思城控股有限公司

C CHENG HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock code: 1486

ANNUAL REPORT 2015

This annual report is printed on environmental friendly paper

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Liang Ronald (Chairman)
Mr. Fu Chin Shing (Chief Executive Officer)
Mr. Wang Jun You
Mr. Lo Kin Nang
Mr. Ng Kwok Fai
Mr. He Xiao

Independent Non-Executive Directors

Mr. Lo Wai Hung
Mr. Wang Julius
Mr. Yu Chi Hang

AUDIT COMMITTEE

Mr. Lo Wai Hung (Chairman)
Mr. Wang Julius
Mr. Yu Chi Hang

REMUNERATION COMMITTEE

Mr. Yu Chi Hang (Chairman)
Mr. Fu Chin Shing
Mr. Lo Wai Hung

NOMINATION COMMITTEE

Mr. Liang Ronald (Chairman)
Mr. Wang Julius
Mr. Yu Chi Hang

AUTHORISED REPRESENTATIVES

Mr. Fu Chin Shing
Ms. Yu Wing Sze

COMPLIANCE OFFICER

Mr. Fu Chin Shing

COMPANY SECRETARY

Ms. Yu Wing Sze

REGISTERED OFFICE

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

HEADQUARTER AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

15th Floor
North Tower World Finance Centre
Harbour City
Tsim Sha Tsui
Kowloon
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Codan Trust Company (Cayman) Limited

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Union Registrars Limited
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Two Chinachem Exchange Square
338 King's Road
North Point
Hong Kong

COMPLIANCE ADVISER

China Everbright Capital Limited
17th Floor
Far East Finance Centre
16 Harcourt Road
Hong Kong

HONG KONG LEGAL ADVISER

D.S. Cheung & Co., Solicitors
29th Floor
Bank of East Asia Harbour View Centre
56 Gloucester Road
Wanchai
Hong Kong

PRINCIPAL BANKERS

CITIC Bank International Limited
232 Des Voeux Road
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Hong Kong

China Merchants Bank
Central Business Branch
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Shenzhen
P.R.C.

AUDITOR

Deloitte Touche Tohmatsu
Certified Public Accountants
35th Floor One Pacific Place
88 Queensway
Admiralty
Hong Kong

STOCK CODE

1486

CORPORATE WEBSITE

www.cchengholdings.com

CHAIRMAN'S STATEMENT

The year of 2015 has marked a remarkable milestone for the Group, as it successfully transferred from the GEM to the Main Board of The Stock Exchange of Hong Kong. Amid the ever-changing economic environment, the Group has weathered through challenges by offering our competitive one-stop architecture design services. We have also complemented our traditional sectors by venturing into the technology market in order to maximise value for our Shareholders.

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of Directors (the "Board"), I am pleased to present the annual report of C Cheng Holdings Limited (the "Company") together with its subsidiaries (the "Group") for the year ended 31 December 2015.

REVIEW

This year marks a new milestone in our Group's history and development. It not only celebrates the 30th anniversary of LWK & Partners (HK) Limited, but also witnesses the shares of the Company which were listed on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 20 December 2013 (the "GEM Listing") being successfully transferred to the Main Board of the Stock Exchange on 3 August 2015 (stock code: 1486).

In November 2015, the Group completed the acquisition of Cfu Come Limited, which has developed a mobile device application providing a platform for household repairs and renovations that will be accessible to Hong Kong households. The Group's foray into the technology and mobile device application market is in fact an extension of its core business in architecture. The Group is confident that the development and operation of the mobile device application of Cfu Come will enhance and complement our traditional sectors and may potentially enable us to access new revenue streams.

The year of 2015 was a challenging year in the People's Republic of China's (the "PRC") market. In the PRC, many third and fourth-tier cities have experienced an oversupply of residential properties. However, our Group has been able to maintain its market share through the tremendous efforts of our PRC and Hong Kong directors. A total of 14 awards in Hong Kong and in the PRC has further recognised our design excellence. Besides Hong Kong, the 14 awards covered a range of Northern, Southern and South-Western cities and provinces in the PRC. This achievement reflects the Group's determination and commitment to further maintain and build up its market share in the PRC. We firmly believe this comprehensive approach constitutes a sustainable medium- and long-term strategy for the Group. Notwithstanding the effort in our mainstream business, we have also maintained our commitment to our community volunteer services, which the Group sees as an integral part of its culture.

The Group has also diversified its business by entering into other areas of the market to mitigate against the downturn in certain areas in the PRC. The Group is financially sound, prudent with its expenditure and remains optimistic about the medium term. The Group has further diversified by expanding its professional disciplines to town planning, interior design, landscape architecture and heritage conservation. We are pleased to report that our interior design sector has experienced substantial growth, both in Hong Kong and in the PRC market, and the Board is optimistic that this division will undergo further expansion. The interior design market in the PRC is particularly active and we intend to focus our resources there for 2016.

CHAIRMAN'S STATEMENT (Continued)

Overall, in 2015 the Group consolidated and expanded its business, whilst still maintaining its medium term profitability. The Group enjoyed relatively stable growth despite the challenging macro-economic environment. Revenue from the Group's operations for the full year was HK$354,799,000.

DIVIDEND

The Board has recommended the payment of a final dividend of HK2.0 cents per share to shareholders of the Company whose names appear on the Register of Members of the Company on Thursday, 30 June 2016. Subject to the Shareholders' approval at the annual general meeting of the Company to be held on Wednesday, 22 June 2016, it is expected that the final dividend would be paid to the Shareholders on Friday, 8 July 2016.

PROSPECTS

As for the continuing land supply policy of the Hong Kong Government and the PRC consolidation, the Board sees that it will continue into 2016 and the Group is well positioned through its multi-centre operation and "one-stop shop" policy to continue to grow and pursue excellence to further enhance its profitability. As with our new venture into the app market, the Board will continue to search for new revenue streams as a means to pursue a better return for our shareholders.

ACKNOWLEDGEMENT

On behalf of all members of the Board, I would like to express our sincere gratitude to our fellow directors for their support and a heartfelt thank you to our staff for their dedication and hard work. I will continue to work with other members of the Board to guide the Group and to ensure our growth and the sustainability of our business. Lastly the Board and I also wish to thank our shareholders and clients for their support, and will endeavour to bring long lasting returns to everyone involved.

Mr. Liang Ronald
Chairman

Hong Kong, 24 March 2016

MTR•Tiara, Shenzhen

WHITESANDS, Hong Kong

MANAGEMENT DISCUSSION AND ANALYSIS

Town Planning

Architecture

Landscape

Heritage Conservation

Interior Design

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the year, the Group's revenue decreased by 7.7% when compared with that in 2014. It secured 115 new contracts (2014: 125) and the value of the new contracts and supplementary contracts totalled approximately HK$313,400,000 in Hong Kong and the PRC. As at 31 December 2015, the Group had remaining contract sums of approximately HK$925,000,000. Architecture, contributing 88.5% of the revenue, continued to be our mainstream practice.

Besides architecture, the service of other sectors maintained its stable contribution to the revenue of the Group. Particularly the interior design sector continued its expansion with a revenue noteworthy surge of 166% when compared with 2014.

In order to enlarge the market share of the interior design sector, on 11 November 2015, the Company completed the acquisition of 80.5% of the issued share capital of Cfu Come Limited ("Cfu Come") which has developed a mobile device application platform that connects customers and handymen for all kinds of maintenance and repairing services in the highly fragmented demand-and-supply markets. It is visualised as an extension of the interior design sector of the Group. Interior design services include two components: design and implementation or project execution. While the present business concentrates on professional developers, Cfu Come is a vehicle to penetrate the household market, and it focuses on execution and it starts with simple daily household maintenance, aiming at developing into more wholesome renovation works.

The Group maintained its market position as one of the leading comprehensive architectural service providers in Hong Kong and the PRC. The Group has been exploring possible strategies to further extend its comprehensive architectural services, as well as to identify and acquire suitable investment or business projects related to urbanisation.

Anji Visitor Centre, Zhejiang

CSCEC Culture City, Jinan

FINANCIAL REVIEW

Revenue

2015 was a challenging year for the Group due to the economic slowdown and the property market consolidation in the PRC. The Group enhanced 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 year, the Group's revenue was HK$354,799,000, when compared with that of HK$384,384,000 in 2014, representing a decrease of 7.7%.

Cost of services

Cost of services for the year ended 31 December 2015 amounted to HK$255,359,000, when compared with that of HK$269,832,000 in 2014, representing a decrease of 5.4%. The decrease was mainly driven by the savings from direct labour costs and overhead costs in 2015 as a result of better cost control strategies implemented by the Group in response to the slowdown of the economy and the property market consolidation in the PRC.

Gross profit and gross profit margin

The gross profit for the year ended 31 December 2015 amounted to HK$99,440,000, when compared with that of HK$114,552,000 in 2014, representing a decrease of 13.2%. Despite the long term cost control strategies implemented by the Group, the decrease in revenue in 2015 has brought a negative impact on the Group's gross profit in the short term.

The gross profit margin of the Group for the year ended 31 December 2015 was 28.0%, a slight decrease when compared with 29.8% in the previous year.

Administrative expenses

Administrative expenses for the year ended 31 December 2015 amounted to HK$63,032,000 (2014: HK$75,073,000), representing a decrease of 16.0%. The decrease in the current year was attributable to the decrease in staff costs and better cost control strategies more effectively implemented in the current year.

Profit for the year

The profit for the year ended 31 December 2015 was HK$27,089,000, as compared to HK$28,291,000 in the previous year, representing a decrease of 4.2%.

LIQUIDITY AND FINANCIAL RESOURCES

	As at 31 December	
	2015	2014
	HK$'000	HK$'000
Current assets	**316,197**	303,878
Current liabilities	**179,698**	205,739
Current ratio	**1.76**	1.48

The current ratio of the Group at 31 December 2015 was 1.76 times as compared to that of 1.48 times at 31 December 2014. It was mainly resulted from an increase in the accounts due from customers for contract work and a decrease in amounts due to customers for contract work with the working progress of the projects during the year.

As at 31 December 2015, the Group had total bank balances and cash and pledged bank deposits of approximately HK$60,662,000 (2014: HK$58,078,000). The unutilised bank overdraft is approximately HK$17,940,000 (2014: HK$3,380,000) as at 31 December 2015.

As at 31 December 2015, the Group's gearing ratio (represented by amounts due to directors, obligations under finance leases and bank overdraft divided by equity) amounted to approximately 0.4% (2014: 0.8%).

The Group's borrowings 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.

TRANSFER OF LISTING OF THE SHARES FROM THE GEM TO THE MAIN BOARD

On 24 April 2015, an application was made by the Company to the Stock Exchange for the transfer of listing of all the shares in issue from the GEM to the Main Board of the Stock Exchange. The approval-in-principle and the listing approval have been granted by the Stock Exchange on 24 July 2015 and on 31 July 2015 respectively for the shares to be listed on the Main Board and de-listed from GEM, according to Rule 9A.09(6) of the Rules Governing the Listing of Securities on the Stock Exchange (the "Main Board Listing Rules"). Accordingly, the Group commenced to comply with the Main Board Listing Rules starting from 3 August 2015.

FUTURE DEVELOPMENT

In 2016, the Group will continue to be a one-stop architectural design solution provider with the systematic application of its multi-centre operation model by leveraging its accumulated experience in design and project execution. With its diversified service portfolio, the Group will actively explore opportunities derived from the urbanisation development in Asia, which has remained steady in recent years.

The Directors envision the growth in housing construction volume and land supply in Hong Kong will remain sustainable in 2016. Business operations in Hong Kong are expected to make substantial contributions to the Group's revenue and this is backed by relatively stable economies prospects in the local market, complemented by the Group's diversified business portfolio.

The interior design sector enjoyed remarkable growth in 2015. The Group remains optimistic about the expansion of the interior design sector and anticipates growing revenue generation from this sector.

Given that the property market in the PRC has stepped into a consolidation period, the Group will initiate strategic moves to explore new business opportunities to strengthen its leading position in the current market. The Group will also capture development potential for the further expansion of its business reach by merger and acquisition.

In response to the rising momentum of urbanisation in the Asia Pacific region, the Group will continue to pursue excellence in design and efficiency in executions for traditional sectors. Furthermore, the Group plans to leverage its network and increase participation in selected overseas markets with the aim of securing new clients and stimulating business growth.

Chengdu IFS – Niccolo Polo Hotel

FINAL DIVIDENDS

The Directors have resolved to recommend a final dividend of HK2.0 cents per share for the year ended 31 December 2015 (2014: Nil), subject to the approval of the shareholders of the Company at the forthcoming annual general meeting.

PRINCIPAL RISKS AND UNCERTAINTIES

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

Risks Relating to the Industry

Our business is subject to a number of licences, permits and qualifications
Our Group and our staff must hold the relevant licences and permits to operate our business. Non-compliance with the relevant regulatory requirements may result in refusal by relevant authorities to renew the relevant licenses and permits which would interrupt our business and have a material adverse effect on our operations or financial positions.

We face intense competition
There are numerous architectural service companies duly registered in the Hong Kong Institute of Architects and in the PRC. The market is highly competitive with the presence of both local and international service providers. As such, we have to compete with other service providers in terms of price and delivery on an international level. The rapid expansion of architectural service providers will intensify competition in the market which may induce price competition, especially under existing economic environment.

Risks Relating to the Business

We rely heavily on our professional staff
Our Group relies heavily on our professional staff, including our Hong Kong registered architects, PRC registered architects, authorised persons, registered town planners and registered landscape architects to render comprehensive architectural service to our clients. The loss of service of these professional staff and failure to find suitable replacements could adversely and significantly affect our operations and financial positions.

Negative publicity or damage to our business reputation may have potential adverse impact on our business
As a professional service provider, our Group's ability to secure new projects depends heavily upon our reputation and the reputation of our team as we generally obtain our business by invited tendering. Negative publicity associated with our Group or our team could result in the loss or clients or lead to increasing difficulty to be awarded new projects in the tendering process.

Our Group is subject to potential exposure to professional liabilities
Our Group is principally engaged in the provision of comprehensive architectural service to our clients. In the event that our client who may suffer a loss due to the negligence of our Group in providing such service, it may request for compensation from our Group. In spite of the quality control measures adopted by the Group, there is no assurance that these measures can completely eliminate the professional negligence or any event of professional negligence, misconduct or fraudulent act. Our Group is covered by professional indemnity insurance. We however may experience an adverse impact on our Group's financial position in the event that the claim from our clients exceeds the coverage or the scope of the insurance does not cover such claims.

CAPITAL STRUCTURE

There has been no change in the capital structure of the Group during the year ended 31 December 2015. The capital of the Group only comprises of ordinary shares.

FOREIGN EXCHANGE EXPOSURE

Most of the Group's business transactions, assets and liabilities are principally denominated in Hong Kong dollars and Renminbi. As at 31 December 2015, the Group had no significant exposure under foreign exchange contracts, interest, currency swaps or other financial derivatives.

SIGNIFICANT INVESTMENT

Save as discussed below, other those the acquisition of 80.5% of the issued shares capital of Cfu Come during the year ended 31 December 2015, the Group did not have any significant investment.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

During the year ended 31 December 2015, the Group had no future plan for material investments and capital assets.

MATERIAL ACQUISITIONS AND DISPOSALS

During the year ended 31 December 2015, the Group had acquired 80.5% of the issued share capital of Cfu Come Limited, at the consideration of HK$20,250,000, which was settled in full by way of allotment and issue of 9,000,000 shares of the Company at an issued price of HK$2.25 per share. The acquisition was completed on 11 November 2015.

PLEDGE OF ASSETS

As at 31 December 2015, the Group has pledged short-term bank deposits with an aggregate carrying amount of HK$2,546,000 (2014: HK$2,545,000) to banks to secure general banking facilities granted to the Group.

