



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

2015
Interim Report

C Cheng Holdings Limited has obtained a written consent from Mr. Clement Chan ("Mr. Chan") for the inclusion of his artwork "Little House" (the "Artwork"), in this annual report and the publication thereof. The Artwork including but not limited to its copyright, design and conveyed concept(s) are the exclusive properties of Mr. Chan.

FINANCIAL HIGHLIGHTS

For the six months ended 30 June 2015, the unaudited financial results of the Group were as follows:

- Revenue reached HK\$181,883,000 (2014: HK\$183,584,000), representing a slight decrease of 0.9% from the same period of previous financial year;
- Profit was HK\$14,461,000 (2014: HK\$14,890,000);
- Basic earnings per share based on weighted average number of ordinary shares of 180,000,000 (six months ended 30 June 2014: 180,000,000) in issue was HK8.3 cents (six months ended 30 June 2014: HK8.2 cents);
- Diluted earnings per share based on weighted average number of ordinary shares of approximately 186,942,000 (six months ended 30 June 2014: 180,277,000) in issue was HK8.0 cents (six months ended 30 June 2014: HK8.2 cents); and
- No interim dividend was declared.

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2015

The board of Directors (the “**Board**”) of the Company is pleased to announce the unaudited consolidated financial results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2015, together with the comparative unaudited figures for the corresponding period in 2014 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2015

		Six months ended 30 June	
	Notes	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
Revenue	3	181,883	183,584
Cost of services		(129,560)	(127,214)
Gross profits		52,323	56,370
Other income		448	211
Other gains and losses		212	(1,166)
Administrative expenses		(33,849)	(33,319)
Transfer of listing expenses		(1,500)	–
Finance costs		(41)	(43)
Profit before taxation	4	17,593	22,053
Income tax expense	5	(3,132)	(7,163)
Profit for the period		14,461	14,890
Other comprehensive income (expense)			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences arising on translation		46	(866)
Total comprehensive income for the period		14,507	14,024

	Notes	Six months ended	
		30 June	
		2015	2014
		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Profit (loss) for the period attributable to:			
Owners of the Company		14,868	14,815
Non-controlling interests		(407)	75
		14,461	14,890
Total comprehensive income (expense) for the period attributable to:			
Owners of the Company		14,914	13,951
Non-controlling interests		(407)	73
		14,507	14,024
Earnings per share			
(expressed in HK cents)	6		
– Basic		8.3	8.2
– Diluted		8.0	8.2

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2015

		At 30 June 2015 HK\$'000 (Unaudited)	At 31 December 2014 HK\$'000 (Audited)
Non-current assets			
Property, plant and equipment	8	20,965	23,262
Goodwill		4,784	4,779
Intangible assets		1,588	1,744
Rental and utility deposits		5,855	5,892
Deferred tax assets		199	147
		33,391	35,824
Current assets			
Held for trading investments		689	688
Amounts due from customers for contract work		152,203	136,685
Progress billings receivable from contract customers	9	88,353	106,001
Prepayments and other receivables		4,256	2,426
Pledged bank deposits		6,546	2,545
Bank balances and cash		35,791	55,533
		287,838	303,878
Current liabilities			
Trade payables	10	4,701	5,467
Accruals and other payables		50,180	66,737
Amounts due to customers for contract work		111,600	127,638
Obligations under finance leases		358	346
Income tax payable		2,684	5,551
Bank borrowing	11	4,000	-
		173,523	205,739
Net current assets		114,315	98,139
Total assets less current liabilities		147,706	133,963

		At 30 June	At 31 December
		2015	2014
	Notes	HK\$'000	HK\$'000
		(Unaudited)	(Audited)
Non-current liabilities			
Obligations under finance leases		494	676
Deferred tax liabilities		1,953	3,098
		2,447	3,774
Net assets			
		145,259	130,189
Capital and reserves			
Issued capital	12	1,800	1,800
Reserves		144,216	128,739
Equity attributable to owners of the Company		146,016	130,539
Non-controlling interests		(757)	(350)
Total equity			
		145,259	130,189

