared in accordance with all applicable HKFRSs, which is a collective term that includes all applicable individual HKFRSs, HKASs and Interpretations (“Ints”) issued by the HKICPA. In addition, the Unaudited Consolidated Results include applicable disclosures required by the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the “GEM Listing Rules”) and by the Hong Kong Companies Ordinance.

The measurement basis used in the preparation of the Unaudited Consolidated Results is the historical cost convention, as modified for the revaluation of certain financial instruments and investment property which are stated at their fair values.

The preparation of Unaudited Consolidated Results in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies.

The accounting policies and basis of preparation adopted in the preparation of the Unaudited Consolidated Results are consistent with those adopted in the annual financial statements for the year ended 31 March 2013.

All intra-group transactions, balances, incomes and expenses are eliminated in full on consolidation. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealized gains but only to the extent that there is no evidence of impairment.

Non-controlling interests in subsidiaries are presented separately from the Group’s equity therein.

### 4. TURNOVER

	For the three months ended 31 December		For the nine months ended 31 December	
	2013 (Unaudited) HK\$’000	2012 (Unaudited) HK\$’000	2013 (Unaudited) HK\$’000	2012 (Unaudited) HK\$’000
Gross rental income from investment properties	392	421	1,368	1,299
Provision of MIDS	21	3,191	4,027	9,224
Provision of consultancy services	226	293	677	834
Provision of advertising and media related services	5,456	3,707	16,329	14,449
Provision of project management services	440	409	1,444	957
Total	6,535	8,021	23,845	26,763

## 5. OTHER INCOME AND GAINS

	For the three months ended 31 December		For the nine months ended 31 December	
	2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000
Bank interest income	2	85	6	289
Interest income on loan to an independent third party	–	–	–	26
Other income	2	53	2	75
	<u>4</u>	<u>138</u>	<u>8</u>	<u>390</u>

## 6. LOSS FROM OPERATIONS

	For the three months ended 31 December		For the nine months ended 31 December	
	2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000
Amortisation of intangible assets	5,741	14,302	17,202	48,241
Depreciation of property, plant and equipment	462	290	1,246	906
Net foreign exchange loss/(gain)	92	133	(44)	435
Staff costs (including directors' remuneration)	15,235	7,248	21,372	15,924
	<u>15,235</u>	<u>7,248</u>	<u>21,372</u>	<u>15,924</u>

## 7. FINANCE COSTS

	For the three months ended 31 December		For the nine months ended 31 December	
	2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000
Interest on bank loan wholly repayable within five years	84	5	103	23
Effective interest expenses on convertible bonds wholly repayable over five years	–	–	–	12,070
	<u>84</u>	<u>5</u>	<u>103</u>	<u>12,093</u>

## 8. INCOME TAX EXPENSE

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both periods. PRC subsidiaries are subject to PRC Enterprise Income Tax at 25% for both periods. Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

No provision for Hong Kong Profits Tax has been made for both periods as the Company and its subsidiaries have no assessable profits arising in Hong Kong or taxable profits were wholly absorbed by estimated tax losses brought forward.

The Group had no significant unprovided deferred tax assets and liabilities at 31 December 2013 (2012: Nil).

## 9. LOSS PER SHARE

The calculation of the basic loss per share is based on the loss attributable to owners of the Company for the three months ended 31 December 2013 of approximately HK\$25.2 million (2012: HK\$38.1 million) and loss attributable to owners of the Company for the nine months ended 31 December 2013 of approximately HK\$44.6 million (2012: HK\$25.1 million) and the weighted average of 398,675,066 shares in issue during the three months ended 31 December 2013 (2012: 326,575,066 shares) and the weighted average of 367,040,157 shares in issue during the nine months ended 31 December 2013 (2012: 323,454,775 shares).