CONTINGENT LIABILITIES

The Group had no significant contingent liabilities as at 31 December 2015 (2014: Nil).

COMMITMENTS

The contractual commitments of the Group are primarily related to the leases of its office premises. The Group's operating lease commitments amounted to approximately HK$26,485,000 (2014: HK$48,878,000) as at 31 December 2015.

As at 31 December 2015, the Group did not have any significant capital commitments (2014: Nil).

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2015, the Group employed around 550 (2014: around 670) 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 scheme in Hong Kong, employee pension schemes in the PRC, medical coverage, insurance, training and development programs and options that were granted under the pre-IPO share option scheme and the 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 31 December 2015 with the Group's actual business progress is set out below:

Business objectives for period from 8 December 2013 to 31 December 2015	Actual Business Progress up to 31 December 2015
1. To enhance the Group's information technology infrastructure	
• invest resources, carry out the build-up, conduct the testing and monitor the performance of the design information management platform, cost management system, building information modeling ("BIM") system and three-dimensional ("3D") printing technology	• A professional team on BIM had been set up and continuing for further development • Implementations of 3D photogrammetry and image processing technologies to develop new services and products for buildings construction sites and major infrastructure works, 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 project information management platform was also in progress and expected to be completed by the end of 2016

Business objectives for period from 8 December 2013 to 31 December 2015	Actual Business Progress up to 31 December 2015
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	• A director of LWK & Partners (HK) Limited ("LWK Hong Kong"), being the Director of China Green Building (HK) Council was invited to join the 17th International Conference on Green and Energy-Efficient Building & New Technologies and Products Expo in March 2015 in Beijing • LWK Hong Kong joined hands with China Merchants Group to organise the Green Building Design Contest in May 2015 • A director of the Company was invited to speak at a sub-forum of the 12th International Green Habitat Forum ("第十二屆中外綠色人居論壇分論壇"), an event organised by the United Nations Environment Program, China Merchants Group and Management Committee of China (Guangzhou) Pilot Free Trade Zone Qianhai & Shekou Area of Shenzhen • A director of LWK Hong Kong was invited as a speaker at 2015 China Rail Transit Scheme and Design Summit hosted by Guangzhou Metro Corporation which was held at China Import and Export Fair Complex, Guangzhou

Business objectives for period from 8 December 2013 to 31 December 2015	Actual Business Progress up to 31 December 2015
	• A director of LWK Hong Kong led a guided tour at Tiara Shenzhen for professional delegation from Hong Kong Institute of Planners. The guided tour being part of the visit co-organised by China Academy of Urban Planning & Design Shenzhen was to showcase new planning and developments in Shenzhen Qianhai area and Longhua district

• carry out design exhibitions in first-tier cities in the PRC	• LWK Hong Kong 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
• provide sponsorships to architecture programmes at the university level in the PRC	• Donation for Studio Publication: Beyond Extrusion to the Department of Architecture in the University of Hong Kong
• directly carry out advertisement through various media platforms	• New Architecture, a professional quarterly publication by Huazhong University of Science and Technology covered an interview with a director of the Company, in its issue No. 163
	• Details of marketing activities held in 2013 and 2014 have been disclosed in the Annual Reports for the years ended 31 December 2013 and 2014

Business objectives for period from 8 December 2013 to 31 December 2015	Actual Business Progress up to 31 December 2015
3. To expand the Group's offices and teams	
• set up offices for the operations of landscape architecture, town planning and interior design to cater for our potential growth of these three practice areas	• Hong Kong office was expanded for the operation of landscape architecture, town planning and interior design
• continue to expand and transform our current offices in first-tier cities in the PRC to regional offices	• Shenzhen, Shanghai and Guangzhou offices were expanded with more operation space and facilities in 2014
• further develop our offices in second-tier cities in the PRC as back-up offices to provide design support to our Hong Kong headquarters and other regional offices	• While the Group speeded up its development in expansion of offices and teams in 2014, there were no further expansion in 2015

Marco Polo Changzhou

USE OF PROCEEDS

During the year ended 31 December 2015, the net proceeds from the Placing had been applied as follows:

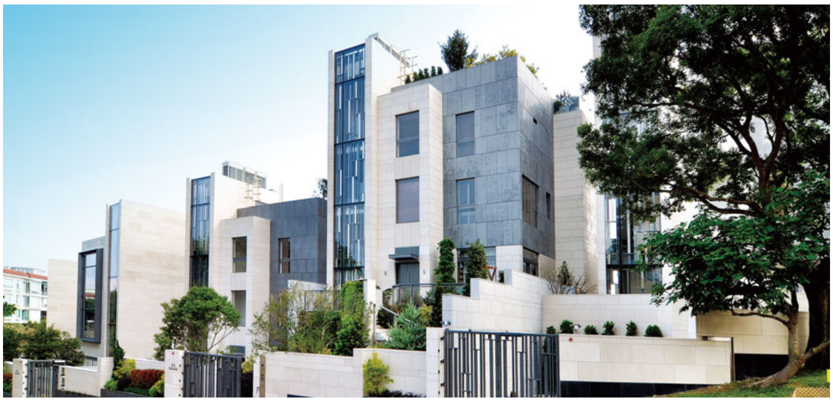
	Planned use of proceeds (adjusted with final placing price) as stated in the Prospectus during the period from 20 December 2013 (Listing Date) to 31 December 2015	Actual use of proceeds during the year ended 31 December 2015
	HK$ million	HK$ million
To enhance our information technology infrastructure		
• 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	1.7	2.4
To expand our offices and teams	7.5	9.2
	14.0	16.7

Notes:

(a) The business objectives as stated in the Prospectus were based on the best estimation of the future market conditions made by the Group at the time of preparing 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 have been used as at 31 December 2015 and the excess was contributed by the internal resources of the Group.

(b) Actual use of proceeds on enhancement of our 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 2016 for enhancement and thorough data transfer. Also, internal programmer has been assigned to establish our database programs, hence, no outsource is required.

(c) Actual use of proceeds on expansion of our office and teams was higher than planned use of proceed 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.



No. 1 Horizon Drive and Nos 44, 46, 48 & 50 Chung Hom Kok Road, Hong Kong

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Liang Ronald (梁鵬程), aged 66, was appointed a Director on 13 May 2013 and redesignated as the chairman of the Group and an executive Director on 5 December 2013. Mr. Liang is a founder of the Group and is responsible for the overall corporate development of the Group, managing relationships with clients and exploring new business opportunities. Mr. Liang is a director of certain subsidiaries of the Group. Mr. Liang graduated from the school of architecture of the South Australian Institute of Technology, Adelaide, Australia with a diploma in technology (architecture) in 1975.

Mr. Liang has 40 years of experience in the architectural service industry with 35 years of experience in Hong Kong. Prior to the establishment of Liang Wong Kou & Partners HK in 1985, Mr. Liang developed his career in architectural practices in Australia. Mr. Liang has also gained project experience from numerous projects in Hong Kong, the PRC, Macau and South Korea. In terms of community service, Mr. Liang is currently an executive committee member of the Association of Architectural Practices in Hong Kong.

Mr. Liang has been a registered architect in the state of New South Wales since 1980, an authorised person under the Buildings Ordinance of Hong Kong since 1984, a registered architect in Hong Kong since 1991, and a holder of class 1 registered architect qualification in the PRC since 2004. He also holds memberships in the following institutes:

- the Australian Institute of Architects since 1977;
- the Royal Institute of British Architects since 1981; and
- the Hong Kong Institute of Architects ("HKIA") since 1989.

Mr. Fu Chin Shing (符展成), aged 49, is the compliance officer of the Company and was appointed as the chief executive officer of the Group and an executive Director on 5 December 2013. He joined the Group in 1991 and was promoted to the rank of director in 1998. He is primarily responsible for overseeing the overall operations and strategic planning of the Group, managing relationships with clients and exploring new business opportunities. Mr. Fu is a director of certain subsidiaries of the Group. He graduated from the University of Hong Kong with a bachelor's degree of arts in architectural studies in 1988 and a bachelor's degree in architecture in 1991.

Mr. Fu has over 22 years of experience in the architectural service industry in Hong Kong and the PRC.

He has been an authorised person under the Buildings Ordinance of Hong Kong and a registered architect in Hong Kong since 1993. He holds professional membership in the HKIA since 1992. He is also a class 1 registered architect in the PRC.

Mr. Wang Jun You (王君友), aged 51, was appointed as an executive Director on 5 December 2013. Mr. Wang joined the Group with the rank of director in 2011. Mr. Wang is primarily responsible for strategic planning and overseeing the operations in the PRC, managing relationships with clients and exploring new business opportunities. He graduated from Tsinghua University with a master's degree in architecture in 1989.

Mr. Wang has over 25 years of experience in the architectural service industry in the PRC. He has obtained a class 1 registered architect in the PRC since 2001. Prior to joining the Group, Mr. Wang has gained managerial experience in architectural companies in the PRC. He has been involved in residential projects in the PRC. Mr. Wang is a director of a significant subsidiary established in the PRC. Mr. Wang is the spouse of Ms. Li Min, a member of senior management of the Group.

Mr. Lo Kin Nang (盧建能), aged 46, was appointed as an executive Director on 5 December 2013. He joined the Group in 1997 and was promoted to the rank of director in 2010. He is responsible for strategic planning, corporate development and overseeing the operations in Hong Kong. He graduated from the University of New South Wales in Australia with a bachelor's degree in architecture in 1996.

Mr. Lo has over 18 years of experience in the architectural service industry mainly in Hong Kong by being involved in projects in Hong Kong and the PRC. He served as an evaluation expert member of the Shenzhen Construction Bureau (深圳市住房和建設局建設工程評標專家庫專家成員) in 2012.

Mr. Lo has been a registered architect in Hong Kong since 2001 and a BEAM Pro since 2011. He holds professional membership in the HKIA since 2001. He is also a class 1 registered architect in the PRC.

Mr. Ng Kwok Fai (吳國輝), aged 45, was appointed as an executive Director on 5 December 2013. He initially joined the Group in 1996 and later rejoined in 2004. He was promoted to the rank of director in 2010 and is responsible for overseeing the operations in Hong Kong. He graduated from the University of Hong Kong with a bachelor's degree in arts (architectural studies) in 1992 and a master's degree in architecture in 1995.

Mr. Ng has over 16 years of experience in the architectural service industry in Hong Kong. He was involved in the Group's projects in Hong Kong and the PRC.

Mr. Ng has been a registered architect in Hong Kong since 1998 and an authorised person under the Buildings Ordinance of Hong Kong since 1999. He holds professional membership in the HKIA since 1998. He is also a class 1 registered architect in the PRC.

Mr. He Xiao (何曉), aged 48, was appointed as an executive Director on 5 December 2013. He joined the Group with the rank of director in 2007 and is responsible for overseeing the operations in the PRC, managing relationships with clients and exploring new business opportunities. Mr. He is a director of certain subsidiaries of the Group. He graduated from Huazhong University of Science & Technology (華中科技大學) in 1988 with a bachelor's degree in architecture.

Mr. He has over 10 years of experience in the architectural service industry. He has gained project experience by being involved in architectural design, urban and landscape design projects in the PRC.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Lo Wai Hung (盧偉雄), aged 56, was appointed as an independent non-executive Director on 5 December 2013. He graduated from James Cook University of North Queensland with a bachelor's degree in commerce in 1985. He is an associate member of the Institute of Chartered Accountants in Australia and a fellow member of the Hong Kong Institute of Certified Public Accountants. Mr. Lo is an independent non-executive director of Shandong Weigao Group Medical Polymer Company Limited (stock code: 1066) and Talent Property Group Limited (stock code: 760), the shares of both companies are listed on the Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Mr. Lo is also an independent director of China Merchant Property Development Co. Ltd since 2011 and the shares of which were ceased from listing on the Shenzhen Stock Exchange on 30 December 2015.

Mr. Wang Julius (王哲身), aged 54, was appointed as an independent non-executive Director on 5 December 2013. He received his undergraduate studies in economics at the University of New Hampshire and a master's degree in business administration from Harvard Business School in 1991. Mr. Wang has experience in the investment management industry. He was a managing director of Samena Asia Managers Limited between 2009 and 2014. Previously, he was a managing director of China Apollo Holdings Limited (stock code: 512) between 1997 and 1998 and a non-executive director of Symphony Holdings Limited (stock code: 1223) in 2001, the shares of both companies are listed on the Stock Exchange.

Mr. Yu Chi Hang (alias, Yue Chi Hang) (余熾鏗), aged 66, was appointed as an independent non-executive Director on 5 December 2013. He graduated from the University of Hong Kong with a bachelor's degree in architectural studies in 1972 and a bachelor's degree in architecture in November 1974. He also holds professional membership in the HKIA since 1976. Mr. Yu has over 32 years of service with the Hong Kong government. He joined the Hong Kong government as graduate architect in 1976 and was promoted to chief architect in February 1988. He was appointed as the deputy director of the Architectural Services Department in July 1998. He took up the position of director of the Architectural Services Department in November 2002 and retired in July 2009. Mr. Yu received the Silver Bauhinia Star award from the Hong Kong government in 2009 and was previously an official Justice of the Peace.

SENIOR MANAGEMENT

Mr. Chan Pak Yuen (陳柏源), aged 38, is the director of architecture. He is responsible for the operations in Shenzhen. Mr. Chan graduated from the University of Hong Kong with a bachelor's degree in architectural studies and a master's degree in architecture in December 1999 and December 2002, respectively. He joined the Group in July 2002 as an architectural assistant and was promoted to the rank of director in April 2012. Mr. Chan has been a registered architect in Hong Kong and has held professional membership in the HKIA since 2006.

Mr. Chan Chui Man (陳聚文), aged 40, is the director of architecture. He is responsible for assisting the executive Directors in overseeing the operations in Hong Kong. Mr. Chan graduated from the University of Hong Kong with a bachelor's degree in architectural studies and a master's degree in architecture in December 1997 and November 2000, respectively. He joined the Group in June 2000 as an architectural assistant and was promoted to the rank of director in January 2014. Mr. Chan has been a registered architect in Hong Kong since 2003, an authorised person under the Buildings Ordinance of Hong Kong since 2014 and a LEED AP of US Green Building Council since 2009 and a BEAM Pro since 2011 to 2015. He has held professional membership in the HKIA since 2003.

Mr. Ma Kwai Lam Lambert (馬桂霖), aged 47, is the director of architecture. He is responsible for assisting the executive Directors in overseeing the operations in Hong Kong. Mr. Ma graduated from Virginia Polytechnic Institute and State University, USA with a bachelor's degree in architecture in 1995. He joined the Group in July 2009 and was promoted to the rank of director in January 2014. Mr. Ma has 20 years of experience in the architectural service industry in Hong Kong. Mr. Ma has held professional membership in the HKIA since 2011 and has been a registered architect in Hong Kong since 2012.

Ms. Yu Wing Sze (余詠詩), aged 39, is the company secretary and authorised representative of the Company and chief financial officer of the Group. She is responsible for overseeing the overall financial management of the Group. Ms. Yu graduated from the University of Hong Kong with a bachelor's degree in accounting and finance in December 1998. She joined the Group and served as finance and accounting director of LWK (Hong Kong) in August 2011. She has been a certified public accountant of the Hong Kong Institute of Certified Public Accountants since 2003. She was admitted as a member and a fellow of the Association of Chartered Certified Accountants in November 2001 and December 2006, respectively. Ms. Yu has over 17 years of accounting and auditing experience accumulated for working for international accounting firm and a main board listed company in Hong Kong.

