



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 2014

* For identification only

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

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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 2014, together with the comparative unaudited figures for 2013 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	For the three months ended 31 December		For the nine months ended 31 December	
		2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
Turnover	4	8,078	6,535	24,155	23,845
Cost of sales		(6,693)	(1,753)	(18,151)	(9,408)
Gross profit		1,385	4,782	6,004	14,437
Other income and gains	5	33	4	5,110	8
Administrative expenses		(22,256)	(27,855)	(62,822)	(54,000)
Gain on bargain purchase		-	-	322	-
Loss from operations	6	(20,838)	(23,069)	(51,386)	(39,555)
Finance costs	7	-	(84)	-	(103)
Loss before taxation		(20,838)	(23,153)	(51,386)	(39,658)
Income tax expense	8	152	(498)	(1,387)	(1,963)
Loss for the period		(20,686)	(23,651)	(52,773)	(41,621)
(Loss)/profit for the period attributable to:					
owners of the Company		(18,072)	(25,243)	(51,601)	(44,589)
non-controlling interests		(2,614)	1,592	(1,172)	2,968
		(20,686)	(23,651)	(52,773)	(41,621)
Loss per share:		HK cents	HK cents	HK cents	HK cents
- Basic and diluted	9	(3.17)	(6.33)	(10.31)	(12.15)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	For the three months ended		For the nine months ended	
	31 December		31 December	
	2014	2013	2014	2013
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Loss for the period	(20,686)	(23,651)	(52,773)	(41,621)
Other comprehensive expense for the period				
Exchange differences on translation of financial statements of overseas subsidiaries	(1,755)	(422)	(694)	(50)
Other comprehensive expense for the period	(1,755)	(422)	(694)	(50)
Total comprehensive expense for the period	(22,441)	(24,073)	(53,467)	(41,671)
Total comprehensive (expense)/ income attributable to:				
owners of the Company	(19,668)	(25,785)	(52,378)	(44,830)
non-controlling interests	(2,773)	1,712	(1,089)	3,159
	(22,441)	(24,073)	(53,467)	(41,671)

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 Room 3203, 32nd Floor, Tower 1, Admiralty Centre, 18 Harcourt Road, 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 investments, provision of consultancy services, advertising and media related services, provision of project management services, travel agency and related operations, decoration and interior design services and securities broking 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 2014, 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, amendments 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 32 (Amendments)	Offsetting Financial Assets and Financial Liabilities
HKAS 39 (Amendments)	Novation of Derivatives and Continuation of Hedge Accounting
HKFRS 10, HKFRS 12 and HKAS 27 (Revised 2011)	Investment Entities
HK (IFRIC)-Int 21	Levies

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.

3. BASIS OF PREPARATION AND CONSOLIDATION (Continued)

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 2014.

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	
	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
Gross rental income from investment properties	373	392	1,301	1,368
Provision of medical information digitalisation system	–	21	–	4,027
Provision of consultancy services	1	226	675	677
Provision of advertising and media related services	3,328	5,456	8,826	16,329
Provision of project management services	250	440	757	1,444
Provision of travel agency services	3,679	–	11,723	–
Provision of decoration and interior design services	386	–	812	–
Provision of securities broking services	61	–	61	–
Total	<u>8,078</u>	<u>6,535</u>	<u>24,155</u>	<u>23,845</u>

5. OTHER INCOME AND GAINS

	For the three months ended 31 December		For the nine months ended 31 December	
	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
Bank interest income	1	2	2	6
Other income	32	2	5,108	2
Total	<u>33</u>	<u>4</u>	<u>5,110</u>	<u>8</u>

6. LOSS FROM OPERATIONS

	For the three months ended 31 December		For the nine months ended 31 December	
	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
The Group's loss from operation is arrived at after charging/(crediting):				
Amortisation of intangible assets	4,129	5,741	12,785	17,202
Depreciation of property, plant and equipment	722	462	1,838	1,246
Gain on bargain purchase	-	-	(322)	-
Net foreign exchange loss/(gain)	97	92	155	(44)
Staff costs (including directors' remuneration)	4,971	15,235	24,699	21,372

7. FINANCE COSTS

	For the three months ended 31 December		For the nine months ended 31 December	
	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
Interest on bank loan wholly repayable within five years	-	84	-	103

8. INCOME TAX EXPENSE

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

No provision for Hong Kong Profits Tax has been made as the Group has no assessable profits in Hong Kong or the estimated assessable profit was wholly absorbed by tax losses brought forward for the nine months ended 31 December 2014 (2013: Nil).

No provision for overseas income tax was made as the Company's overseas subsidiaries did not have taxable income for the nine months ended 31 December 2014 (2013: Nil).