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2015

Attributable to owners of the Company

	Issued capital HK\$'000	Share premium HK\$'000	Statutory reserve (Note) HK\$'000	Share option reserve HK\$'000	Other reserve HK\$'000	Exchange reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000	Non- controlling interests HK\$'000	Total HK\$'000
At 1 January 2014 (audited)	1,800	83,682	2,826	114	(47,070)	7,920	52,305	101,577	153	101,730
Profit for the period	-	-	-	-	-	-	14,815	14,815	75	14,890
Exchange differences arising on translation	-	-	-	-	-	(864)	-	(864)	(2)	(866)
Total comprehensive (expense) income for the period	-	-	-	-	-	(864)	14,815	13,951	73	14,024
Recognition of equity-settled share-based payments	-	-	-	649	-	-	-	649	-	649
Capital contribution from a non-controlling shareholder of a subsidiary	-	-	-	-	-	-	-	-	2	2
At 30 June 2014 (unaudited)	1,800	83,682	2,826	763	(47,070)	7,056	67,120	116,177	228	116,405
At 1 January 2015 (audited)	1,800	83,682	3,331	1,412	(47,070)	6,786	80,598	130,539	(350)	130,189
Profit for the period	-	-	-	-	-	-	14,868	14,868	(407)	14,461
Exchange differences arising on translation	-	-	-	-	-	46	-	46	-	46
Total comprehensive income (expense) for the period	-	-	-	-	-	46	14,868	14,914	(407)	14,507
Transfer to statutory reserve	-	-	1,090	-	-	-	(1,090)	-	-	-
Recognition of equity-settled share-based payments	-	-	-	563	-	-	-	563	-	563
Transfer upon lapse of share options	-	-	-	(166)	-	-	166	-	-	-
At 30 June 2015 (unaudited)	1,800	83,682	4,421	1,809	(47,070)	6,832	94,542	146,016	(757)	145,259

Note: The statutory reserve is non-distributable and the transfer to this reserve is determined by the board of directors of the subsidiaries in the People's Republic of China (the "PRC") in accordance with the relevant laws and regulations of the PRC. Appropriation to such reserve is made out of net profit after taxation reported in the statutory financial statements of the PRC subsidiaries while the amount and allocation basis is decided by their respective boards of directors annually. This reserve can be used to offset accumulated losses or to increase capital upon approval from the relevant authorities.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2015

	Six months ended	
	30 June 2015 HK\$'000 (Unaudited)	30 June 2014 HK\$'000 (Unaudited)
Net cash (used in) from operating activities	(19,397)	1,688
Net cash used in investing activities	(4,214)	(7,511)
Net cash from (used in) financing activities	3,830	(1,244)
Net decrease in cash and cash equivalents	(19,781)	(7,067)
Cash and cash equivalents at the beginning of the period	55,533	55,299
Effect of foreign exchange rate changes	39	(519)
Cash and cash equivalents at the end of the period, represented by bank balances and cash	35,791	47,713

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2015

1. GENERAL INFORMATION

The Company was incorporated on 13 May 2013 in the Cayman Islands under the Companies Law, Chapter 22 (law 3 of 1961, as consolidated and revised) of the Cayman Islands as amended, supplemented or otherwise modified from time to time and its shares were listed on the Growth Enterprise Market (“GEM”) of The Stock Exchange of Hong Kong Limited (“Stock Exchange”) on 20 December 2013 (the “Listing Date”). On 3 August 2015, the listing of the Company’s shares has been transferred from GEM to Main Board of the Stock Exchange. The addresses of the registered office and principal place of business of the Company are Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and 15th Floor, North Tower, World Finance Centre, Harbour City, Tsim Sha Tsui, Kowloon, Hong Kong, respectively.