Ms. Li Min (李敏), aged 51, is the financial controller of 梁黃顧建築設計(深圳)有限公司 and 梁黃顧設計顧問(深圳)有限公司. She is responsible for the finance, administration and human resources management for the operations in the PRC. Ms. Li graduated from the Liaoning University (遼寧大學) with a bachelor's degree in biology in July 1988. Ms. Li was accredited as an engineer (工程師) by the Title Management Office of Shenzhen City (Second Evaluation Committee of Engineer Qualification of Construction Engineering) (深圳市職稱管理辦公室(深圳市建築工程技術工程師資格第二評審委員會)) in November 1999 with over 15 years engineering experience. Before joining the Group in 2011, Ms. Li served as financial controller and deputy general manager in an architectural firm in Shenzhen and having many years of managerial experience. Ms. Li is the spouse of Mr. Wang, an executive Director and a significant Shareholder of the Group.

Ms. Zhang Li Juan (張麗娟), aged 51, is the operations controller in the PRC. She is responsible for the operations and contract management for the projects in the PRC. Ms. Zhang graduated from Chongqing Professional Construction College (重慶建築專科學校) with a professional certificate in management in construction engineering (建築工程管理專業) in July 1988. Ms. Zhang has over 20 years of managerial experience in operations and/or contract departments. She was accredited as an engineer (工程師) by the Title Reform Leading Group Office of Hebei Province (河北省職稱改革領導小組辦公室) in March 1998.

ENVIRONMENT, SOCIAL AND GOVERNANCE REPORT

OUR COMMITMENT

C Cheng Holdings Limited is one of the leading comprehensive architectural services providers in Hong Kong and PRC. The Group's corporate mission is pursuit of excellence in architectural design, accompanied with the goal of improving quality of life through architecture while enhancing both personal and public living environment.

Being a responsible business and employer, we are committed to becoming a more responsible business and consistently looking for ways to meet our corporate social responsibilities. We focus on our staff, environment and community as well as our business partners.

WORKPLACE QUALITY

The Group is a leading knowledge-based professional consultant manned by a large group of experts in their fields who share a common vision for functional, sustainable and user-friendly architectural design. Without their expertise, the Group could never have achieved its current leading position. To put it simply, employees are its valuable asset. Therefore, retaining and nurturing talents, and growing its talent base are its key priorities.

As of 31 December 2015, the Group has employed about 550 staff spreading around Hong Kong, the PRC and Asia Pacific.

Recruitment and Promotion

Effective recruitment is one of the major building blocks of the talent management strategy. Being an equal-opportunity employer, the Group applies this policy in all areas from recruitment process to promotion. It aims to attract talents from all over the world disregard their race, colour, age, gender, ethnicity or religion. Every employee and job applicant receives equal opportunities and fair treatment. The hiring and selection is solely based on professional qualification, skill and experience while the promotion policy is based on merit and performance. In addition, the Group respects the right of women and minority groups.

To boost the Group's continuity and sustainability, recruitment of high-calibre architectural and landscape graduates from local leading universities every year will be arranged. To facilitate the talents nutrition and broaden its talent base, the Group has formed an Academy Committee to design and implement structured training programmes to all graduates. They will join the career development and training programmes to gain local practical experience and professional competence from the senior staff with respect to statutory control, contract administration, site construction, drawing production and design application, which are necessary skills for being a Project Architect, Designer and "To-be-Architect" Graduate Trainee. Also the management staffs would provide executive coaching and mentoring to the trainees in developing their professionalism and leadership.

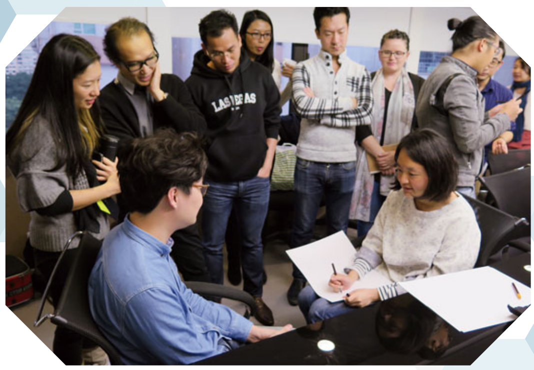
The Group also offers an internship programme annually to provide practical and on-the-job training opportunity to the youth.

Training and Development

As a knowledge-based professional consultancy firm, the Group emphasis on the value of our human capital where creativity and innovation are critical success factors. It constantly enhances the staff's capability to let them excel at work and in personal development.

Staff development starts right after the staff inception The Group has designed and implemented a comprehensive induction programme for all new employees to learn about the Group's mission, value and culture. Following the induction programme, the Academy Committee provides a series of practical training programme to equip them with the necessary skills and knowledge required to stay competitive.

The Group promotes life-long learning culture. Regular luncheon seminar and weekly sharing sessions for the staff will be organized to exchange views causally on a wide range of popular topics such as product training, market practice, regulation update and personal interest, etc. These gatherings provide opportunity for employees to widen their knowledge and help to develop their personal interest.



In addition to sponsoring its staff to participate the project-specific seminars, the Group offered paid leave for staff pursuing professional qualification and continuous professional development.

Other wellness activities including fitness club privilege account enrolment and voluntary work initiative, which aim to achieve staff's work-life balance.

ENVIRONMENTAL MANAGEMENT SYSTEM

The Group has over thirty years of experience in designing optimally efficient buildings. It not only implement and maintain an Environmental Management System to support compliance with local government regulations and environmentally responsible business practices, but also pay close attention to the use of natural resource, which reduce environmental impact and lower the running costs. In short, the Group promotes sustainability. With the integration of the expertise who has professional qualification in green building and design, it constantly incorporate sustainability and energy efficiency into its clients' design. The Group designs buildings with zero carbon impact on the environment.

Green Certification

In terms of energy saving, the Group's design meets the stringent sustainability criteria of Hong Kong's LEED, BEAN Pro, or Beam Plus certification under the Hong Kong Green Building Council. The Company is a member of the Business Environment Council, the China Green Building (Hong Kong) Council, and the Hong Kong Green Building Council.

Many of the Group's recent or ongoing projects demonstrate a commitment to sustainability. One such project is the town planning design for the luxury development in the ecologically precious Mai Po area of northeast Hong Kong. Celebrated as a wetland area that attracts numerous migratory birds, Mai Po has strict development regulations governing the Wetlands Restoration Area. The Group's master layout plan design concept for Wo Shang Wai adopts a delicate balance between aesthetics, development, sustainability, and the environment, and it is a showcase of how it blends sustainable design concepts with luxury living requirements. Conversely, the design for the Qilin Sci-Tech Innovation Park in Nanjing has a different character. The project, composed of the corporate headquarters for SINOPEC, data and research centres, IT offices, and hotel and shopping facilities, has been designed as a low-carbon comprehensive development. This means all aspects of its design and construction account for carbon emissions reduction at the design level.

Green Management

In addition, the Group embeds environmental management principles within the internal operations and processes. Being an architectural services provider, paper is a major component of the Group's production work. To streamline the workflow and minimise the paper usage, we have designed and implemented a seamless flow and paperless document management system called "PRMS". All documents in form of electronic image will be seamless distributed to the responsible parties and to be filed automatically according to assigned QR code system. Staff members are also encouraged to conduct their daily work in the principles of "reduce, reuse and recycle" in order to minimise resources consumption.

OPERATING PRACTICE

The Group maintains a fair, safe and ethical approach in its day-to-day operation towards its numerous and diversified contractors and suppliers.

Supply Chain Management

To comply with the laws and regulations of its operating countries intensity, the Group has established stringent internal controls to procuring goods and services through fair and unbiased tender process. The selection of subcontractors and suppliers will be based on competitive pricing, meet specifications and standards, product and service quality as well as service support.

Anti-corruption

The Group has zero tolerance on any form of bribery and corruption. Employees are reminded to avoid situation that may lead to or involve a conflict of interest. In particular, the Group has established a Code of Conduct and stipulated in the Staff Handbook. Staffs are prohibited to request, receive or accept any forms of benefit from any person, company or organization which have business transaction with the Group.

To enforce the consciousness of anti-corruption, the Group will invite Independent Commission Against Corruption ("ICAC") to conduct in-house seminar from time to time to introduce prevention of corruption and guidelines to its employees. Seminars will form part of the training materials in the staff induction programme.

COMMUNITY INVOLVEMENT

The Group pushes forward a wide array of CSR programs in the hope of creating a better living environment for local community as well as a brighter future for young generation. We have been making efforts in engaging our staff to participate in sports charity events to benefit people in need. The Group also believes that by taking part of cultural exhibitions, we can help build up a nicer city that we call home.

A Brighter Future for the Youth

We are always hoping to allocate resources of all sorts on empowering young generation to shape a brighter future. From children having early education in kindergarten, to students equipping themselves with knowledge and skills in universities, the Group is devoted to building up confidence especially for those from deprivileged families.

3D Design & Printing Workshops

Our main approach is to encourage students to apply most up-to-date technology while cultivating their creativity. In 2015, the Group has continued to integrate series of 3D design and printing workshops in Project WeCan ("PWC") and "Go Around the World 3D Picture Book Project" by St. James' Settlement ("SJS").

To promote 3D design applications in PWC, Paralab of the Group takes lead in training a pilot group of over 40 students from 5 secondary schools. Together with Ko Lui Secondary School (Ko Lui), our partner school in PWC, the Group has also introduced a 3D design workshop to Kwun Tong Government Primary School.

We believe that education of technology should start from young children. For this reason, the Group also joined hands with SJS in launching "Go around the World 3D Picture Book Project", in which kindergarten pupils were taught to create 3D pop-up story books by using basic design applications. A synergy to care and to serve was formed, especially when we invited well-trained students in PWC program to be the children's tutors at PLK Mrs. Fong Wong Kam Chuen Kindergarten. In recognition of our longstanding support, SJS has presented the "Three-Year Service of Excellence" Award to the Group.

Extensive Youth Development Programs

In order to reach out to young generation of different ages and cultural backgrounds, the Group arranged different forms of future development programs in office as well as by partnerships. Our architects guided students to go through the career path of an architectural professional by office visits and seminars. Ms. Joyce Cheung, HR & Admin Manager of the Group, offered mock-up interviews for students from 50 secondary schools on the PWC Career Exploration Day. And CEO of the Group, Mr. Fu Chin Shing volunteered as a member of the judging panel in PWC Young Innovators Bazaar. For university students, programs that the Group sponsored include studio publication by Department of Architecture, the University of Hong Kong and 19th CUHK Architecture Graduation Show, etc.

Partnering with Ko Lui Secondary School

For Ko Lui Secondary School ("Ko Lui"), the partner school of the Group under PWC, we extended our scope to English speaking trainings, Job-tasting program and campus renovation services. Mr. Ronald Liang, Chairman of the Group initiated the English program with a group of English-speaking staff. We target to offer language exposure by chatting with students inside and outside campus on interesting topics such as festivals, travel, and dinning etiquette etc. We offered internship opportunities to Ko Lui students, to have a job-tasting experience in different departments. To help improve facilities for barista training, the Group's Interior Design team volunteered to provide design consultancy and renovation services for the Coffee Corner of Ko Lui.

Contribution to Community Welfares

The Group encourages all staff to participate in annual charity events held by the Community Chest. Active participation is what we value in implementing our CSR program, besides financial donations. For the Community Chest Wheelock Swim for a Million 2015, the Group formed 4 swimming teams to take part in raising funds to support youth services. As for the 2015 Community Chest Corporate Challenge, a running team of 40 participated, helping to benefit the visually and hearing impaired supported by The Community Chest.

Design expertise is what the Group hopes to give back to the society. By volunteering in Light Be program, we strive to affordable housing available for sing-mother-families in Hong Kong. The Group offers free architectural consultancy services in one of the Program's projects at New Territories.

Participation in Cultural Landscape Improvement

To make Hong Kong an attractive home, the Group takes active role in cultural events with positive impact regionally and internationally.

In March 2015, Mr. Fu Chin Shing, CEO of the Group teamed up with two other curators and launched a Response Show of Venice Biennale International Architecture Exhibition (VB) in Hong Kong, following the successful presence VB Hong Kong Exhibition at Venice in 2014.

In May 2015, we took part in the "HKJC H.A.D Walk Project x Wong Tai Sin & Kowloon City" exhibition by being the venue architect and one of the sponsors. We manifested the heritage and spirit of Hong Kong to general public by realizing an architectural presentation of the Lion Rock mountain silhouette throughout the exhibition pavilion.

We have garnered recognitions from different institutions for our multi-faceted community services throughout 2015. Apart from being a Caring Company in five consecutive years, we are a winner of 2015 HSBC Living Business Awards Community Engagement Award.

CORPORATE GOVERNANCE

Details of the Group's corporate governance practices are set out in the "Corporate Governance Report" section in this Annual Report.

The Clearwater Bay Golf & Country Club, Hong Kong

CORPORATE GOVERNANCE REPORT

For the year ended 31 December 2015, the Company complied with the Code provisions set out in the Corporate Governance Code (the "Code") contained in Appendix 14 of the Rules Governing the Listing of Securities of the Stock Exchange (the "Listing Rules") and Appendix 15 of the GEM Listing Rules.

(A) CORPORATE GOVERNANCE PRACTICES

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

(B) DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings as set out in "Model Code for Securities Transactions by Directors of Listed Issuers" ("Model Code") in Appendix 10 of the Listing Rules and the required standard set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all Directors, all Directors confirmed that they have complied with the required standard of dealings regarding securities transactions and the Model Code for the year ended 31 December 2015 and the Company was not aware of any non-compliance with the required standard of dealings, the Model Code and its code of conduct regarding securities transactions by Directors.

(C) BOARD OF DIRECTORS

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

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

Executive Directors

Mr. Liang Ronald (Chairman)
Mr. Fu Chin Shing (Chief Executive Officer)
Mr. Wang Jun You
Mr. Lo Kin Nang
Mr. Ng Kwok Fai
Mr. He Xiao

Independent Non-Executive Directors

Mr. Lo Wai Hung
Mr. Wang Julius
Mr. Yu Chi Hang

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

The Board meets at least twice a year at approximately half-year intervals and additional meetings will be convened as and when required. During the year ended 31 December 2015, the record of attendance of each Director is set out as follows:

Directors	board meeting attended/ eligible to attend	general meeting attended/ eligible to attend
Executive Directors		
Mr. Liang Ronald	8/8	2/2
Mr. Fu Chin Shing	8/8	1/2
Mr. Wang Jun You	7/8	1/2
Mr. Lo Kin Nang	8/8	2/2
Mr. Ng Kwok Fai	8/8	2/2
Mr. He Xiao	8/8	2/2
Independent Non-Executive Directors		
Mr. Lo Wai Hung	8/8	2/2
Mr. Wang Julius	8/8	2/2
Mr. Yu Chi Hang	8/8	2/2

Chairman and Chief Executive Officer

The roles and duties of the Chairman and the Chief Executive Officer of the Company are carried out by different individuals to achieve a balance of authority and power, which is in compliance with the Code Provision A.2.1 of the Code.

The Chairman of the Board is Mr. Liang Ronald, who provides leadership for the Board and ensures its effectiveness in all aspects. With the support of the senior management, the Chairman is also responsible for ensuring that the directors receive adequate, complete and reliable information in a timely manner and appropriate briefing on issues arising at the Board meetings.

The Chief Executive Officer is Mr. Fu Chin Shing, who is in charge of the Company's day-to-day management and operations and focuses on implementing objectives, policies and strategies approved and delegated by the Board.

Appointments, Re-Election and Removal of Directors

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

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

The Board recommended the re-appointment of the retiring Directors standing for re-election at the forthcoming annual general meeting of the Company. Details of the information of the retiring Directors standing for re-election are set out in the circular accompany the notice of the annual general meeting.