## 10. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Equity attributable to equity shareholders of the Company												
	Issued capital (Unaudited) HK\$'000	Share premium (Unaudited) HK\$'000	Share contributed surplus (Unaudited) HK\$'000	Available-for-sale investments revaluation reserve (Unaudited) HK\$'000	Share-based compensation reserve (Unaudited) HK\$'000	Convertible bonds reserve (Unaudited) HK\$'000	Statutory reserve (Unaudited) HK\$'000	Translation reserve (Unaudited) HK\$'000	Accumulated losses (Unaudited) HK\$'000	Total (Unaudited) HK\$'000	Non-controlling interests (Unaudited) HK\$'000	Total equity (Unaudited) HK\$'000
At 1 April 2012	3,216	1,207,308	325,798	(10,000)	991	351,687	402	5,396	(1,211,879)	672,919	-	672,919
Loss for the period	-	-	-	-	-	-	-	-	(25,101)	(25,101)	(1,568)	(26,669)
Other comprehensive income for the period	-	-	-	10,000	-	-	-	297	-	10,297	110	10,407
Total comprehensive income/(expense) for the period	-	-	-	10,000	-	-	-	297	(25,101)	(14,804)	(1,458)	(16,262)
Non-controlling interest arising from acquisition of subsidiaries	-	-	-	-	-	-	-	177	-	177	8,519	8,696
Exercise of share options	50	1,250	-	-	(248)	-	-	-	-	1,052	-	1,052
Lapsed of share options	-	-	-	-	(743)	-	-	-	743	-	-	-
Cancellation of convertible bonds	-	-	-	-	-	(351,687)	-	-	351,687	-	-	-
Grant of shares options	-	-	-	-	2,647	-	-	-	-	2,647	-	2,647
At 31 December 2012	3,266	1,208,558	325,798	-	2,647	-	402	5,870	(894,550)	661,991	7,061	669,052
At 1 April 2013	3,266	1,208,558	325,798	-	2,647	-	605	5,756	(1,196,126)	350,504	8,617	359,121
(Loss)/profit for the period	-	-	-	-	-	-	-	-	(44,589)	(44,589)	2,968	(41,621)
Other comprehensive (expense)/income for the period	-	-	-	-	-	-	-	(241)	-	(241)	191	(50)
Total comprehensive (expense)/income for the period	-	-	-	-	-	-	-	(241)	(44,589)	(44,830)	3,159	(41,671)
Transfer of statutory reserves	-	-	-	-	-	-	589	-	(589)	-	-	-
Placing of new shares	591	24,628	-	-	-	-	-	-	-	25,219	-	25,219
Share issue expenses	-	(633)	-	-	-	-	-	-	-	(633)	-	(633)
Exercise of share options	130	3,497	-	-	(1,059)	-	-	-	-	2,568	-	2,568
Grant of share options	-	-	-	-	12,004	-	-	-	-	12,004	-	12,004
At 31 December 2013	3,987	1,236,050	325,798	-	13,592	-	1,194	5,515	(1,241,304)	344,832	11,776	356,608

## MANAGEMENT DISCUSSION AND ANALYSIS

### Dividend

The Board does not recommend the payment of any dividend for the nine months ended 31 December 2013 (2012: Nil).

### Business Review

#### *Provision of medical information digitalisation system*

The core focus on PRC's medical information market in 2014 is to implement healthcare information platform for the general population by constructions on universal healthcare protection information systems and information projects that provide convenience to the population. The co-operation with local healthcare information technology providers continues with hurdles to overcome in both time and resource aspects.

During the period under review, the revenue contributed by such segment was approximately HK\$4.0 million (2012: HK\$9.2 million).

#### *Property investment*

During the period under review, the revenue contributed by such segment was HK\$1.4 million (2012: HK\$1.3 million) and was mainly derived from the leasing of an investment property located at Canada.

#### *Provision of consultancy services*

Mobile data services have become an essential part of mobile telecommunications as instant messaging based on data services have replaced the traditional short message service as indicated from mobile usage statistics.

During the period under review, the revenue contributed by such segment was HK\$0.7 million (2012: HK\$0.8 million).

#### *Advertising and media related services*

Apart from the current portfolio located in the PRC, advertising and media related services in Hong Kong are being looked into as continual development. During the period under review, the revenue contributed by such segment was HK\$16.3 million (2012: HK\$14.4 million).

#### *Provision of project management services*

The third iteration of the system provides home-school interaction features together with messaging via microblogging services. These new services require a centralized infrastructure platform and often associated with additional operating cost.

During the period under review, the revenue contributed by such segment was HK\$1.4 million (2012: HK\$1.0 million).

## **MANAGEMENT DISCUSSION AND ANALYSIS** *(Continued)*

### **Financial Review**

For the nine months ended 31 December 2013 the revenue of the Group was approximately HK\$23.8 million, of which HK\$4.0 million (2012: HK\$9.2 million) was generated from the rollout of MIDS, HK\$16.3 million (2012: HK\$14.4 million) was generated from advertising and media services, HK\$1.4 million (2012: HK\$1.3 million) was generated from the leasing of an investment property located at Canada, HK\$0.7 million (2012: HK\$0.8 million) was generated from consultancy services, and HK\$1.4 million (2012: HK\$1.0 million) was generated from project management services.

Loss attributable to owners of the Company for the nine months ended 31 December 2013 amounted to approximately HK\$44.6 million (2012: HK\$25.1 million). The increase in loss reflects the effect of a substantial gain arising from the cancellation of convertible bonds during the prior period which is non-recurrent during the current period.