The Company is an investment holding company and its subsidiaries are mainly engaged in the provision of comprehensive architectural service.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 (“HKAS 34”) *Interim Financial Reporting* issued by the Hong Kong Institutes of Certified Public Accountants (“HKICPA”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the “Main Board Listing Rules”).

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2015 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2014.

In the current period, the Group has applied, for the first time, certain amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA that are mandatorily effective for the current period.

The application of the amendments to HKFRSs in the current period has had no material effect on the amounts reported in the condensed consolidated financial statement and/or disclosures set out in the condensed consolidated financial statements.

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

3. REVENUE AND SEGMENT INFORMATION

Revenue represents the contract revenue for comprehensive architectural service recognised during the period.

The Group has only one single operating segment of provision of comprehensive architectural service. The Group's chief operating decision maker (the Chief Executive Officer of the Group) regularly reviews the consolidated results of the Group as a whole for the purposes of resource allocation and assessment of performance.

Revenue from Major Services

The following is an analysis of the Group's revenue from its major services:

	Six months ended	
	30 June	
	2015	2014
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Architecture	162,214	173,198
Landscape architecture, town planning, interior design and heritage conservation	19,669	10,386
	181,883	183,584

4. PROFIT BEFORE TAXATION

	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Profit before taxation has been arrived at after (crediting) charging:		
Allowance for doubtful debts reversed, net	(288)	–
Depreciation of property, plant and equipment	2,920	2,322
Amortisation of intangible assets (Note 1)	156	599
Operating lease payments (Note 2)	12,882	8,625
Staff costs		
– Salaries allowances and other benefits	113,006	113,464
– Operating lease payments	384	384
– Contributions to retirements benefits	3,651	3,465
– Equity-settled share-based payments	563	649
Total staff costs (including director's emoluments)	117,604	117,962

Note 1: Included in cost of services.

Note 2: For the six months ended 30 June 2015, the amount includes the operating lease payments for staff quarters approximately amounting to HK\$384,000 (six months ended 30 June 2014: HK\$384,000), which are included in the total staff costs.

5. INCOME TAX EXPENSE

	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
The income tax expense comprises:		
Current tax:		
Hong Kong Profits Tax	2,365	–
PRC Enterprise Income Tax	3,028	9,639
Overprovision of Hong Kong Profits Tax in prior years	(1,064)	–
	4,329	9,639
Deferred tax:		
Current period	(1,197)	(2,476)
	3,132	7,163

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both periods. No provision for taxation in Hong Kong has been made for the six months ended 30 June 2014 as there is no assessable profit generated in Hong Kong.

According to the State Council Circular on Transitional Policy of Enterprise Income Tax (Guo Fa [2007] No. 39), the income tax rate applicable to 梁黃顧設計顧問(深圳)有限公司, a wholly owned subsidiary of the Company, and 梁黃顧建築設計(深圳)有限公司 (formerly known as 深圳市梁黃顧藝恒建築設計有限公司), a non-wholly owned subsidiary of the Company, is 25% for the six months ended 30 June 2015 and 2014.

6. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
Earnings:		
Earnings for the purposes of basic and diluted earnings per share:		
Profit for the period attributable to the owners of the Company	14,868	14,815
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings per share	180,000,000	180,000,000
Effect of dilutive potential ordinary shares in respect of share options outstanding	6,941,598	277,050
Weighted average number of ordinary shares for the purpose of diluted earnings per share	186,941,598	180,277,050

7. DIVIDENDS

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2015 (six months ended 30 June 2014: Nil).

8. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the current interim period, the Group acquired equipment and leasehold improvement of approximately HK\$1,028,000 (six months ended 30 June 2014: HK\$7,586,000).