The Group had no significant unprovided deferred tax assets and liabilities at 31 December 2014 (2013: 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 2014 of approximately HK\$18.1 million (2013: HK\$25.2 million) and loss attributable to owners of the Company for the nine months ended 31 December 2014 of approximately HK\$51.6 million (2013: HK\$44.6 million) and the weighted average of 570,596,805 shares in issue during the three months ended 31 December 2014 (2013: 398,675,066 shares) and the weighted average of 500,334,484 shares in issue during the nine months ended 31 December 2014 (2013: 367,040,157 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	Share-based compensation 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 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	-	25,219
Share issue expenses	-	(633)	-	-	-	-	(633)	-	-	(633)
Exercise of share options	130	3,497	-	(1,059)	-	-	2,568	2,568	-	2,568
Grant of share options	-	-	-	12,004	-	-	-	12,004	-	12,004
At 31 December 2013	3,887	1,236,050	325,798	13,592	1,194	5,515	(1,241,304)	344,832	11,776	356,608
At 1 April 2014	4,174	1,255,370	325,798	8,032	1,951	4,817	(1,309,941)	290,201	9,873	300,074
Loss for the period	-	-	-	-	-	-	(51,601)	(51,601)	(1,172)	(52,773)
Other comprehensive (expense)/income for the period	-	-	-	-	-	(777)	-	(777)	83	(694)
Total comprehensive expense for the period	-	-	-	-	-	(777)	(51,601)	(52,378)	(1,089)	(53,467)
Transfer of statutory reserves	-	-	-	-	281	-	(291)	-	-	-
Exercise of share option	139	11,652	-	(8,806)	-	-	-	7,985	-	7,985
Placing of new shares	1,766	91,134	-	-	-	-	-	92,900	-	92,900
Share issuing expense	-	(2,573)	-	-	-	-	-	(2,573)	-	(2,573)
Recognition of equity settled share-based payment	-	-	-	11,529	-	-	-	11,529	-	11,529
At 31 December 2014	6,079	1,355,583	325,798	15,755	2,242	4,040	(1,361,833)	347,664	8,784	356,448

MANAGEMENT DISCUSSION AND ANALYSIS

Dividend

The Board does not recommend the payment of any dividend for the nine months ended 31 December 2014 (2013: Nil).

Business Review

Provision of medical information digitalisation system

The provisions have lagged behind in 2014 and now awaiting the policy directions for the year ahead before the way forward can be determined. During the period under review, the revenue contributed by such segment was approximately HK\$Nil (2013: HK\$4.0 million).

Property investment

During the period under review, the revenue contributed by such segment was HK\$1.3 million (2013: HK\$1.4 million) and was mainly derived from the leasing of an investment property located at Canada.

Provision of consultancy services

Low-cost smartphones are rapidly changing how people interact with mobile devices and new operating models are emerging to replace the existing methods of remote monitoring. During the period under review, the revenue contributed by such segment was HK\$0.7 million (2013: HK\$0.7 million).

Advertising and media related services

The operations in Yangtze River Delta area have begun to contribute profits with focus on promotion activities. During the period under review, the revenue contributed by such segment was HK\$8.8 million (2013: HK\$16.3 million).

Provision of project management services

The demographics of mobile phone are penetrated by the full range of smartphones and the usage pattern is heavily reliant on app-based communications. During the period under review, the revenue contributed by such segment was HK\$0.8 million (2013: HK\$1.4 million).

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Business Review *(Continued)*

Travel agency and related operations

With price transparency brought about by online travel agents and direct marketing by airlines and hotels, the environment for brick and mortar travel agencies remains highly competitive. During the period under review, the revenue contributed by such segment was HK\$11.7 million (2013: HK\$Nil).

Decoration and interior design services

While large scale decoration and interior design projects are more lucrative, it is usually associated with higher upfront capital investments, longer completion duration and sometimes unforeseen risks on the work in progress. During the period under review, the revenue contributed by such segment was HK\$0.8 million (2013: HK\$Nil).

Provision of securities broking services

On 29 January 2014, a wholly-owned subsidiary of the Company entered into the agreement with the vendor, pursuant to which the purchaser has conditionally agreed to acquire and the vendor has conditionally agreed to dispose of the sale shares representing the entire issued share capital of BWC Securities Limited. All conditions precedent for the agreement were satisfied and the sale and purchase of the sale shares was completed on 17 October 2014 pursuant to the terms of the agreement. Following the completion, BWC Securities Limited became an indirect wholly-owned subsidiary of the Company, and the financial results of BWC Securities Limited is consolidated into the Group's financial accounts.

On 17 December 2014, the Company entered into the disposal agreement in respect of the proposed disposal of the entire issued share capital of the wholly-owned subsidiary of the Company principally engaged in the provision of dealing in securities. The proposed disposal would allow the Company to realign the Group's strategic direction in the area of financial services and to realize a gain on the disposal.

During the period under review, the revenue contributed by such segment was HK\$0.1 million (2013: HK\$Nil).