Independent Non-Executive Directors

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

Continuing Professional Development

The Directors are aware of the requirement under the code provision A.6.5 of the Code regarding continuous professional development. During the year, the Company had arranged a training session to all Directors in regards to director's duty which was conducted by an external professional firm. In addition, the Directors also reviewed the reading materials related to corporate governance and regulations that provided to them concerning latest developments in corporate governance practices and relevant legal and regulatory developments. All Directors provided the Company a record of training they received in 2015.

Directors' and Officers' Insurance

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

Board Committees

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

Audit Committee

The Company has established the Audit Committee on 5 December 2013 with terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules and Rules 3.21 to 3.23 of the Listing Rules, and paragraphs C.3.3 and D.3.1 of the Code. The primary duties of the Audit Committee include, among other things, reviewing and supervising the financial reporting process and internal control systems, as well as the overall risk management of the Group, reviewing the consolidated financial statements and the interim and annual reports of the Group, reviewing the terms of engagement and scope of audit work of the external auditors, and performing the corporate governance function.

The composition of the Audit Committee is as follows:

Mr. Lo Wai Hung (Chairman)
Mr. Wang Julius
Mr. Yu Chi Hang

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

The Audit Committee has reviewed with the management of the Group the financial and accounting policies and practices adopted by the Group, its internal controls and financial reporting matters and the above audited annual results of the Group for the year ended 31 December 2015.

According to the current terms of reference, the Audit Committee shall meet at least twice a year. Three meetings were held by the Audit Committee for the year ended 31 December 2015. The record of attendance of each member of the Audit Committee is set out as follows:

Name of member of the Audit Committee	meeting attended/ eligible to attend
Mr. Lo Wai Hung	3/3
Mr. Wang Julius	3/3
Mr. Yu Chi Hang	3/3

Remuneration Committee

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

The composition of the Remuneration Committee is as follows:

Mr. Yu Chi Hang (Chairman)
Mr. Fu Chin Shing
Mr. Lo Wai Hung

One meeting was held by the Remuneration Committee for the year ended 31 December 2015 and the record of attendance of each member of the Remuneration Committee is set out as follows:

Name of member of the Remuneration Committee	**meeting attended/ eligible to attend**
Mr. Yu Chi Hang	1/1
Mr. Fu Chin Shing	1/1
Mr. Lo Wai Hung	1/1

Nomination Committee

The Company has established the Nomination Committee on 5 December 2013 with terms of reference in compliance with paragraph A.5.2 of the Code. The primary duties of the Nomination Committee include reviewing the structure, size and composition of the Board, identifying and nomination of directors and making recommendations to the Board on appointment and re-appointment of Directors.

The Company recognizes and embraces the benefits of having a diverse Board to enhance the quality of its performance in compliance with paragraph A.5.6 of the Code.

When identifying suitable candidates for directorship, the Nomination Committee will carry out the selection process by making reference to the skills, experience, education background, professional knowledge, personal integrity and time commitments of the proposed candidates, and also the Company's needs and other relevant statutory requirements and regulations. Qualified candidates will then be recommended to the Board for approval.

The composition of the Nomination Committee is as follows:

Mr. Liang Ronald (Chairman)
Mr. Wang Julius
Mr. Yu Chi Hang

One meeting was held by the Nomination Committee for the year ended 31 December 2015 and the record of attendance of each member of the Nomination Committee is set out as follows:

Name of member of the Nomination Committee	meeting attended/ eligible to attend
Mr. Liang Ronald	1/1
Mr. Wang Julius	1/1
Mr. Yu Chi Hang	1/1

Company Secretary

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

For the year ended 31 December 2015, she has undertaken not less than 15 hours of relevant professional training in accordance with Rule 3.29 of the Listing Rules.

(D) FINANCIAL REPORTING AND INTERNAL CONTROL

Financial Reporting

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

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

Risk Management and Internal Control

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

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

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

Auditor's Remuneration

The remuneration in respect of the services provided by the independent auditors of the Company for the Group for the years ended 31 December 2015 and 2014 respectively are analysed as follows:

Services rendered	Fees paid/payable **2015** **HK$'000**	2014 HK$'000
Audit services	**1,100**	1,028
Non-audit services		
– Review of quarterly and interim financial information	**350**	520
– Review of working capital sufficiency for transfer of listing	**360**	–
– Tax compliance and planning review	**38**	228
– Review of result announcements	**20**	20
	1,868	1,806

(E) SHAREHOLDERS' RIGHTS

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

Right to convene extraordinary general meeting

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

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

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

The notice period to be given to all the registered members for consideration of the proposal raised by the requisitionist(s) concerned at the EGM varies according to the nature of the proposal, as follows:

(a) At least 14 clear days' notice in writing (and not less than 10 business days) if the proposal constitutes an ordinary resolution of the Company;

(b) At least 21 clear days' notice in writing (and not less than 10 business days) if calling for the proposal constitutes a special resolution of the Company in EGM.

Right to put enquiries to the Board

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

Right to put forward proposals at general meetings

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

(F) COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

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

The Company updates its shareholders on its latest business developments and financial performance through its annual and interim reports. The corporate website of the Company (www.cchengholdings.com) has provided an effective communication platform to the public and the shareholders.

(G) CONSTITUTIONAL DOCUMENTS

During the year ended 31 December 2015, there had been no significant change in the Company's constitutional documents.

DIRECTORS' REPORT

The Directors present their annual report and the audited consolidated financial statements for the year ended 31 December 2015.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company and provides corporate management services. The activities of its principal subsidiaries are set out in Note 35 to the consolidated financial statements. There were no significant changes to the Group's principal activities during the current year.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2015 and the Group's financial position at that date are set out in the Group's financial statements on page 53 to 55.

The directors recommend a final dividend of HK2.0 cents per share amounting to approximately HK$3,872,000 for the year ended 31 December 2015 to the shareholders of the Company whose names appear on the register of members at the close of business on Thursday, 30 June 2016. The dividend payment is subject to the approval of the shareholders of the Company at the forthcoming annual general meeting of the Company to be held on Wednesday, 22 June 2016.

BUSINESS REVIEW

The business review of the Group for the year ended 31 December 2015 required by Schedule 5 to the Hong Kong Companies Ordinance is set out in the section headed "Management Discussion and Analysis" on pages 7 to 18 of this annual report.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is committed to be an environmentally-friendly corporation. It is a knowledge-based consultancy firm focusing on the design of different types of built environment. Its physical operations are primarily office based with minimal environment impact. Details have been set out in the section headed "Environmental Management System" in the "Environment, Social and Governance Report" on pages 24 to 25 of this annual report.

COMPLIANCE WITH LAWS AND REGULATIONS

The Group's operations are mainly carried out by the Company's subsidiaries in the PRC and Hong Kong while the Company itself is listed on the Stock Exchange in Hong Kong. Our establishment and operations accordingly shall comply with relevant laws and regulations in the PRC and Hong Kong. During the year ended 31 December 2015 and up to the date of this report, we have complied with all the relevant laws and regulations in the PRC and Hong Kong.

KEY RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

Human resources are one of the most valuable assets of the Group. The Group also offers competitive remuneration packages to our employees. Details of the "Workplace Quality" are set out in the Environment, Social and Governance Report in pages 23 to 24 of this annual report.

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

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

FIVE YEAR FINANCIAL SUMMARY

A summary of the results and the assets and liabilities of the Group for the last five financial years is set out on page 108 of the annual report.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year ended 31 December 2015 are set out in Note 14 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in the share capital of the Company during the year are set out in Note 26 to the consolidated financial statements.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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

RESERVES

Details of movements in the reserves of the Group during the year are set out in the consolidated statement of changes in equity on page 56 of this annual report.

DISTRIBUTABLE RESERVES

The Directors consider that the Company's reserves available for distribution to shareholders comprise the share premium and the retained earnings which amounted to HK$113,356,000 (2014: HK$64,693,000). Under the Companies Law (Revised) Chapter 22 of the Cayman Islands, the share premium of the Company is available for paying distributions or dividends to shareholders subject to the provisions of its Memorandum or Articles of Association and provided that immediately following the distribution of dividend the Company is able to pay its debts as they fall due in the ordinary course of business.

DIRECTORS

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

Executive directors

Mr. Liang Ronald (Chairman)
Mr. Fu Chin Shing (Chief Executive Officer)
Mr. Wang Jun You
Mr. Lo Kin Nang
Mr. Ng Kwok Fai
Mr. He Xiao

Independent non-executive directors

Mr. Lo Wai Hung
Mr. Wang Julius
Mr. Yu Chi Hang

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

In accordance with the provisions of the Company's Articles of Association, Mr. Lo Kin Nang, Mr. Ng Kwok Fai, and Mr. Wang Julius will retire by rotation and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors has entered into a service agreement with the Company for a period of three years commencing from 5 December 2013 and will continue thereafter until termination in accordance with the terms of the agreement.

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

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

PERMITTED INDEMNITY PROVISION

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

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

At 31 December 2015, the interests and short positions of the Directors and the chief executive and their associates in the shares and share options of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance ("SFO"), or as otherwise notified to the Company and the Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, were as follows:

(1) Long positions

Name of Director	Company/name of associated company	Nature of interest	Number of ordinary shares held	Approximate of percentage of shareholding
Liang Ronald	The Company	Interest in a controlled corporation	83,068,000	42.90%
	The Company	Beneficial interest	4,300,000[Note 1]	2.22%
Fu Chin Shing	The Company	Interest in a controlled corporation	36,632,000	18.92%
	The Company	Beneficial interest	2,350,000[Note 1]	1.21%
Wang Jun You	The Company	Interest in a controlled corporation	15,300,000	7.90%
	The Company	Beneficial interest	1,450,000[Note 1]	0.74%
	The Company	Interest of spouse	200,000[Note 2]	0.10%
	梁黃顧建築設計(深圳)有限公司	Equity interest	–	1.00%
Lo Kin Nang	The Company	Beneficial interest	1,000,000[Note 1]	0.51%
Ng Kwok Fai	The Company	Beneficial interest	1,000,000[Note 1]	0.51%
He Xiao	The Company	Beneficial interest	1,000,000[Note 1]	0.51%

Note: [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 and share option scheme.

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

(2) Short positions

Other than as disclosed above, none of the directors, chief executive nor their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations as at 31 December 2015.

SHARE OPTION SCHEMES

Particulars of the Company's share option scheme and pre-IPO share option scheme (the "Share Option Schemes") are set out in Note 33 to the consolidated financial statements.

The Share Option Schemes have been adopted to provide incentive or reward to eligible persons for their contribution to the Group and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group or any entity in which the Group holds any equity interest.

There were total of 8,800,000 share options being granted pursuant to the Share Option Schemes during the year ended 31 December 2015.

The following table discloses movements in the Company's pre-IPO share options and share options during the year:

Pre-IPO Share Options

Category of grantees	Date of grant	Exercise Price per share	Outstanding at beginning of year	Granted during the year	Exercised during the year	Forfeited during the year	Outstanding during the year
Executive Directors							
– Liang Ronald	6/12/2013	HK$0.83	800,000	–	–	–	800,000
– Fu Chin Shing	6/12/2013	HK$0.83	800,000	–	–	–	800,000
– Wang Jun You	6/12/2013	HK$0.83	800,000	–	–	–	800,000
– Lo Kin Nang	6/12/2013	HK$0.83	800,000	–	–	–	800,000
– Ng Kwok Fai	6/12/2013	HK$0.83	800,000	–	–	–	800,000
– He Xiao	6/12/2013	HK$0.83	800,000	–	–	–	800,000
Senior management and other employees	6/12/2013	HK$0.83	7,725,000	–	(4,595,000)	(1,505,000)	1,625,000
			12,525,000	–	(4,595,000)	(1,505,000)	6,425,000

Share Options

Category of grantees	Date of grant	Exercise Price per share	Outstanding at beginning of year	Granted during the year	Exercised during the year	Forfeited during the year	Outstanding during the year
Executive Directors							
– Liang Ronald	9/9/2015	HK$2.25	–	3,500,000	–	–	3,500,000
– Fu Chin Shing	9/9/2015	HK$2.25	–	1,550,000	–	–	1,550,000
– Wang Jun You	9/9/2015	HK$2.25	–	650,000	–	–	650,000
– Lo Kin Nang	9/9/2015	HK$2.25	–	200,000	–	–	200,000
– Ng Kwok Fai	9/9/2015	HK$2.25	–	200,000	–	–	200,000
– He Xiao	9/9/2015	HK$2.25	–	200,000	–	–	200,000
Senior management and other employees	9/9/2015	HK$2.25	–	2,500,000	–	–	2,500,000
			–	8,800,000	–	–	8,800,000

The closing price of the Company's shares immediately before 9 September 2015, the date of grant of the 2015 options, was HK$2.15.

The weighted average closing price of the Company's shares immediately before the dates on which the share options were exercised was HK$2.10.

As at report date, 6,425,000 and 12,400,000 shares are issuable for options granted under the Pre-IPO Share Option Scheme and Share Option Scheme (of which 3,600,000 options was granted on 28 January 2016), representing approximately 3.32% and 6.41% of the total number of issued shares at that date respectively.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

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

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

No contracts of significance to which the Company, or any of its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

COMPLIANCE OF NON-COMPETITION UNDERTAKING

Mr. Liang Ronald, Rainbow Path International Limited and Veteran Ventures Limited (collectively, the "Covenantors") have entered into a deed of non-competition dated 16 December 2013 in favour of the Company (the "Deed of Non-competition") pursuant to which each of the Covenantors irrevocably undertakes, among other things, that it/he shall not, and shall procure that none of their respective associates (other than members of the Group) shall, during the period in which (i) the shares of the Company (the "Shares") remained listed on the Stock Exchange; and (ii) the Covenantors and their associates (other than members of the Group), individually or jointly, are entitled to exercise, or control the exercise of, not less than 30% of the voting power at general meetings of the Company, directly or indirectly, either on their own account, in conjunction with, on behalf of, or through any person, firm or company, among other things, carry on, participate or be interested, engaged or otherwise involved in or acquire or hold (in each case whether as a shareholder, partner, agent or otherwise and whether for profit, reward or otherwise) any business of architecture, landscape architecture, town planning, interior design and heritage conservation and any other new business which the Group may undertake from time to time after the listing.

In order to ensure the Covenantors have complied with the Deed of Non-competition, the following actions have been taken:

(i) The Company has required each of the Covenantors to give confirmation to the Company on an annual basis as to whether he or it has complied with the Deed of Non-competition;

(ii) Each of the Covenantors has provided to the Company such written confirmation (a) in respect of his/its compliance with the Deed of Non-competition for the year ended 31 December 2015; and (b) stating that he/it has not entered into any business which may be in competition with the business carried on by the Group from time to time;

(iii) The independent non-executive directors of the Company has reviewed the status of compliance by each of the Covenantors with the undertakings in the Deed of Non-competition during the year ended 31 December 2015 and confirmed that, so far as they can ascertain, the Covenantors have complied with the Deed of Non – competition; and

(iv) The Company has enquired each of the Covenantors, from time to time, on whether he/it has engaged in any business which competes or might compete with the business of the Group before publication of this annual report and the Company has gained an understanding from the Covenantors that each of the Covenantors has not engaged in any business which compete or might compete with the business of the Group.

COMPETING INTERESTS

The Directors are not aware of any business or interest of the Directors, the controlling shareholder and their respective associates (as defined under the Listing Rules) that compete or may compete with the business of the Group and any other conflict of interest which any such person has or may have with the Group during the year ended 31 December 2015, as required to be disclosed under Rule 8.10(2) of the Listing Rules.

APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTORS

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

INTERESTS OF THE COMPLIANCE ADVISER

As at 31 December 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.