9. PROGRESS BILLINGS RECEIVABLE FROM CONTRACT CUSTOMERS

The following is an aged analysis of progress billings receivable, presented based on the invoice date at the end of each reporting period, and net of allowance recognised:

	30 June 2015 HK\$'000 (Unaudited)	31 December 2014 HK\$'000 (Audited)
Within 30 days	22,414	34,441
Over 30 days and within 90 days	21,860	35,206
Over 90 days and within 180 days	15,594	7,446
Over 180 days	28,485	28,908
	88,353	106,001

10. TRADE PAYABLES

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

	30 June 2015 HK\$'000 (Unaudited)	31 December 2014 HK\$'000 (Audited)
Within 30 days	3,046	4,091
Over 30 days and within 90 days	1,088	616
Over 90 days	567	760
	4,701	5,467

11. BANK BORROWING

During the current period, the Group obtained a new bank loan amounting to HK\$4,000,000 (2014: Nil) which is secured by a pledged bank deposit. The loan carries interest at variable market rate at a margin over Hong Kong Interbank Offered Rate at 2.66% per annum.

12. ISSUED CAPITAL

	Number of shares	Amount HK\$'000
Ordinary shares of HK\$0.01 each		
Authorised At 1 January 2014, 31 December 2014 and 30 June 2015	1,000,000,000	10,000
Issued and paid up At 1 January 2014, 31 December 2014 and 30 June 2015	180,000,000	1,800

All issued shares rank pari passu in all respects with each other. None of the Company's subsidiaries purchased, sold or redeemed any of the Company's listed shares during the year ended 31 December 2014 and six months ended 30 June 2015.

13. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Fair value of the Group's financial assets that are measured at fair value on a recurring basis

The held for trading investments are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of the held for trading investments are determined (in particular, the valuation technique used).

Financial assets	Fair value as at		Fair value hierarchy	Valuation technique and key inputs
	30 June 2015 HK\$'000 (Unaudited)	31 December 2014 HK\$'000 (Audited)		
Held for trading investments – unlisted trading fund in the PRC	689	688	Level 2	Based on the fair value of underlying assets and liabilities which are substantially derived from Level 1 inputs

The directors of the Company consider that the carrying amounts of other financial assets and financial liabilities recorded at amortised cost in the condensed consolidated financial statements approximate their fair values.

14. PLEDGE OF ASSETS

The Group has pledged short-term bank deposits with an aggregate carrying amount of HK\$6,546,000 (31 December 2014: HK\$2,545,000) to banks to secure general banking facilities and bank borrowing granted to the Group.

15. EVENT AFTER THE REPORTING PERIOD

On 3 August 2015, the listing of the Company's shares has been transferred from GEM to Main Board of the Stock Exchange.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group maintained its market position as one of the leading comprehensive architectural service providers in Hong Kong and the PRC.

During the six months ended 30 June 2015, the Group's revenue remain stable when compared with that in corresponding period of 2014, and secured 57 new contracts with contract sums of approximately HK\$116,989,000 in Hong Kong, the PRC and other markets. As at 30 June 2015, the Group had remaining contract sums of approximately HK\$950,000,000. Architecture, contributing 89.1% of the revenue, continued to be the mainstream of practice of the Group.

Besides architecture, the service of: (a) landscape architecture; (b) town planning; (c) interior design; and (d) heritage conservation maintained its stable contribution to revenue of the Group.

The proven track record and investment in latest technology put the Group in a strong position to take advantage of the business opportunities ahead, and reinforce its leading market position amid the intense competition.

Financial Review

Revenue

2015 was a challenging year for the Group due to the economic slowdown and the property market consolidation in the PRC. Hence the Group has adjusted its business model by embarking on strategic initiatives to explore new business opportunities and further diversified the business portfolios to minimise the impact. During the review period, the Group's revenue was HK\$181,883,000, when compared with that of HK\$183,584,000 in corresponding period of 2014, representing a slight decrease of 0.9%.

Cost of services

Cost of services for the six months ended 30 June 2015 amounted to HK\$129,560,000, when compared with that of HK\$127,214,000 in corresponding period of 2014, representing an increase of 1.8%. The increase was driven by the rise in overhead costs as a result of the expansion of the Group in last year.