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Financial Review

For the nine months ended 31 December 2014, the revenue of the Group was approximately HK\$24.2 million (2013: HK\$23.8 million), of which HK\$Nil (2013: HK\$4.0 million) was generated from the provision of medical information digitalisation system; HK\$8.8 million (2013: HK\$16.3 million) was generated from advertising and media related services; HK\$1.3 million (2013: HK\$1.4 million) was generated from the leasing of an investment property located at Canada; HK\$0.7 million (2013: HK\$0.7 million) was generated from consultancy services; HK\$0.8 million (2013: HK\$1.4 million) was generated from project management services; HK\$11.7 million (2013: HK\$Nil) was generated from travel agency and related operations; HK\$0.8 million (2013: HK\$Nil) was generated from decoration and interior design services; and HK\$0.1 million (2013: HK\$Nil) was generated from securities broking services; tantamount to an increase of approximately 1.3% as compared with the period ended 31 December 2013.

Loss attributable to owners of the Company for the nine months ended 31 December 2014 amounted to approximately HK\$51.6 million (2013: HK\$44.6 million). Finance costs decreased to HK\$Nil (2013: HK\$0.1 million).

Administrative expenses increased 16.3% to approximately HK\$62.8 million from HK\$54.0 million in the prior year. The increase was mainly attributed to an increase of approximately HK\$3.6 million in staff costs; approximately HK\$1.4 million in legal and professional fee; approximately HK\$2.0 million in rent and rates; and counter-balanced by a decrease of approximately HK\$4.4 million in amortization of intangible assets.

On 25 September 2014, the vendor, the Company and the placing agent entered into the placing and subscription agreement pursuant to which the vendor has agreed to place, through the placing agent, up to 60,000,000 existing shares, on a best effort basis, to not less than six independent placees at the placing price of HK\$0.50 per placing share; and the vendor has conditionally agreed to subscribe for such number of subscription shares which is equivalent to the number of placing shares placed under the placing, at a subscription price of HK\$0.50 per subscription share. The placing and subscription was completed on 8 October 2014.

On 3 December 2014, the vendor, the Company and the placing agent entered into the placing and subscription agreement pursuant to which the vendor has agreed to place, through the placing agent, up to 39,600,000 existing shares, on a best effort basis, to not less than six independent placees at the placing price of HK\$0.50 per placing share; and the vendor has conditionally agreed to subscribe for such number of subscription shares which is equivalent to the number of placing shares placed under the placing, at a subscription price of HK\$0.50 per subscription share. The placing and subscription was completed on 16 December 2014.

Significant Investment

At 31 December 2014, the Group did not hold any significant investment.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Future Plans

The Group has developed a number of business lines in the past few years and the performance of certain segments have changed. The strategic direction ahead is being formulated and depending on the availability of capital, one of the possible development areas is financial leasing with steady returns.

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 2014, 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)	0.54%
Mr. Lui Wing Fong, Alexander	3,260,000 (Note 2)	0.54%

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.

Interest in associated corporations of the Company

Mr. Lui Wing Fong, Alexander, in his capacity as a beneficial owner had, as at 31 December 2014, personal interests in 80 ordinary shares, representing approximately 40% of the issued share capital in Keen Renown Limited.

OTHER INFORMATION *(Continued)***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 40 to the financial statements as included in the annual report of the Company for the year ended 31 March 2014.

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

Date of grant	Category of eligible participants	Exercise price	Exercise period	Outstanding at 1/4/2014	Granted during the period	Exercised during the period	Lapsed during the period	Cancelled during the period	Outstanding at 31/12/2014
04/12/2012	Directors	HK\$0.197	04/12/2012 to 03/12/2015	6,520,000	-	-	-	-	6,520,000
04/12/2013	Employees	HK\$0.73	04/12/2013 to 03/12/2016	3,980,000	-	-	-	-	3,980,000
	Consultants	HK\$0.73	04/12/2013 to 03/12/2016	15,920,000	-	(3,980,000)	-	-	11,940,000
22/08/2014	Consultants	HK\$0.51	22/08/2014 to 21/08/2017	-	49,800,000	(9,960,000)	-	-	39,840,000
				<u>26,420,000</u>	<u>49,800,000</u>	<u>(13,940,000)</u>	<u>-</u>	<u>-</u>	<u>62,280,000</u>

Directors and Chief Executives’ Rights to Acquire Shares or Debentures

Save as disclosed above, at 31 December 2014, 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 2014, 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

Name of shareholder	Capacity	Interest in shares	Percentage of the Company's issued share capital
Growth Harvest Limited	Beneficial owner (Note)	64,640,710	10.63%
Treasure Bonus Limited	Interest of controlled corporation (Note)	64,640,710	10.63%
Ms. Tan Ting Ting	Interest of controlled corporation (Note)	64,640,710	10.63%

Note: Treasure Bonus Limited ("Treasure Bonus") owns 72% of the issued share capital of Growth Harvest Limited and Treasure Bonus is 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 2014, 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 2014, 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 2014.

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 2014.

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 2014, 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 2014.

Board of Directors

At the date of this report, the executive Directors are Mr. Lien Wai Hung, Mr. Lui Wing Fong, Alexander, Mr. Wei Shu Jun and Mr. Chan Wai Kwong, Peter; 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, 13 February 2015