MANAGEMENT CONTRACT

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

CHANGES IN INFORMATION OF DIRECTORS

The change in the information of directors of the Company, which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules, is as follows:

Mr. Lo Wai Hung, an independent non-executive director of the Company, is an independent director of China Merchants Property Development Co. Ltd, the shares of which were ceased from listing on the Shenzhen Stock Exchange on 30 December 2015.

Save as disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

SUBSTANTIAL SHAREHOLDERS

Save as disclosed below, as at 31 December 2015, no person other than the Directors or chief executive of the Company had any interests or short positions in the shares and underlying shares 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 nominal value of any class of 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	Name of the company in which interest is held	Capacity	Total number of ordinary shares	Long/short position	Percentage of total issued share capital in the Company
Rainbow Path International Limited	The Company	Beneficial owner (Note 1)	75,868,000	Long	39.18%
Veteran Ventures Limited	The Company	Beneficial owner (Note 1)	7,200,000	Long	3.71%
Vivid Colour Limited	The Company	Beneficial owner (Note 2)	36,632,000	Long	18.92%
Jun Ming Investments Limited	The Company	Beneficial owner (Note 3)	15,300,000	Long	7.90%
Liang Sharon	The Company	Interest of spouse (Note 4)	87,368,000	Long	45.12%
Chung Wai Chi, Connie	The Company	Interest of spouse (Note 5)	38,982,000	Long	20.13%
Li Min	The Company	Interest of spouse (Note 6)	16,750,000	Long	8.65%
	The Company	Beneficial owner (Note 7)	200,000	Long	0.10%

Notes:

1. Rainbow Path International Limited and Veteran Ventures Limited are 100% owned by Mr. Liang Ronald.

2. Vivid Colour Limited is 100% owned by Mr. Fu Chin Shing.

3. Jun Ming Investments Limited is 100% owned by Mr. Wang Jun You.

4. Ms. Liang Sharon, being spouse of Mr. Liang Ronald, is deemed to be interested in the 87,368,000 shares and share options held by Mr. Liang Ronald under the SFO.

5. Ms. Chung Wai Chi, Connie, being spouse of Mr. Fu Chin Shing, is deemed to be interested in the 38,982,000 shares and share options held by Mr. Fu Chin Shing under the SFO.

6. Ms. Li Min, being spouse of Mr. Wang Jun You, is deemed to be interested in the 16,750,000 shares and share options held by Mr. Wang Jun Yau under the SFO.

7. It represents the interest in 100,000 shares and the interest in 100,000 underlying shares upon exercise of the share options granted under the Share Option Scheme.

CONNECTED AND RELATED PARTY TRANSACTIONS

The Company had not entered into any connected transaction during the year ended 31 December 2015 which is required to be disclosed under the Listing Rules. Related party transactions entered into by the Group during the year ended 31 December 2015 are disclosed in Note 32 to the consolidated financial statements. The related party transactions set out in Note 32 to the consolidated financial statements did not constitute connected transactions under the Listing Rules.

REMUNERATION POLICY

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

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

The Company has adopted share option schemes as an incentive to directors and eligible employees, details of the schemes are set out in Note 33 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

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

SUFFICIENCY OF PUBLIC FLOAT

From publicly available information and as far as the Directors are aware, the Company has maintained a sufficient public float throughout the year ended 31 December 2015 and has continued to maintain such a float as at the date of this annual report.

CHARITABLE DONATIONS

During the year, the Group made charitable and other donations amounting to approximately HK$749,000.

MAJOR CLIENTS AND SUPPLIERS

For the year ended 31 December 2015, the aggregate revenue attributable to the Group's five largest clients represented approximately 32.0% of the Group's total revenue. The revenue attributable to the Group's largest client represented approximately 9.51% of the Group's total revenue for the same period.

For the year ended 31 December 2015, the aggregate sub-consultancy fee paid to the Group's five largest suppliers represented approximately 3.0% of the Group's total costs of services. The sub-consultancy fee to the Group's largest supplier represented approximately 1.2% of the Group's total costs for the same period.

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

EVENTS AFTER THE REPORTING PERIOD

Details of significant events occurring after the year ended 31 December 2015 are set out in note 37 to the consolidated financial statements.

AUDITOR

A resolution will be submitted to the annual general meeting to re-appoint Messrs. Deloitte Touche Tohmatsu as auditor of the Company.

On behalf of the Board

Mr. Liang Ronald
CHAIRMAN

24 March 2016

INDEPENDENT AUDITOR'S REPORT

Deloitte.
德勤

TO THE SHAREHOLDERS OF C CHENG HOLDINGS LIMITED
思城控股有限公司
(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of C Cheng Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 53 to 107, which comprise the consolidated statement of financial position as at 31 December 2015, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2015, and of its financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

24 March 2016

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2015

	Notes	2015 HK$'000	2014 HK$'000
Revenue	5	**354,799**	384,384
Cost of services		**(255,359)**	(269,832)
Gross profit		**99,440**	114,552
Other income	6	**678**	302
Other gains and losses	7	**(282)**	(2,285)
Administrative expenses		**(63,032)**	(75,073)
Transfer of listing expenses		**(1,785)**	–
Finance costs	8	**(99)**	(93)
Profit before taxation	9	**34,920**	37,403
Income tax expense	11	**(7,831)**	(9,112)
Profit for the year		**27,089**	28,291
Other comprehensive expense			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation		**(2,659)**	(1,137)
Other comprehensive expense for the year		**(2,659)**	(1,137)
Total comprehensive income for the year		**24,430**	27,154
Profit (loss) for the year attributable to:			
Owners of the Company		**27,666**	28,798
Non-controlling interests		**(577)**	(507)
		27,089	28,291
Total comprehensive income (expense) for the year attributable to:			
Owners of the Company		**25,022**	27,664
Non-controlling interests		**(592)**	(510)
		24,430	27,154
Earnings per share (expressed in HK cents)	12		
Basic		**15.3**	16.0
Diluted		**14.7**	15.9

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2015

	Notes	2015 HK$'000	2014 HK$'000
Non-current assets			
Property, plant and equipment	14	**17,959**	23,262
Goodwill	15	**21,196**	4,779
Intangible assets	16	**1,592**	1,744
Rental and utility deposits	17	**5,720**	5,892
Deferred tax assets	18	**390**	147
		46,857	35,824
Current assets			
Held for trading investments	19	**757**	688
Amounts due from customers for contract work	20	**146,164**	136,685
Progress billings receivable from contract customers	21	**105,523**	106,001
Prepayments and other receivables	17	**3,091**	2,426
Pledged bank deposits	22	**2,546**	2,545
Bank balances and cash	22	**58,116**	55,533
		316,197	303,878
Current liabilities			
Trade payables	23	**3,567**	5,467
Accruals and other payables	24	**55,254**	66,737
Amounts due to customers for contract work	20	**114,901**	127,638
Obligations under finance leases	25	**370**	346
Income tax payable		**5,606**	5,551
		179,698	205,739
Net current assets		**136,499**	98,139
Total assets less current liabilities		**183,356**	133,963

	Notes	2015 HK$'000	2014 HK$'000
Non-current liabilities			
Obligations under finance leases	25	**306**	676
Deferred tax liabilities	18	**2,719**	3,098
		3,025	3,774
Net assets		**180,331**	130,189
Capital and reserves			
Issued capital	26	**1,936**	1,800
Reserves		**178,744**	128,739
Equity attributable to owners of the Company		**180,680**	130,539
Non-controlling interests		**(349)**	(350)
Total equity		**180,331**	130,189

The consolidated financial statements on pages 53 to 107 were approved and authorised for issue by the board of directors on 24 March 2016 and are signed on its behalf by:

Mr. Liang Ronald
DIRECTOR

Mr. Fu Chin Shing
DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2015

	Attributable to owners of the Company									
	Issued capital HK$'000	Share premium HK$'000	Statutory reserve HK$'000 (Note a)	Share option reserve HK$'000	Other reserve HK$'000 (Note c)	Exchange reserve HK$'000	Retained profits HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total HK$000
At 1 January 2014	1,800	83,682	2,826	114	(47,070)	7,920	52,305	101,577	153	101,730
Profit (loss) for the year	–	–	–	–	–	–	28,798	28,798	(507)	28,291
Exchange differences arising on translation	–	–	–	–	–	(1,134)	–	(1,134)	(3)	(1,137)
Total comprehensive income (expense) for the year	–	–	–	–	–	(1,134)	28,798	27,664	(510)	27,154
Transfer to statutory reserve	–	–	505	–	–	–	(505)	–	–	–
Recognition of equity-settled share-based payments	–	–	–	1,298	–	–	–	1,298	–	1,298
Capital contribution from non-controlling shareholders of subsidiaries	–	–	–	–	–	–	–	–	7	7
At 31 December 2014	1,800	83,682	3,331	1,412	(47,070)	6,786	80,598	130,539	(350)	130,189
Profit (loss) for the year	–	–	–	–	–	–	27,666	27,666	(577)	27,089
Exchange differences arising on translation	–	–	–	–	–	(2,644)	–	(2,644)	(15)	(2,659)
Total comprehensive income (expense) for the year	–	–	–	–	–	(2,644)	27,666	25,022	(592)	24,430
Transfer to statutory reserve	–	–	1,082	–	–	–	(1,082)	–	–	–
Recognition of equity-settled share-based payments	–	–	–	2,225	–	–	–	2,225	–	2,225
Exercise of share options	46	4,799		(1,031)	–	–	–	3,814	–	3,814
Forfeiture of share options	–	–	–	(183)	–	–	183	–	–	–
Consideration shares issued for acquisition of Cfu Come (Note b)	90	18,990	–	–	–	–	–	19,080	593	19,673
At 31 December 2015	1,936	107,471	4,413	2,423	(47,070)	4,142	107,365	180,680	(349)	180,331

Note a: 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.

Note b: On 11 November 2015, the Company acquired 80.5% of the issued share capital of Cfu Come Limited ("Cfu Come"), which was satisfied in full by the allotment and issue of 9,000,000 shares of the Company ("Consideration Shares"). The fair value of the consideration determined using the published price available at the date of the acquisition was amounted to HK$19,080,000. After the acquisition, Cfu Come became a non-wholly owned subsidiary of the Company (Note 34).

Note c: The balance mainly represents a HK$53,519,000 debit reserve resulting from the Share Swap pursuant to the group reorganisation (details refer to note 29 to the consolidated financial statements in the annual report for the year ended 31 December 2013) and a HK$5,210,000 credit reserve resulting from recognition of equity-settled share-based payments to Mr. Wang Jun You ("Mr. Wang") (details refer to note d of the consolidated statement of changes in equity in the consolidated financial statements in the annual report for the year ended 31 December 2013).

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2015

	2015 HK$'000	2014 HK$'000
Operating activities		
Profit before taxation	**34,920**	37,403
Adjustments for:		
Depreciation of property, plant and equipment	**6,898**	5,710
Loss on disposal of property, plant and equipment	**39**	746
(Reversal) provision of allowance for doubtful debts	**(1,549)**	1,284
Interest expense and finance lease charges	**99**	93
Amortisation of intangible assets	**310**	315
Gain from changes in fair value of held for trading investments	**(103)**	(182)
Interest income	**(607)**	(302)
Recognition of equity-settled share-based payments	**2,225**	1,298
Operating cash flows before movements in working capital	**42,232**	46,365
Decrease (increase) in rental and utility deposits	**65**	(1,825)
Increase in amounts due from customers for contract work	**(13,921)**	(12,253)
Decrease (increase) in progress billings receivable from contract customers	**1,206**	(29,029)
(Increase) decrease in prepayments and other receivables	**(696)**	7,102
Decrease in trade payables	**(1,892)**	(548)
(Decrease) increase in accruals and other payables	**(10,821)**	2,558
(Decrease) increase in amounts due to customers for contract work	**(9,183)**	16,683
Cash generated from operations	**6,990**	29,053
Interest and finance lease charges paid	**(99)**	(93)
Income taxes paid	**(8,289)**	(9,978)
Net cash (used in) from operating activities	**(1,398)**	18,982
Investing activities		
Acquisition of Cfu Come (Note 34)	**2,896**	–
Interest received	**607**	302
Purchases of property, plant and equipment	**(2,000)**	(16,461)
Proceeds from disposal of property, plant and equipment	**–**	107
Net cash from (used in) investing activities	**1,503**	(16,052)

CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

For the year ended 31 December 2015

	2015 HK$'000	2014 HK$'000
Financing activities		
New bank borrowing raised	**4,000**	–
Proceeds from exercise of share options	**3,814**	–
Repayment of bank borrowing	**(4,000)**	–
Repayment of obligations under finance leases	**(346)**	(323)
Repayment to a director	**–**	(2,030)
Net cash from (used in) financing activities	**3,468**	(2,353)
Net increase in cash and cash equivalents	**3,573**	577
Cash and cash equivalents at the beginning of the year	**55,533**	55,299
Effect of foreign exchange rate changes	**(990)**	(343)
Cash and cash equivalents at end of the year, represented by bank balances and cash	**58,116**	55,533

1. GENERAL

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 of The Stock Exchange of Hong Kong Limited on 20 December 2013. On 3 August 2015, the listing of the Company's shares has been transferred from the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited to Main Board of The Stock Exchange of Hong Kong Limited. 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 directors of the Company consider the immediate holding company and ultimate holding company of the Group is Rainbow Path International Limited, a limited liability company incorporated in the British Virgin Islands (the "BVI"), and the ultimate controlling party is Mr. Liang Ronald ("Mr. Liang").

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

The consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is also the functional currency of the Company.

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

For the purpose of preparing and presenting the consolidated financial statements for the year ended 31 December 2015, the Group has adopted all the amendments to HKFRSs which are effective for the financial year beginning 1 January 2015.

The application of the amendments to the HKFRSs in the current year has had no material impact on the Group's financial performance and financial position for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

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

New and revised HKFRSs in issue but not yet effective

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

HKFRS 9	Financial Instruments[2]
HKFRS 15	Revenue from Contracts with Customers[2]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[1]
Amendments to HKAS 1	Disclosure Initiative[1]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[1]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[1]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012–2014 Cycle[1]

1 Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.

2 Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

3 Effective for annual periods beginning on or after a date to be determined.

HKFRS 9 *Financial Instruments*

HKFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in 2013 to include the new requirements for general hedge accounting. Another revised version of HKFRS 9 was issued in 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

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

HKFRS 9 *Financial Instruments* (Continued)

Key requirements of HKFRS 9:

- all recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- in relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Except for the potential early and additional recognition of credit losses based on the expected loss model in relation to the Group's financial assets measured at amortised cost, the directors of the Company anticipate that the application of HKFRS 9 in the future may not have an impact on the amounts reported in respect of the Group's financial assets and liabilities based on an analysis of the Group's finance instruments as at 31 December 2015.

HKFRS 15 *Revenue from Contracts with Customers*

HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 *Revenue*, HKAS 11 *Construction Contracts* and the related Interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

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

HKFRS 15 *Revenue from Contracts with Customers* (Continued)

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

The directors of the Company are still in the process of assessing the impact of HKFRS 15 on the amounts reported and disclosures made in the Group's consolidated financial statements at the moment. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group performs a detailed review.

Except for the impact of HKFRS 9 and HKFRS 15, the directors of the Company anticipate the application of other new and revised HKFRSs will have no material impact on the Group's consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the Hong Kong Institute of Certified Public Accountants. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and by the Hong Kong Companies Ordinance ("CO").

The provision of the new Hong Kong Companies Ordinance (Cap. 622) regarding preparation of accounts and directors' reports and audits became effective for the Company for the financial year ended 31 December 2015. Further, the disclosure requirements set out in the Listing Rules regarding annual accounts have been amended with reference to the new CO and to streamline with HKFRSs. Accordingly the presentation and disclosure of information in the consolidated financial statements for the financial year ended 31 December 2015 have been changed to comply with these new requirements. Comparative information in respect of the financial year ended 31 December 2014 are presented and disclosed in the consolidated financial statements based on the new requirements. Information previously required to be disclosed under the predecessor CO or Listing Rules but not under new CO or amended Listing Rules are not disclosed in these consolidated financial statements.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 *Share-based Payment*, leasing transactions that are within the scope of HKAS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 *Inventories* or value in use in HKAS 36 *Impairment of Assets*.