Gross profit and gross profit margin

The gross profit for the six months ended 30 June 2015 amounted to HK\$52,323,000 (six months ended 30 June 2014: HK\$56,370,000).

The gross profit margin of the Group for the six months ended 30 June 2015 was 28.8%, maintained at a similar level as the corresponding period of 2014 (six months ended 30 June 2014: 30.7%).

Administrative expenses

Administrative expenses for the six months ended 30 June 2015 amounted to HK\$33,849,000, when compared with that of HK\$33,319,000 in corresponding period of 2014, representing an increase of 1.6%. Administrative expenses remain stable during the period.

Profit

The profit for the six months ended 30 June 2015 was HK\$14,461,000, as compared to HK\$14,890,000 in corresponding period of 2014, representing a slight decrease of 2.9%.

OUTLOOK

The Directors believe that the Group will continue to leverage its expertise in architectural design, project management and financial strength, as well as its capability of providing one-stop design services, to sustain its one of the leading position in current market. Besides, the Group will take full advantage of its multi-centre operations to ride on the urbanisation trends in Asia Pacific Region. The Group will also further diversify its business portfolios by introducing 3-D and thematic design services to the market.

The Directors will take strategic moves to explore new business opportunities during the consolidation period of property market in the PRC. Moreover, the Group plans to increase participation in selected overseas market, especially in South East Asia. The Group has transferred the listing from GEM to Main Board of the Stock Exchange on 3 August 2015 and will consider extending its business reach by merger and acquisition, with an aim to secure new clientele while maximising its existing strength and capture business potentials ahead.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

	As at 30 June 2015 HK\$'000	As at 31 December 2014 HK\$'000
Current assets	287,838	303,878
Current liabilities	173,523	205,739
Current ratio	1.7	1.5

The current ratio of the Group at 30 June 2015 was 1.7 times as compared to that of 1.5 times at 31 December 2014. It was mainly resulted from a decrease in accruals and other payables with settlement of accrued bonus for 2014 during the period.

At 30 June 2015, the Group had total bank balances and cash and pledged bank deposits of HK\$42,337,000 (31 December 2014: HK\$58,078,000). The unutilised bank overdraft is HK\$3,380,000 (31 December 2014: HK\$3,380,000) as at 30 June 2015.

At 30 June 2015, the Group's gearing ratio (represented by obligations under finance leases and bank borrowing divided by equity) amounted to approximately 3.3% (31 December 2014: 0.8%).

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

There has been no change in the capital structure of the Company during the six months ended 30 June 2015. The capital of the Company comprises only ordinary shares.

CHARGE ON ASSETS

Details of charges on assets are included in Note 14 to Notes to the Condensed Consolidated Financial Statements.

CONTINGENT LIABILITIES

The Group had no significant contingent liabilities as at 30 June 2015.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2015, the Group employed around 560 (30 June 2014: around 630) 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, employee pension schemes in the PRC, medical coverage, insurance, training and development programs and options that were granted or may be granted under the pre-IPO share option scheme and share option scheme both of which were approved by the shareholders of the Company on 5 December 2013.

COMPARISON BETWEEN BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

An analysis comparing the business objectives as set out in the Prospectus for the period from 8 December 2013, being the latest practicable date as defined in the Prospectus, to 30 June 2015 (the "Review Period") with the Group's actual business progress is set out below:

Business objectives for the Review Period

Actual Business Progress for the Review Period

1. To enhance the Group's information technology infrastructure

- invest resources, carry out the build-up and conduct the testing and implement the cost management system, design information management platform, building information modelling ("BIM") system and three-dimensional ("3D") printing technology
- A team on BIM had been set up and continuing for further development
- Apply 3D imaging and 3D printing in various business operations to gain synergy, particularly in conservation and hospitality design services
- Conducting trials with users to fine tune new services based on 3D photogrammetry and image processing technologies
- Cost management system was in the progress of enhancing. Data collection for the design information management platform was also in progress