Finance costs decreased to approximately HK\$0.1 million from HK\$12.1 million in the prior year. The decrease was mainly attributed to the cancellation of convertible bonds issued by the Company the interest on which is no longer payable.

Administrative expenses decreased 35.3% to approximately HK\$54.0 million from HK\$83.4 million in the prior year. The decrease was mainly attributed to a reduction of the amortisation expenses of intangible assets to approximately HK\$17.2 million (2012: HK\$48.2 million).

On 4 December 2013, the Company and SBI E2-Capital Financial Services Limited (the “Placing Agent”) entered into a conditional placing agreement, pursuant to which, the Placing Agent has conditionally agreed, on a best effort basis, for and on behalf of the Company, to place to not less than six independent placees of up to 40,000,000 placing shares at a placing price of HK\$0.66 per placing share. The placing was lapsed on 3 January 2014 due to recent market conditions.

### **Significant Investment**

At 31 December 2013, the Group did not hold any significant investment.

### **Future Plans**

With the PRC continue its more-aggressive foreign-exchange reforms, evident by a pilot free-trade zone to facilitate cross-border investments, combine with the rising importance of the currency renminbi as reflected in the gradual rise in global usage and the appreciation of the currency, represents opportunities in the capital markets in the Greater China area. The Company is expanding into the financial services sector through establishment of a finance leasing company in the PRC and also a proposed acquisition of a licensed corporation in Hong Kong.

On the other hand, Hong Kong also continues to benefit from the Individual Visit Scheme where it attributed to about half of all visitors to Hong Kong from a recent report and the overall tourism industry is expected to flourish under the surge of inbound tourists. The Company is also expanding into the travel and travel-related businesses in which a subsidiary in Hong Kong have been granted a Travel Agent’s License and primarily focus on corporate customers.

## MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

### Future Plans (Continued)

On 29 November 2013, the Company entered into an offer letter in respect of the possible acquisition of the entire issued share capital of a licensed corporation to carry on business in type 1 regulated activity under the SFO and subsequently on 29 January 2014, a wholly-owned subsidiary of the Company entered into an agreement with the vendor for the conditional acquisition of the entire issued share capital of the licensed corporation. The proposed acquisition would enable the Company to broaden its portfolio of services in the financial services business segment through direct investment in and hands-on management and operation of the licensed corporation. If the proposed acquisition is completed, the Group is expected to take advantage of the future exponential growth in renminbi capital markets and continuous products development, especially in the Greater China region, by diversifying its business into the financial services sector in Hong Kong and to broaden the Group's revenue base.

## OTHER INFORMATION

### Directors' and Chief Executive's Interests and Short Positions in the Shares, Underlying Shares and Debenture of the Company and its Associated Corporations

At 31 December 2013, the interests and short position of the directors and chief executive of the Company and their associates in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Hong Kong Securities and Futures Ordinance ("SFO")), which were notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they have taken or deemed to have taken under such provisions of the SFO); or which are required to be 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 Rule 5.46 of the GEM Listing Rules, are as follows:

#### Long positions in ordinary shares of HK\$0.01 each of the Company

Name of director	Interest of underlying shares	Percentage of the Company's issued share capital
Mr. Lien Wai Hung	3,260,000 (Note 1)	0.82%
Mr. Lui Wing Fong, Alexander	3,260,000 (Note 2)	0.82%

#### Notes:

- Mr. Lien Wai Hung, an executive director, is deemed to be interested in 3,260,000 shares which fall to be issued upon exercise of the 3,260,000 share options of the Company.
- Mr. Lui Wing Fong, Alexander, an executive director, is deemed to be interested in 3,260,000 shares which fall to be issued upon exercise of the 3,260,000 share options of the Company.

**OTHER INFORMATION** (Continued)**Interest in associated corporations of the Company**

Mr. Lui Wing Fong, Alexander, in his capacity as a beneficial owner had, as at 31 December 2013, personal interests in 80 ordinary shares, representing approximately 40% of the issued share capital in Keen Renown Limited.

**Share Option Scheme**

The Company adopted a new share option scheme (the “New Share Option Scheme”) pursuant to a resolution passed at the annual general meeting of the Company on 25 September 2012. The principal terms of the New Share Option Scheme have been set out in note 41 to the financial statements as included in the annual report of the Company for the year ended 31 March 2013.