In addition, for financial reporting purpose, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of consolidation (Continued)

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in existing subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 *Income Taxes* and HKAS 19 *Employee Benefits*, respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 *Share-based Payment at the acquisition date*; and
- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value or, when applicable, on the basis specified in another HKFRS.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Merger accounting for business combination involving entities under common control

The consolidated financial statements incorporate the financial statements items of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party.

The net assets of the combining entities or businesses are consolidated using the existing book values from the controlling party's perspective. No amount is recognised in respect of goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The consolidated statements of profit or loss and other comprehensive income includes the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where this is a shorter period.

The comparative amounts in the consolidated financial statements are presented as if the entities or businesses had been combined at the end of the previous reporting period or when they first came under common control, whichever is shorter.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro-rata basis based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business, net of discounts and related taxes.

Where the outcome of a contract of comprehensive architectural service can be estimated reliably, revenue from a fixed price contract of comprehensive architectural service is recognised by reference to the stage of completion of the contract activity at the end of the reporting period, measured based on the proportion that contract costs incurred for work performed to date relative to the estimated total contract costs. Variations in contract work, claims, and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

Where the outcome of a contract of comprehensive architectural service cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

Service income is recognised when services are provided.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established (provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably).

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Property, plant and equipment

Property, plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contracts of comprehensive architectural service

Where the outcome of a contract of comprehensive architectural service can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of the reporting period, measured based on the proportion that contract costs incurred for work performed to date relative to the estimated total contract costs. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

Where the outcome of a contract of comprehensive architectural service cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Where contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is shown as amounts due from customers for contract work. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as amounts due to customers for contract work. Amounts received before the related work is performed are included in the consolidated statement of financial position, as a liability, as deposits from customers. Amounts billed for work performed but not yet paid by the customer are included in the consolidated statement of financial position under progress billings receivable from contract customers.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss ("FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

Financial assets

Financial assets are classified into the following specified categories: financial assets at FVTPL and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend earned on the financial assets and is included in the 'other gains and losses' line item. Fair value is determined in the manner described in note 28.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. loans and receivables (including progress billings receivable from contract customers, other receivables, pledged bank deposits and bank balances and cash) are measured at amortised cost using the effective interest method, less any impairment (see accounting policy on impairment less on financial assets below).

Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

Financial assets are assessed for impairment individually.

Objective evidence of impairment for receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of progress billings receivable from contract customers, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a progress billings receivable from contract customers is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Financial liabilities

Financial liabilities including trade payables and accruals and other payables are subsequently measured at amortised cost using the effective interest method.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. Interest expense is recognised on an effective interest basis.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see the accounting policy below).

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

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. HK$) using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of exchange reserve (attributed to non-controlling interests as appropriate).

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation are treated as assets and liabilities of that foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before taxation' as reported in the consolidated statement of profit or loss and other comprehensive income because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

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

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at costs less accumulated impairment losses. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less any subsequent accumulated impairment losses (see the accounting policy in respect of impairment losses on tangible and intangible assets below).

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and any accumulated impairment losses, on the same basis as intangible assets that are acquired separately. Alternatively, intangible assets acquired in a business combination with indefinite useful lives are carried at cost less any accumulated impairment losses (see the accounting policy in respect of impairment losses on tangible and intangible assets below).

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Impairment on tangible and intangible assets other than goodwill (see the accounting policy in respect of goodwill above)

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of tangible and intangible assets other than goodwill (see the accounting policy in respect of goodwill above) (Continued)

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Share-based payment arrangements

Equity settled share-based payment transactions

Share options granted to directors and employees

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments granted at the grant date. Details regarding the determination of fair value of equity-settled share-based transactions are set out in note 33.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share option reserve). For share options that vest immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss. At the end of each reporting period, the Group revises its estimates of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share option reserve.

When share options are exercised, the amount previously recognised in share option reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to retained profits.

Retirement benefit costs

Payments to the Mandatory Provident Fund Schemes and state-managed retirement benefit schemes, which are defined contribution retirement benefit plans, are recognised as an expense when employees have rendered services entitling them to the contributions.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

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

Contracts of comprehensive architectural service

Management estimates the amount of foreseeable losses or attributable profits of architecture works based on the latest available budgets of the contracts of comprehensive architectural service with reference to the overall performance of each contract of comprehensive architectural service and management's best estimates and judgments.

Notwithstanding that management reviews and revises the estimates of contract costs for the contract of comprehensive architectural service as the contract progresses, the actual outcome of the contract in terms of its total costs may be higher or lower than the estimates and this will affect the revenue and profit recognised.

Impairment of progress billings receivable from contract customers

The allowance for bad and doubtful receivable from contract customers is estimated based on the evaluation of collectability and aging analysis of individual trade debts performed by the management. A considerable amount of judgment is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each customer. If the financial conditions of customers of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required. As at 31 December 2015, the carrying amount of progress billings receivable from contract customers is approximately HK$105,523,000 (2014: HK$106,001,000), net of allowance for doubtful debts of approximately HK$1,328,000 (2014: HK$3,029,000).

Estimated impairment of goodwill and intangible assets

Determining whether goodwill and intangible assets resulted from the acquisition of LWK Architecture (as defined hereinafter) and Cfu Come are impaired requires an estimation of the value in use of the cash-generating units to which goodwill and intangible assets have been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from each of the cash-generating unit and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 31 December 2015, the aggregate carrying amount of goodwill and intangible assets is approximately HK$22,219,000 (2014: HK$5,954,000). Details of impairment testing of goodwill are set out in note 15.

5. REVENUE AND SEGMENT INFORMATION

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

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 Company) regularly reviews the consolidated results of the Group as a whole for the purposes of resource allocation and assessment of performance.

The Group considers segment revenue and segment results as revenue from external customers and profit for the year before considering the effect of intangible asset recognised and fair value adjustments arising from acquisition of LWK Architecture (as defined in note 11) and the related tax effect ("LWK Architecture Fair Value Adjustments"). No segment information on assets and liabilities is presented as such information is not reported to the Group's chief operating decision maker.

	2015 **HK$'000**	2014 HK$'000
Segment and consolidated revenue	**354,799**	384,384
Segment result	**30,527**	30,461
Reconciliation		
– LWK Architecture Fair Value Adjustments	**(3,438)**	(2,170)
Consolidated profit for the year	**27,089**	28,291

Revenue from major services

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

	2015 **HK$'000**	2014 HK$'000
Architecture	**313,901**	347,062
Landscape architecture, town planning, interior design and heritage conservation	**40,898**	37,322
	354,799	384,384

5. REVENUE AND SEGMENT INFORMATION (Continued)

Geographical information

The following table sets out information about the geographical location of (i) the Group's revenue from external customers; and (ii) the Group's non-current assets other than deferred tax assets.

	Revenue from external customers		Non-current assets	
	2015	2014	**2015**	2014
	HK$'000	HK$'000	**HK$'000**	HK$'000
Place of domicile of group entities:				
Hong Kong	**136,014**	118,131	**29,115**	15,592
PRC	**149,917**	179,346	**16,457**	19,115
Others	**–**	756	**895**	970
Foreign location/countries (Note):				
PRC	**66,926**	76,426	**–**	–
Others	**1,942**	9,725	**–**	–
	354,799	384,384	**46,467**	35,677

Note: The amounts represent revenue generated from a group entity where its geographical location of projects are different from its place of domicile.

Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the total sales of the revenue of the Group are as follows:

	2015	2014
	HK$'000	HK$'000
Customer A	**N/A**[1]	42,089

[1] The corresponding revenue of customer A did not contribute over 10% of the total revenue of the Group for the year ended 31 December 2015.

6. OTHER INCOME

	2015 HK$'000	2014 HK$'000
Interest income on bank deposits	607	302
Sundry income	71	–
	678	302

7. OTHER GAINS AND LOSSES

	2015 HK$'000	2014 HK$'000
Loss on disposal of property, plant and equipment	(39)	(746)
Reversal (provision) of allowance for doubtful debts	1,549	(1,284)
Net foreign exchange loss	(1,895)	(437)
Gain from changes in fair value of held for trading investments	103	182
	(282)	(2,285)

8. FINANCE COSTS

	2015 HK$'000	2014 HK$'000
Interest expense on:		
Bank overdraft and revolving loan	46	17
Obligations under finance leases	53	76
	99	93

9. PROFIT BEFORE TAXATION

	2015 **HK$'000**	2014 HK$'000
Profit before taxation has been arrived at after charging:		
Auditor's remuneration (including remuneration for non-audit services)	**1,868**	1,806
Depreciation of property, plant and equipment	**6,898**	5,710
Amortisation of intangible assets (Note 1)	**310**	315
Operating lease payments (Note 2)	**23,048**	19,774
Staff costs		
–Salaries, allowances and other benefits	**213,065**	230,730
–Operating lease payments	**784**	768
–Contributions to retirements benefit schemes	**7,359**	7,757
–Equity-settled share-based payments	**2,225**	1,298
Total staff costs (including director's emoluments)	**223,433**	240,553

Notes:

(1) Included in cost of services.

(2) For the year ended 31 December 2015, the amount includes the operating lease payments for staff quarters amounting to HK$784,000 (2014: HK$768,000), which are included in the total staff costs above.

10. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

(a) Directors' and chief executive's emoluments

The emoluments paid or payable to each of the directors and chief executive by the Group in connection with the management of the affairs of the Group, disclosed pursuant to the applicable Listing Rule and Companies Ordinance are as follows:

		Other emoluments			
	Fees HK$'000	Salaries and other benefits HK$'000	Bonus (Note 2) HK$'000	Retirement benefit scheme contributions HK$'000	Total HK$'000
2015					
Executive directors					
Mr. Liang	**–**	**9,765**	**1,464**	**96**	**11,325**
Mr. Fu Chin Shing ("Mr. Fu") (Note 1)	**–**	**6,077**	**1,759**	**84**	**7,920**
Mr. Wang	**–**	**5,933**	**–**	**49**	**5,982**
Mr. He Xiao	**–**	**2,497**	**–**	**18**	**2,515**
Mr. Lo Kin Nang	**–**	**2,398**	**90**	**18**	**2,506**
Mr. Ng Kwok Fai	**–**	**2,398**	**90**	**18**	**2,506**
	–	**29,068**	**3,403**	**283**	**32,754**
Independent non-executive directors					
Mr. Lo Wai Hung	**–**	**150**	**–**	**–**	**150**
Mr. Wang Julius	**–**	**150**	**–**	**–**	**150**
Mr. Yu Chi Hang (alias, Yue Chi Hang)	**–**	**150**	**–**	**–**	**150**
	–	**450**	**–**	**–**	**450**
2014					
Executive directors					
Mr. Liang	–	8,427	3,325	96	11,848
Mr. Fu (Note 1)	–	5,010	1,425	84	6,519
Mr. Wang	–	3,137	3,200	44	6,381
Mr. He Xiao	–	2,172	2,200	17	4,389
Mr. Lo Kin Nang	–	2,390	–	17	2,407
Mr. Ng Kwok Fai	–	2,390	–	17	2,407
	–	23,526	10,150	275	33,951
Independent non-executive directors					
Mr. Lo Wai Hung	–	150	–	–	150
Mr. Wang Julius	–	150	–	–	150
Mr. Yu Chi Hang (alias, Yue Chi Hang)	–	150	–	–	150
	–	450	–	–	450

10. DIRECTORS' AND EMPLOYEES' EMOLUMENTS (Continued)

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

Notes:

(1) Mr. Fu is the Chief Executive Officer of the Company and his emoluments disclosed above include those for services rendered by him as the Chief Executive Officer.

(2) The performance related incentive payment is defined by reference to the performance of the Group for the years ended 31 December 2015 and 2014.

During the years ended 31 December 2015 and 2014, no emoluments were paid by the Group to any of the directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. No director of the Company has waived any remuneration during the years ended 31 December 2015 and 2014.

(b) Employees' emoluments

The five highest paid individuals in the Group for the years ended 31 December 2015 and 2014 were all directors (including the Chief Executive Officer) of the Company and details of their emoluments are included above.

11. INCOME TAX EXPENSE

	2015 HK$'000	2014 HK$'000
The income tax expense comprises:		
Current tax:		
Hong Kong Profits Tax	**4,657**	948
PRC Enterprise Income Tax ("EIT")	**5,032**	8,347
Macau Complementary Tax	**–**	54
Overprovision of Hong Kong Profits Tax in prior years	**(1,225)**	(11)
	8,464	9,338
Deferred tax:		
Current year (Note 18)	**(633)**	(226)
	7,831	9,112

11. INCOME TAX EXPENSE (Continued)

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

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 ("LWK Consultancy"), 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 ("LWK Architecture"), a non-wholly owned subsidiary of the Company, is 25% for both years.

According to the Law no. 15/2015 of Macau Special Administrative Region of the PRC, LWK Design (Macau) Limited is entitled to a tax exemption allowance of MOP600,000 (equivalent to HK$591,000) followed by tax rate of 12% (2014: MOP300,000 (equivalent to HK$295,500) followed by tax rate of 12%).

Details of deferred taxation are set out in note 18.

The income tax expense for the year can be reconciled to the profit before taxation per the consolidated statement of profit or loss and other comprehensive income as follows:

	2015 HK$'000	2014 HK$'000
Profit before taxation	**34,920**	37,403
Tax at 16.5%	**5,762**	6,171
Tax effect of expenses not deductible for tax purpose	**866**	528
Tax effect of income not taxable for tax purpose	**(80)**	(33)
Effect of different tax rates of subsidiaries operating in other jurisdictions	**1,043**	1,155
Effect of different tax rates of profits generated in the PRC	**836**	1,391
Tax effect of tax losses not recognised	**261**	291
Utilisation of tax losses previously not recognised	**–**	(148)
Overprovision in prior years	**(1,225)**	(11)
Others	**368**	(232)
Income tax expense	**7,831**	9,112

12. 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:

	2015 HK$'000	2014 HK$'000
Earnings:		
Earnings for the purposes of basic and diluted earnings per share (profit for the year attributable to owners of the company)	**27,666**	28,798
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**181,396,014**	180,000,000
Effect of dilutive potential ordinary shares in respect of share options outstanding	**6,492,423**	1,080,457
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**187,888,437**	181,080,457

The computation of diluted earnings per share for the year ended 31 December 2015 does not assume the exercise of the Company's share options granted in 2015 under the Share Option Scheme because the exercise price of those options was higher than the average market prices of shares for 2015.

13. DIVIDEND

	2015 HK$'000	2014 HK$'000
Proposed final dividend in respect of the year ended 31 December 2015 of HK2.0 cents (2014: nil) per ordinary share	**3,872**	–

The final dividend is not accounted for as a dividend payable in these consolidated financial statements until it has been approved at the forthcoming annual general meeting of the Company.

14. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvement HK$'000	Furniture, fixtures and office equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
COST				
At 1 January 2014	4,366	25,655	1,617	31,638
Additions	9,379	7,082	–	16,461
Disposals/write-off	(939)	(489)	–	(1,428)
Exchange realignment	(38)	(327)	(7)	(372)
At 31 December 2014	12,768	31,921	1,610	46,299
Acquisition of Cfu Come	–	58	–	58
Additions	286	1,714	–	2,000
Disposals	–	(339)	–	(339)
Exchange realignment	(162)	(707)	(12)	(881)
At 31 December 2015	12,892	32,647	1,598	47,137
ACCUMULATED DEPRECIATION				
At 1 January 2014	2,171	14,318	1,588	18,077
Charge for the year	1,702	3,980	28	5,710
Eliminated on disposals/write-off	(137)	(438)	–	(575)
Exchange realignment	(3)	(166)	(6)	(175)
At 31 December 2014	3,733	17,694	1,610	23,037
Charge for the year	2,502	4,396	–	6,898
Eliminated on disposals	–	(300)	–	(300)
Exchange realignment	(48)	(397)	(12)	(457)
At 31 December 2015	6,187	21,393	1,598	29,178
CARRYING VALUES				
At 31 December 2015	6,705	11,254	–	17,959
At 31 December 2014	9,035	14,227	–	23,262

14. PROPERTY, PLANT AND EQUIPMENT (Continued)

The above items of property, plant and equipment, after taking into account of their estimated residual value, are depreciated on a straight-line basis at the following rates per annum:

Leasehold improvement	20%
Furniture, fixtures and office equipment	20%
Motor vehicles	20%

Included in property, plant and equipment is office equipment with carrying value of HK$654,000 (2014: HK$995,000) which is held under finance leases.

15. GOODWILL

	LWK Architecture HK$'000	Cfu Come HK$'000	Total HK$'000
COST			
At 1 January 2014	4,899	–	4,899
Exchange realignment	(120)	–	(120)
At 31 December 2014	4,779	–	4,779
Acquisition of Cfu Come	–	16,631	16,631
Exchange realignment	(214)	–	(214)
At 31 December 2015	4,565	16,631	21,196

15. GOODWILL (Continued)

For the purpose of impairment testing, goodwill has been allocated to two cash generating units, represented by LWK Architecture (the "LWK Architecture CGU") and Cfu Come (the "Cfu Come CGU").

LWK Architecture

Goodwill arose from the acquisition of 75% equity interest in LWK Architecture during the year ended 31 December 2011 which is engaged in provision of comprehensive architectural service in the PRC.

The management determines that there is no impairment on the LWK Architecture CGU as at 31 December 2015 and 2014. The recoverable amount of LWK Architecture CGU has been determined based on a value in use calculation. That calculation uses cash flow projections based on financial budgets approved by management covering a 5-year period, and discount rate of 19.13% as at 31 December 2015 and 2014 respectively. LWK Architecture's revenue growth rate during the 5-year period is not more than 3% which is based on the management's estimate on LWK Architecture's human resources capacity and does not exceed the average long-term growth rate for the relevant industry. Other key assumptions for the value in use calculation relate to the estimation of cash inflows/outflows which include budgeted revenue and gross margin, such estimation is based on LWK Architecture's past performance and management's expectations for the market development. The management determines that any reasonably possible change in any of these assumptions would not cause the carrying amount of the goodwill exceeds its recoverable amount.

Cfu Come

Goodwill arose from the acquisition of 80.5% equity interest in Cfu Come during the year ended 31 December 2015 which is engaged in development and operation of a mobile device application which is for download in the application stores of two major mobile operating systems in the market. The application provides a platform for corporate, household customers and qualified handymen for repair services and interior renovation. Cfu Come was acquired so as to extend the interior design sector of the Group.

The management determines that there is no impairment on the Cfu Come CGU as at 31 December 2015. The recoverable amount of Cfu Come CGU has been determined based on a value in use calculation. That calculation uses cash flow projections based on financial budgets approved by management covering a 5-year period. A discount rate of 35% has been adopted as at 31 December 2015. Cfu Come's long term sustainable growth rate of 3% is assumed and the management believes such growth rate does not exceed the average long-term growth rate for the relevant industry. Other key assumptions for the value in use calculation relate to the estimation of cash inflows/outflows which include budgeted revenue and gross margin, such estimation is based on management's expectations for the market development to penetrate the household market and is focus on execution. The management determines that any reasonably possible change in any of these assumptions would not cause the carrying amount of the goodwill exceeds its recoverable amount.

16. INTANGIBLE ASSETS

	License HK$'000	Club membership HK$'000	Cfu Come application HK$'000	Total HK$'000
COST				
At 1 January 2014	4,881	569	–	5,450
Exchange realignment	(120)	–	–	(120)
At 31 December 2014	4,761	569	–	5,330
Acquisition of Cfu Come	–	–	200	200
Exchange realignment	(213)	–	–	(213)
At 31 December 2015	4,548	569	200	5,317
AMORTISATION				
At 1 January 2014	3,356	–	–	3,356
Charge for the year	315	–	–	315
Exchange realignment	(85)	–	–	(85)
At 31 December 2014	3,586	–	–	3,586
Charge for the year	310	–	–	310
Exchange realignment	(171)	–	–	(171)
At 31 December 2015	3,725	–	–	3,725
CARRYING AMOUNT				
At 31 December 2015	823	569	200	1,592
At 31 December 2014	1,175	569	–	1,744

The license is amortised over its remaining license period of five years expiring in September 2018. Club membership and Cfu Come application having an indefinite useful life are stated at cost less accumulated impairment losses.

17. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2015 HK$'000	2014 HK$'000
Prepayments	**399**	1,527
Rental and utility deposits	**5,765**	5,940
Advances to staff	**197**	271
Other receivables	**2,450**	580
	8,811	8,318
Analysed for reporting purpose as:		
Non-current assets	**5,720**	5,892
Current assets	**3,091**	2,426
	8,811	8,318

18. DEFERRED TAXATION

The following are the major components of deferred tax (liabilities) assets recognised and movements therein during current and prior years:

	Accelerated tax depreciation HK$'000	Amounts due from/to customers for contract work HK$'000	Intangible assets acquired in business combination HK$'000	Fair value adjustments on contracts of comprehensive architectural service HK$'000	Others HK$'000	Total HK$'000
At 1 January 2014	(413)	(666)	(381)	(1,765)	–	(3,225)
Credit (charge) to profit or loss	151	(794)	78	644	147	226
Exchange realignment	–	–	9	39	–	48
At 31 December 2014	(262)	(1,460)	(294)	(1,082)	147	(2,951)
Acquisition of Cfu Come	–	–	(33)	–	–	(33)
Credit (charge) to profit or loss	163	(921)	77	1,071	243	633
Exchange realignment	–	–	11	11	–	22
At 31 December 2015	(99)	(2,381)	(239)	–	390	(2,329)

18. DEFERRED TAXATION (Continued)

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

	2015 HK$'000	2014 HK$'000
Deferred tax assets	**390**	147
Deferred tax liabilities	**(2,719)**	(3,098)
	(2,329)	(2,951)

No deferred tax asset has been recognised in respect of the unutilised tax losses of HK$3,346,000 (2014: HK$1,764,000) and allowance for doubtful debts of HK$1,328,000 (2014: HK$3,029,000) due to the unpredictability of future profit streams. The tax losses available may be carried forward indefinitely.

Under the Law of the PRC on EIT Implementation Regulation, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. As at 31 December 2015 and 2014, deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to undistributed profits of the PRC subsidiaries approximately amounting to HK$35,224,000 (2014: HK$38,275,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

19. HELD FOR TRADING INVESTMENTS

	2015 HK$'000	2014 HK$'000
Unlisted trading fund in the PRC	**757**	688

20. AMOUNTS DUE FROM (TO) CUSTOMERS FOR CONTRACT WORK

	2015 HK$'000	2014 HK$'000
Contracts in progress at the end of the reporting period:		
Costs incurred to date plus recognised profits less recognised losses	**1,477,157**	1,334,940
Less: progress billings	**(1,445,894)**	(1,325,893)
	31,263	9,047
Analysed for reporting purposes as:		
Amounts due from customers for contract work	**146,164**	136,685
Amounts due to customers for contract work	**(114,901)**	(127,638)
	31,263	9,047

As at 31 December 2015, advances received from customers for contract work amounted to HK$31,974,000 (2014: HK$24,009,000) and are included in accruals and other payables.

21. PROGRESS BILLINGS RECEIVABLE FROM CONTRACT CUSTOMERS

	2015 HK$'000	2014 HK$'000
Gross amount	**106,851**	109,030
Less: Allowance for doubtful debts	**(1,328)**	(3,029)
	105,523	106,001

The movements in the allowance for doubtful debts were as follows:

	2015 HK$'000	2014 HK$'000
At beginning of the year	**3,029**	1,784
(Reversed) recognised during the year	**(1,549)**	1,284
Written off during the year	**(76)**	–
Exchange realignment	**(76)**	(39)
At end of the year	**1,328**	3,029

21. PROGRESS BILLINGS RECEIVABLE FROM CONTRACT CUSTOMERS (Continued)

In order to manage the credit risks associated with progress billings receivable effectively, credit limits of customers are evaluated periodically. Before accepting any new customer, the Group conducts research on the creditworthiness of the new customer and assesses the potential customer's credit quality. Progress billings receivables that are neither past due nor impaired are of good credit quality according to Group's evaluation.

As at 31 December 2015, included in the allowance for doubtful debts were individually impaired receivables of HK$1,328,000 (2014: HK$3,029,000) which had been long outstanding. The Group does not hold any collateral over these balances.

The Group does not have a standardised and universal credit period granted to its customers. The credit period granted to individual customer is within 90 days in general and up to 180 days, which the Group considered on a case-by-case basis, depending on the credibility and reputation of the customers and as stipulated in the project contract. The following is an aged analysis of progress billings receivable, presented based on the invoice date at the end of the reporting period, and net of allowance recognised:

	2015 **HK$'000**	2014 HK$'000
Within 30 days	**27,577**	34,441
Over 30 days and within 90 days	**27,386**	35,206
Over 90 days and within 180 days	**6,671**	7,446
Over 180 days	**43,889**	28,908
	105,523	106,001

As at 31 December 2015, included in the Group's progress billings receivable balance are debtors with aggregate carrying amount of approximately HK$55,435,000 (2014: HK$58,897,000) which are past due at the end of the reporting period for which the Group has not provided for allowance for doubtful debts.

Aging of progress billings receivable at the end of the reporting period which are past due but not impaired:

	2015 **HK$'000**	2014 HK$'000
Past due within 30 days	**6,331**	14,584
Past due over 30 days and within 90 days	**18,598**	19,473
Past due over 90 days and within 180 days	**4,720**	6,814
Past due over 180 days	**25,786**	18,026
	55,435	58,897

22. BANK BALANCES AND CASH/PLEDGED BANK DEPOSITS

As at 31 December 2015, bank balances carry interest at market rates which range from 0.01% to 3.48% per annum (2014: 0.01% to 3.48% per annum).

Pledged bank deposits, carry interest at floating market rate of 0.01% per annum (2014: 0.01% per annum), are used to secure general banking facilities granted to the Group and are therefore, classified as current assets.

23. TRADE PAYABLES

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

	2015 **HK$'000**	2014 HK$'000
Within 30 days	**1,950**	4,091
Over 30 days and within 90 days	**460**	616
Over 90 days	**1,157**	760
	3,567	5,467

The credit period on trade payables is generally 30 to 60 days. The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

24. ACCRUALS AND OTHER PAYABLES

	2015 **HK$'000**	2014 HK$'000
Accrued payroll and bonuses	**19,202**	36,109
Deposits from customers	**31,974**	24,009
PRC other tax payables	**853**	1,163
Accrued expenses and other payables	**3,225**	5,456
	55,254	66,737

25. OBLIGATIONS UNDER FINANCE LEASES

The Group has leased certain of its office equipment under finance leases. The lease term is 5 years (2014: 5 years).

For the year ended 31 December 2015, interest rates underlying all obligations under finance leases are fixed at respective contract dates at 5.84% per annum (2014: 5.84% per annum).

	Minium lease payments at 2015 HK$'000	Minium lease payments at 2014 HK$'000	Present value of minimum lease payments at 2015 HK$'000	Present value of minimum lease payments at 2014 HK$'000
Amounts payable under finance leases:				
Within one year	**399**	399	**370**	346
In more than one year but not more than two years	**313**	399	**306**	370
In more than two years but not more than five years	**–**	313	**–**	306
	712	1,111	**676**	1,022
Less: Future finance charges	**(36)**	(89)	**–**	–
Present value of lease obligations	**676**	1,022	**676**	1,022
Less: Amount due for settlement within 12 months (shown under current liabilities)			**(370)**	(346)
Amount due for settlement after 12 months			**306**	676

The rights to the leased assets are reverted to the lessors in the event of default of the lease obligations by the Group.

26. ISSUED CAPITAL

Ordinary shares of HK$0.01 each	Number of shares	Share capital HK$'000
Authorised		
At 1 January 2014, 31 December 2014 and 2015	1,000,000,000	10,000
Issued and paid up		
At 1 January 2014 and 31 December 2014	180,000,000	1,800
Consideration Shares issued (Note)	9,000,000	90
Issue of shares upon exercise of share options	4,595,000	46
At 31 December 2015	193,595,000	1,936

Note: On 11 November 2015, the Company issued and allotted 9,000,000 Consideration Shares to the vendors for the acquisition of 80.5% of issued share capital of Cfu Come.

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 years ended 31 December 2015 and 2014.

27. CAPITAL RISK MANAGEMENT POLICIES AND OBJECTIVES

The objectives of the management of the Group when managing capital are to safeguard the Group's ability as a going concern in order to provide returns for shareholders and to support future development of business through optimisation of debt and equity balances. The Group's strategy remains unchanged from prior year.

The capital structure of the Group consists of equity attributable to owners of the Company, comprising issued capital, reserves and retained profits.

The Group reviews the capital structure periodically and manages its overall structure through payment of dividends and new share issues.

28. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

	2015 HK$'000	2014 HK$'000
Financial assets		
Fair value through profit or loss		
– Held for trading investments	**757**	688
Loans and receivables (including cash and cash equivalents)	**168,832**	164,930
	169,589	165,618
Financial liabilities		
At amortised cost	**38,766**	34,932
Obligations under finance leases	**676**	1,022
	39,442	35,954

b. Financial risk management objectives and policies

Details of the Group's financial instruments are disclosed in the respective notes. The risks associated with the Group's financial instruments include market risk (interest rate risk, currency risk, other price risk) and credit risk and liquidity risk.

The policies on how to mitigate these risks are set out below. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to its variable-rate pledged bank deposits and bank balances and exposed to fair value interest rate risk in relation to its fixed-rate obligations under finance leases. The Group currently does not have an interest rate hedging policy. However, the management monitors interest rate exposure and will consider other necessary actions when significant interest rate exposure is anticipated.

No sensitivity analysis is presented as in the opinion of the management of the Group, a reasonable possible change in interest rate will not have a significant impact on the consolidated financial statements during both years.

28. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Currency risk

Certain bank balances and cash, progress billings receivable from contract customers and accruals and other payables of the Group are denominated in foreign currency of the respective group entities which are exposed to foreign currency risk.

The carrying amounts of the Group's bank balances and cash, progress billings receivable from contract customers and accruals and other payables denominated in RMB at the end of the reporting period which are exposed to foreign currency risk are as follows:

	2015 **HK$'000**	2014 HK$'000
Bank balances and cash	**14,096**	24,222
Progress billings receivable from contract customers	**54,681**	31,941
Accruals and other payables	**(30,528)**	(16,459)
	38,249	39,704

LWK & Partners (HK) Limited ("LWK Hong Kong"), a wholly owned subsidiary of the Company, of which its functional currency is HK$, had amounts due from LWK Consultancy and LWK Architecture at 31 December 2015 and 2014 which are denominated in RMB. As at 31 December 2015, the aggregate intra-group balance is approximately HK$5,329,000 (2014: HK$11,588,000).

The Group currently does not have a foreign currency hedging policy. However, management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arises.