Business objectives for the Review Period

Actual Business Progress for the Review Period

2. To carry out marketing activities in the PRC

- organise design forums, seminars or conferences with academic institutions or professional bodies/associations in order to promote the Group's "Go Green" building design idea continuously
 - provide sponsorships to architecture programmes at the university level in the PRC
 - carry out design exhibitions in first tier cities in the PRC
 - directly carry out advertisement through various media platforms
- LWK & Partners (HK) Limited joined hands with China Merchants Group to organise the Green Building Design Competition on the 5th Solar Building Design Contest in May 2015
 - LWK & Partners (HK) Limited was the design sponsor and venue architect of Heritage x Arts x Design (H.A.D.) Walk Project Wong Tai Sin x Kowloon City Exhibition in May 2015
 - RHETROACTIVE Design Limited was a sponsor and an exhibitor at Asian Attractions Expo launched in Hong Kong Exhibition and Convention Centre in June 2015
 - Details of marketing activities held in 2014 have been disclosed in the Annual Report for the year ended 31 December 2014

Business objectives for the Review Period

Actual Business Progress for the Review Period

3. To expand the Group's offices and teams

- set up offices for the operation of landscape architecture, town planning and interior design to cater for the potential growth of these three practice areas
 - expand and transform our current offices in first tier cities in the PRC to regional offices
 - further develop our offices in second tier cities in the PRC to provide design support to our Hong Kong head quarters and other regional offices
- Hong Kong office was expanded for the operation of landscape architecture, town planning and interior design and the Group speeded up its development by setting up and expanding several offices in the PRC during last year. Hence no further expansion of offices in current period

USE OF PROCEEDS

During the six months ended 30 June 2015, the net proceeds from the Placing had been applied as follows:

	Planned use of proceeds (adjusted with final placing price) as stated in the Prospectus during the period from Listing Date to 30 June 2015 HK\$ million	Actual use of proceeds (adjusted with final placing price) from Listing Date up to ended 30 June 2015 HK\$ million
To enhance our information technology infrastructure		
• Design Information	1.9	0.6
• Cost Control/Resources Management	1.6	1.1
• BIM/3D Printing	1.3	3.4
To carry out marketing activities in the PRC	1.6	2.2
To expand our offices and teams	5.7	9.2
	12.1	16.5

Notes:

- (a) The business objectives as stated in the Prospectus were based on the bases and assumptions as set out in the paragraph headed "Future Plans and Use of Proceeds – Bases and Assumptions" in the Prospectus. The use of proceeds was applied in accordance with the actual development of the market. Total net proceeds of HK\$14.9 millions has been used up as at 30 June 2015 and the excess was contributed by the internal resources from the Group.
- (b) Actual use of proceeds on enhancement of our information technology infrastructure on design information and cost control, resources management was lower than planned use of proceeds because the testing and implementation plan of the design information and cost management systems has been further rescheduled to the second half of 2015 for thorough data transfer and enhancement. Also, internal programmer has been assigned to establish our database programs, hence, no outsourcing is required.
- (c) Actual use of proceeds on expansion of our office and teams was higher than planned use of proceeds because the Group has speeded up its development by setting up and expanding several offices in the PRC in 2014. The amount in excess was financed by the Group's internal resources.

FOREIGN EXCHANGE EXPOSURE

Most of the Group's business transactions, assets and liabilities are principally denominated in Hong Kong dollars and Renminbi. As at 30 June 2015, the Group had no significant exposure under foreign exchange contracts, interest, currency swaps or other financial derivatives.

MATERIAL ACQUISITIONS AND DISPOSALS

During the six months ended 30 June 2015, the Group had no material acquisitions and disposals of subsidiaries.