Details of the Company’s share options granted under the share option schemes are as follows:

Date of grant	Category of eligible persons	Exercise price	Exercise period	Outstanding at 1/4/2013	Granted during the period	Exercised during the period	Lapsed during the period	Cancelled during the period	Outstanding at 31/12/2013
04/12/2012	Directors	HK\$0.197	04/12/2012 to 03/12/2015	6,520,000	-	-	-	-	6,520,000
	Employees	HK\$0.197	04/12/2012 to 03/12/2015	26,080,000	-	13,040,000	-	-	13,040,000
04/12/2013	Employees	HK\$0.730	04/12/2013 to 03/12/2016	-	3,980,000	-	-	-	3,980,000
	Consultants	HK\$0.730	04/12/2013 to 03/12/2016	-	27,860,000	-	-	-	27,860,000
				<u>32,600,000</u>	<u>31,840,000</u>	<u>13,040,000</u>	<u>-</u>	<u>-</u>	<u>51,400,000</u>

**Directors and Chief Executives’ Rights to Acquire Shares or Debentures**

Save as disclosed above, at 31 December 2013, neither the Company nor any of its subsidiaries was a party to any arrangements to enable the directors and chief executive of the Company to acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate, and none of the directors and chief executive of the Company or their spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such rights.

**OTHER INFORMATION** *(Continued)***Substantial Shareholders**

At 31 December 2013, the register of substantial shareholders maintained by the Company under Section 336 of the SFO showed that, other than the interests disclosed above in respect of certain directors, the following shareholders had an interest of 5% or more in the issued share capital of the Company:

***Long position in ordinary shares of HK\$0.01 each of the Company***

<b>Name of shareholder</b>	<b>Capacity</b>	<b>Interest in shares</b>	<b>Percentage of the Company's issued share capital</b>
Growth Harvest Limited	Beneficial owner <i>(Note 1)</i>	64,640,710	16.21%
Treasure Bonus Limited	Interest of controlled corporation <i>(Note 1)</i>	64,640,710	16.21%
Ms. Tan Ting Ting	Interest of controlled corporation <i>(Note 1)</i>	64,640,710	16.21%

***Note:***

1. Treasure Bonus Limited ("Treasure Bonus") owns 72% of the issued share capital of Growth Harvest Limited and Treasure Bonus are wholly and beneficially owned by Ms. Tan Ting Ting. Each of Treasure Bonus and Ms. Tan Ting Ting is deemed to be interested in the 64,640,710 shares.

Save as disclosed above, at 31 December 2013, the Company has not been notified of any persons (other than the Directors or chief executive of the Company) who had interests or short positions in the shares and underlying shares of the Company which were to be recorded in the register required to be kept under Section 336 of the SFO and/or who were directly or indirectly interested in 5% or more of the issued share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group.

**Competing Interest**

At 31 December 2013, none of the directors, management shareholders and substantial shareholders, or their respective associates had any interests in any business which competes or may compete with the business of the Group pursuant to Rule 11.04 of the GEM Listing Rules.

**Purchase, Sale or Redemption of Listed Securities of the Company**

The Company has not redeemed any of its listed securities during the period. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's listed securities during the nine months ended 31 December 2013.

## **OTHER INFORMATION** *(Continued)*

### **Corporate Governance**

Save as disclosed below, the Company complied with the Code of Corporate Governance Practices as set out in Appendix 15 of the GEM Listing Rules for the nine months ended 31 December 2013.

Under the Code provision A.4.1, all the non-executive directors should be appointed for a specific term, subject to re-election. The term of office for non-executive directors is subject to retirement from office by rotation and is eligible for re-election in accordance with the provisions of the Company's bye-laws. At each annual general meeting, one-third of the directors for the time being, (or if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation. As such, the Company considers that such provisions are sufficient to meet the underlying objective of this code provision.

### **Code of Conduct Regarding Securities Transactions by Directors**

During the nine months ended 31 December 2013, the Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiries of all Directors, all the Directors confirmed they have complied with the required standards of dealings and the code of conduct regarding securities transactions by Directors adopted by the Company.

### **Audit Committee**

The Company has established an audit committee with written terms of reference in compliance with Rules 5.28 to 5.29 of the GEM Listing Rules. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control procedures of the Group. The audit committee comprised four independent non-executive directors namely, Mr. Ho Chun Ki, Frederick, Mr. Lai Miao Yuan, Mr. Chong Yiu Kan, Sherman and Mr. Tam Kin Yip. The audit committee has reviewed the Group's unaudited consolidated financial statements for the nine months ended 31 December 2013.

### **Board of Directors**

At the date of this report, the executive Directors are Mr. Lien Wai Hung, Mr. Lui Wing Fong, Alexander and Mr. Wei Shu Jun; the independent non-executive Directors are Mr. Ho Chun Ki, Frederick, Mr. Lai Miao Yuan, Mr. Chong Yiu Kan, Sherman and Mr. Tam Kin Yip.

By Order of the Board  
**Zhi Cheng Holdings Limited**  
**Lien Wai Hung**  
*Chairman*

Hong Kong, 14 February 2014