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

As at 30 June 2015, the interests and short positions of the Directors and the chief executive in the shares, underlying shares or debentures of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance ("SFO"), or as otherwise notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors, were as follows:

(1) Long positions

Name of Director	Company/name of associated company	Nature of interest	Number of shares held	Approximate of percentage of shareholding
Liang Ronald	The Company	Interest in a controlled corporation	83,068,000	46.15%
	The Company	Beneficial interest	800,000 (Note 1)	0.44%
Fu Chin Shing	The Company	Interest in a controlled corporation	36,632,000	20.35%
	The Company	Beneficial interest	800,000 (Note 1)	0.44%
Wang Jun You	The Company	Interest in a controlled corporation	15,300,000	8.5%
	The Company	Beneficial interest	800,000 (Note 1)	0.44%
	The Company	Interest of spouse	100,000 (Note 2)	0.06%
	LWK Yiheng	Equity interest	-	1.00%
Lo Kin Nang	The Company	Beneficial interest	800,000 (Note 1)	0.44%
Ng Kwok Fai	The Company	Beneficial interest	800,000 (Note 1)	0.44%
He Xiao	The Company	Beneficial interest	800,000 (Note 1)	0.44%

Notes: (1) These represent the shares to be issued and allotted by the Company upon exercise of the options granted under the pre-IPO share option scheme.

(2) Mr. Wang Jun You, being spouse of Ms. Li Min, is deemed to be interested in 100,000 shares held by Ms. Li under the SFO.

(2) Short positions

As at 30 June 2015, none of the Directors or the chief executive had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations.

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

Save as disclosed below, as at 30 June 2015, no person other than the Directors or chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company as recorded in the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO, or which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, 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 members of the Group.

Long positions in the shares of the Company:

Name of Shareholder	Capacity	Total number of shares	Percentage of total issued share capital in the Company
Rainbow Path International Limited	Beneficial owner (Note 1)	75,868,000	42.15%
Veteran Ventures Limited	Beneficial owner (Note 1)	7,200,000	4.00%
Vivid Colour Limited	Beneficial owner (Note 2)	36,632,000	20.35%
Jun Ming Investments Limited	Beneficial owner (Note 3)	15,300,000	8.5%
Liang Sharon	Interest of spouse (Note 4)	83,868,000	46.59%
Chung Wai Chi, Connie	Interest of spouse (Note 5)	37,432,000	20.79%
Li Min	Interest of spouse (Note 6) Beneficial owner (Note 7)	16,100,000 100,000	8.94% 0.06%

Notes:

- Rainbow Path International Limited and Veteran Ventures Limited are 100% owned by Mr. Liang Ronald.
- Vivid Colour Limited is 100% owned by Mr. Fu Chin Shing.
- Jun Ming Investments Limited is 100% owned by Mr. Wang Jun You.
- Ms. Liang Sharon, being spouse of Mr. Liang Ronald, is deemed to be interested in the 83,868,000 shares held by Mr. Liang under the SFO.
- Ms. Chung Wai Chi, Connie, being spouse of Mr. Fu Chin Shing, is deemed to be interested in the 37,432,000 shares held by Mr. Fu Chin Shing under the SFO.
- Ms. Li Min, being spouse of Mr. Wang Jun You, is deemed to be interested in the 16,100,000 shares held by Mr. Wang under the SFO.
- It represents the shares to be issued and allotted by the Company upon exercise of the options granted under the pre-IPO share option scheme.

SHARE OPTION SCHEMES

The Company operates two share option schemes providing incentives or rewards to eligible persons of the Group for their contribution to the Group, including a share option scheme (the “**Share Option Scheme**”) and a pre-IPO share option scheme (the “**Pre-IPO Share Option Scheme**”). Details of these two share options schemes have been set out in the Company’s 2014 annual report. The movement during the period and the options outstanding as at 30 June 2015 were as follows:

Pre-IPO Share Option Scheme

	As at 1 January 2015	Granted	Lapsed	Exercise	As at 30 June 2015	Exercise price	Exercise period
Directors							
Liang Ronald	800,000	-	-	-	800,000	0.83	Note 1
Fu Chin Shing	800,000	-	-	-	800,000	0.83	Note 1
Wang Jun You	800,000	-	-	-	800,000	0.83	Note 1
Lo Kin Nang	800,000	-	-	-	800,000	0.83	Note 1
Ng Kwok Fai	800,000	-	-	-	800,000	0.83	Note 1
He Xiao	800,000	-	-	-	800,000	0.83	Note 1
	4,800,000	-	-	-	4,800,000		
Others							
Employees	7,725,000	-	(1,360,000)	-	6,365,000	0.83	Note 2
	12,525,000	-	(1,360,000)	-	11,165,000		

Note 1: The share options can be exercised from the third anniversary date of the Listing Date to the fourth anniversary date of the Listing Date (both dates inclusive).

Note 2: The share options can be exercised from the second anniversary date of the Listing Date to the third anniversary date of the Listing Date (both dates inclusive).

Share Option Scheme

During the six months ended 30 June 2015, there is no option granted under the Share Option Scheme.

As at the date of this Interim Report and the date of the 2014 Annual Report (i.e. 24 March 2015), 11,090,000 shares and 12,525,000 shares are issuable for options granted under the Pre-IPO Share Option Scheme respectively representing approximately 6.16% and 6.96% of the total number of issued shares at that date respectively.

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

During the six months ended 30 June 2015, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

DIRECTOR'S INTERESTS IN CONTRACTS

No Director had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party at 30 June 2015 or at any time during the six months ended 30 June 2015.

DIRECTOR'S INTEREST IN COMPETING INTERESTS

The Directors are not aware of any business or interest of the Directors, the controlling shareholder and their respective close associates (as defined under the GEM 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 six months ended 30 June 2015 as required to be disclosed under Rule 11.04 of the GEM Listing Rules.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of provisions of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiries with the Directors, all Directors confirmed that they have complied with such code of conduct and the required standard of dealings regarding securities transactions by the Directors during the six months ended 30 June 2015.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company has complied with the code provisions set out in the Corporate Governance Code contained in Appendix 15 of the GEM Listing Rule from 1 January 2015 up to and including 30 June 2015. Since the Company's Shares were successfully listed on Main Board of the Stock Exchange on 3 August 2015, the Group continues and will continue to ensure compliance with the corresponding code provisions set out in Appendix 14 of the Main Board Listing Rules.

INTERESTS OF THE COMPLIANCE ADVISER

As at 30 June 2015, as notified by the Company's compliance adviser, China Everbright Capital Limited (the "**Compliance Adviser**"), except for the compliance adviser agreement entered into between the Company and the Compliance Adviser dated 16 December 2013, neither the Compliance Adviser nor its directors, employees or associates had any interests in relation to the Company which is required to be notified to the Group pursuant to Rule 6A.32 of the GEM Listing Rules.

AUDIT COMMITTEE

The Company has established an audit committee comprising independent non-executive Directors, namely Mr. Lo Wai Hung, Mr. Wang Julius and Mr. Yu Chi Hang and has adopted terms of reference governing the authorities and duties of the audit committee. The primary duties of the audit committee are to review and supervise the financial reporting process and internal controls of the Group. The audit committee has reviewed the unaudited consolidated results of the Group for the six months ended 30 June 2015.

By Order of the Board
C Cheng Holdings Limited
Liang Ronald
Chairman

Hong Kong, 10 August 2015

As at the date of this report, the executive Directors are Mr. Liang Ronald, Mr. Fu Chin Shing, Mr. Wang Jun You, Mr. Lo Kin Nang, Mr. Ng Kwok Fai and Mr. He Xiao, and the independent non-executive Directors are Mr. Lo Wai Hung, Mr. Wang Julius and Mr. Yu Chi Hang.