The following table details the Group's sensitivity to a 5% (2014: 5%) increase and decrease in HK$ against RMB. 5% is the sensitivity rate used which represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items including the above intra-group balances and adjusts their translation at the end of the reporting period for a 5% change in foreign currency rates. A positive number below indicates an increase in post-tax profit where HK$ weakens 5% against RMB. For a 5% strengthening of HK$ against RMB, there would be an equal and opposite impact on the post-tax profit and the balances below would be negative.

	2015 **HK$'000**	2014 HK$'000
Profit for the year	**1,819**	2,141

In the opinion of the management of the Group, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the year.

28. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Other price risk

The Group is exposed to price risk through its held for trading investments. The management manages this exposure by monitoring its portfolio of investments. During the years ended 31 December 2015 and 2014, the Group exposed to price risk in relation to its investment in unlisted trading fund in the PRC.

Sensitivity analysis

The management considered that the exposure to price risk in relation to held for trading investments is minimal, accordingly, no sensitivity analysis is presented for both years.

Credit risk

The Group's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations at the end of each reporting period in relation to each class of recognised financial assets is the carrying amounts of those assets as stated in the consolidated statements of financial position. In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual progress billings receivable from contract customers and other receivables at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the management of the Group considers that the Group's credit risk is significantly reduced.

As at 31 December 2015, the Group's concentration of credit risk by geographical locations of the projects is in the PRC, which accounted for approximately HK$72,347,000(2014: HK$70,800,000) of the total progress billings receivable.

The Group has a concentration of customers. For the year ended 31 December 2015, aggregate sales to the top five customers of the Group accounted for approximately 32.0% (2014: 37.4%) of the total revenue. Amounts due from them as at 31 December 2015 amounted to approximately HK$44,020,000 (2014: HK$21,417,000), representing 41.7% (2014: 20.2%) of progress billings receivable. These major customers are mainly Hong Kong developers and PRC developers with good reputation.

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

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

At the end of the reporting period, the Group has available unutilised bank facilities of approximately HK$17,940,000 (2014: HK$17,380,000). The banks may at any time immediately modify, withdraw, terminate, cancel, suspend or make demand for repayment of the whole or any part of the facilities or vary the terms applicable to the facilities.

28. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Liquidity risk analysis

The following table analyses the Group's non-derivative financial liabilities into relevant maturity grouping based on the remaining period at the end of each reporting period to the contractual maturity date. The amounts disclosed in the table are contractual undiscounted cash flows of financial liabilities based on the earliest date of which the Group can be required to pay. The tables include both interest and principal cash flows.

	Weighted average interest rate	On demand and less than 1 year	1 year to 5 years	Total undiscounted cash flows	Carrying amount at 31 December
	%	HK$'000	HK$'000	HK$'000	HK$'000
2015					
Non-derivative financial liabilities					
Trade payables		**3,567**	**–**	**3,567**	**3,567**
Accruals and other payables		**35,199**	**–**	**35,199**	**35,199**
Obligations under finance leases	**5.84**	**399**	**313**	**712**	**676**
		39,165	**313**	**39,478**	**39,442**
2014					
Non-derivative financial liabilities					
Trade payables		5,467	–	5,467	5,467
Accruals and other payables		29,465	–	29,465	29,465
Obligations under finance leases	5.84	399	712	1,111	1,022
		35,331	712	36,043	35,954

c. Fair value

This note provides information about how the Group determines fair values of various financial assets and financial liabilities.

28. FINANCIAL INSTRUMENTS (Continued)

c. Fair value (Continued)

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 these financial assets are determined (in particular, the valuation technique used).

Financial assets	Fair value as at 2015 HK$'000	Fair value as at 2014 HK$'000	Fair value hierarchy	Valuation technique and key inputs
Held for trading investments – unlisted trading fund in the PRC	**757**	688	Level 2	Based on the fair value of underlying assets and liabilities which are substantially derived from Level 1 inputs

Fair value of the Group's financial assets and financial liabilities that are not measured at fair value on a recurring basis

The management of the Group considers that carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values which have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis.

29. OPERATING LEASE COMMITMENTS

The Group as lessee

At the end of each reporting period, the Group had contracted for the following future minimum lease payments:

	2015 HK$'000	2014 HK$'000
Within one year	**20,341**	22,039
In the second to fifth years inclusive	**6,144**	26,839
Total	**26,485**	48,878

Operating lease payments represent rentals payable by the Group for certain of its office properties and staff quarters. Leases are negotiated for terms ranging from 2 to 3 years at fixed rentals.

30. PLEDGE OF ASSETS

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

31. RETIREMENT BENEFIT SCHEMES

For the operations in Hong Kong, the Group participates in Mandatory Provident Fund Schemes for all qualifying employees in Hong Kong. The Group and the employees shall make contributions based on a percentage of the employee's basic salary with a cap of HK$1,500 per month and charged to profit or loss as they become payable in accordance with the rules of Mandatory Provident Fund Schemes.

For the operations in the PRC, the employees of the Group are members of state-managed retirement benefit schemes operated by the PRC government. The relevant subsidiaries are required to contribute a specific percentage of the payroll costs to the retirement benefit schemes.

The only obligation of the Group with respect to the retirement benefit schemes is to make the specified contributions. During the year, the total amounts contributed by the Group to the schemes and cost charged to the profit or loss represents contributions paid/payable to the schemes by the Group at rates specified in the rules of the schemes.

For the year ended 31 December 2015, the retirement benefit scheme contributions made by the Group approximately amounted to HK$7,359,000 (2014: HK$7,757,000).

32. RELATED PARTY TRANSACTIONS

The remuneration of directors and other members of key management are disclosed in note 10.

33. SHARE-BASED PAYMENT TRANSACTIONS

Share Option Scheme

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

33. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

Share Option Scheme (Continued)

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

Type	Date of grant	Number of options granted	Vesting period (Note a)	Exercise period (Note b)	Exercise price	Fair value at grant date
Executive directors	9 September 2015	6,300,000	9 September 2015 to 8 December 2016	9 September 2016 to 8 September 2017	HK$2.25	HK$0.47
Other employees	9 September 2015	2,500,000	9 September 2015 to 8 December 2016	9 September 2016 to 8 September 2017	HK$2.25	HK$0.48

Notes:

(a) For 50% of the total number of options granted under the Share Option Scheme, the vesting period is from 9 September 2015 to 8 September 2016. For the remaining 50% options, the vesting period is from 9 September 2015 to 8 December 2016.

(b) All option granted under the Share Option Scheme are exercisable as to 50% of the total number of options on 9 September 2016, and as to the remaining 50% on 9 December 2016.

Pre-IPO Share Option Scheme

The Company's Pre-IPO Share Option Scheme was adopted pursuant to a resolution passed on 5 December 2013 for the primary purpose of recognising and motivating the contributions that the directors, members of senior management and other employees have made or may make to the Group, and expired on 20 December 2013.

Details of specific categories of options granted under Pre-IPO Share Option Scheme are as follows:

Type	Date of grant	Number of options granted	Vesting period	Exercise period	Exercise price	Fair value at grant date
Executive directors	6 December 2013	4,800,000	6 December 2013 to 19 December 2016	20 December 2016 to 20 December 2017	HK$0.83	HK$0.27
Other employees	6 December 2013	7,725,000	6 December 2013 to 19 December 2015	20 December 2015 to 20 December 2016	HK$0.83	HK$0.22

33. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

The following table discloses movements of the Company's share options held by employees and directors during the years ended 31 December 2015 and 2014:

	Outstanding at 1.1.2015	Granted during the year	Exercised during the year	Forfeited during the year	Expired during the year	Outstanding at 31.12.2015
Pre-IPO Share Option Scheme ("Pre-IPO Grant")	12,525,000	-	(4,595,000)	(1,505,000)	-	6,425,000
Share Option Scheme ("2015 Grant")	-	8,800,000	-	-	-	8,800,000
	12,525,000	8,800,000	(4,595,000)	(1,505,000)	-	15,225,000
Exercisable at the end of the year						1,625,000
Weighted average exercise price	HK$0.83	HK$2.25	HK$0.83	HK$0.83	-	HK$1.65

	Outstanding at 1.1.2014	Granted during the year	Exercised during the year	Forfeited during the year	Expired during the year	Outstanding at 31.12.2014
Pre-IPO Grant	12,525,000	–	–	–	–	12,525,000
Exercisable at the end of the year						–
Weighted average exercise price	HK$0.83	–	–	–	–	HK$0.83

On 9 September 2015, 8,800,000 options were granted under the Share Option Scheme and the aggregate estimated fair value of the options granted on that date is HK$4,151,000.

33. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

Fair values at grant date of Pre-IPO Grant and 2015 Grant were calculated using The Black-Scholes option pricing model and Binomial option pricing model respectively. The major inputs into the model were as follows:

	Pre-IPO Grant		2015 Grant	
	Executive directors	Other employees	Executive directors	Other employees
Exercise price	HK$0.83	HK$0.83	HK$2.25	HK$2.25
Expected volatility	40.71%	39.24%	37.52%	37.52%
Expected life	4 years	3 years	2 years	2 years
Risk-free rate	0.69%	0.39%	0.44%	0.44%

Expected volatility was determined by using the historical volatility of the Company's and the comparable companies' share prices over the previous years. The expected life used in the model has been adjusted, based on management's best estimate, for the effect of non-transferability, exercise restrictions and behavioural considerations. The variables and assumptions used in computing the fair value of the share options are based on the directors' best estimate. The value of an option varies with different variables of certain subjective assumptions.

The Group recognised the total expense of HK$2,225,000 (2014: HK$1,298,000) for the year ended 31 December 2015 in relation to share options granted by the Company.

34. ACQUISITION OF CFU COME

On 11 November 2015, the Group acquired 80.5% of the issued share capital of Cfu Come. This acquisition has been accounted for using the purchase method. The amount of goodwill arising as a result of the acquisition was HK$16,631,000. Cfu Come is engaged in the development and operation of application for mobile device equipment. Cfu Come was acquired so as to extend the interior design sector of the Group.

34. ACQUISITION OF CFU COME (Continued)

The consideration for the acquisition was satisfied in full by the allotment and issue of 9,000,000 of the Company's ordinary shares with par value of HK$0.01 each. The fair value of the ordinary shares of the Company, determined using the published price available at the date of the acquisition, amounted to HK$19,080,000.

Acquisition-related costs amounting to HK$173,523 have been excluded from the consideration transferred and have been recognised as an expense in the current year, within the administrative expenses line item in the consolidated statement of profit or loss and other comprehensive income.

Fair value of assets acquired and liabilities recognised at the date of acquisition are as follows:

	HK$'000
Property, plant and equipment	58
Intangible assets	200
Trade and other receivables	2
Bank balances and cash	2,896
Accruals and other payables	(81)
Deferred tax liabilities	(33)
	3,042

Goodwill arising on acquisition:

	HK$'000
Consideration transferred	19,080
Plus: non-controlling interests (19.5% in Cfu Come)	593
Less: net assets acquired	(3,042)
Goodwill arising on acquisition	16,631

Goodwill arose from the acquisition of Cfu Come because the cost of the combination effectively included amounts in relation to the benefit of expected synergies effect bring to the interior design sector of the Group, future revenue growth and future market development of Cfu Come. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria of identifiable intangible assets.

None of the goodwill arising on this acquisition is expected to be deductible for tax purposes.

The Group has an net cash inflow of HK$2,896,000 from the acquisition of Cfu Come.

Included in the profit for the year is loss of HK$435,000 attributable to the additional business generated by Cfu Come. Revenue for the year includes HK$30,000 generated from Cfu Come.

34. ACQUISITION OF CFU COME (Continued)

Had the acquisition been completed on 1 January 2015, total group revenue for the year would have been HK$354,808,000, and profit for the year would have been HK$26,631,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2015, nor is it intended to be a projection of future results.

35. PARTICULARS OF PRINCIPAL SUBSIDIARIES

General information of principal subsidiaries

Name of subsidiary	Place and date of incorporation/ establishment	Place of operation	Proportion of ownership interest and voting right owned by the Group 2015	2014	Issued and fully paid share capital/paid up registered capital	Principal activities
LWK Hong Kong	Hong Kong 19 October 1995	Hong Kong	**100%**	100%	HK$1,000,000	Provision of comprehensive architectural service and investment holding
LWK Conservation Limited	Hong Kong 12 June 2006	Hong Kong	**100%**	100%	HK$10,000	Provision of comprehensive architectural service
LWK Consultancy	PRC 20 September 2002 (Note a)	PRC	**100%**	100%	HK$1,000,000	Provision of comprehensive consultancy architectural service
LWK Architecture	PRC 24 September 1986 (Note b)	PRC	**99%**	99%	RMB3,000,000	Provision of comprehensive architectural service
Cfu Come	Hong Kong 6 July 2015	Hong Kong	**80.5%**	–	HK$3,500,000	Development and operation of mobile device application

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

Notes:

(a) Registered as a wholly foreign-owned enterprise under the law of the PRC.

(b) Registered as a sino-foreign equity joint venture under the law of the PRC.

36. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2015 **HK$'000**	2014 HK$'000
Non-current asset		
Unlisted investments in subsidiaries	**73,599**	54,519
Current assets		
Other receivables	**205**	160
Amounts due from subsidiaries	**23,450**	755
Bank balances	**20,621**	22,874
	44,276	23,789
Current liabilities		
Accruals	**160**	494
Amount due to a subsidiary	**–**	9,909
	160	10,403
Net current assets	**44,116**	13,386
Total assets less current liabilities	**117,715**	67,905
Capital and reserves		
Issued capital	**1,936**	1,800
Reserves	**115,779**	66,105
	117,715	67,905

36. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

	Issued capital HK$'000	Share premium HK$'000	Share option reserve HK$'000	Retained profits (accumulated losses) HK$'000	Total HK$'000
At 1 January 2014	1,800	83,682	114	(16,641)	68,955
Loss and total comprehensive expense for the year	–	–	–	(2,348)	(2,348)
Recognition of equity-settled share-based payment	–	–	1,298	–	1,298
At 31 December 2014	1,800	83,682	1,412	(18,989)	67,905
Profit and total comprehensive income for the year	–	–	–	24,691	24,691
Recognition of equity-settled share-based payment	–	–	2,225	–	2,225
Exercise of share options	46	4,799	(1,031)	–	3,814
Forfeiture of share options	–	–	(183)	183	–
Consideration Shares issued for acquisition of Cfu Come	90	18,990	–	–	19,080
At 31 December 2015	1,936	107,471	2,423	5,885	117,715

37. EVENT AFTER THE REPORTING PERIOD

On 28 January 2016, the Company granted 3,600,000 share options to eligible participants under the Share Option Scheme. The fair value of these share options granted is estimated at approximately HK$666,000 and would be recognised in profit or loss for the year ending 31 December 2016.

FINANCIAL SUMMARY

	For the year ended 31 December				
	2011 HK$'000	2012 HK$'000	2013 HK$'000	2014 HK$'000	**2015** **HK$'000**
RESULTS					
Revenue	198,478	268,282	324,007	384,384	**354,799**
Profit for the year	12,952	27,228	11,172	28,291	**27,089**
Earnings per share					
Basics (HK cents)	8.9	18.8	6.6	16.0	**15.3**
Diluted (HK cents)	N/A	N/A	6.6	15.9	**14.7**

	As at 31 December				
	2011 HK$'000	2012 HK$'000	2013 HK$'000	2014 HK$'000	**2015** **HK$'000**
ASSETS AND LIABILITIES					
Total assets	136,784	210,303	299,141	339,702	**363,054**
Total liabilities	(102,653)	(153,691)	(197,411)	(209,513)	**(182,723)**
	34,131	56,612	101,730	130,189	**180,331**
Equity attribute to owners of the Company	33,345	54,242	101,577	130,539	**180,680**
Non-controlling interests	786	2,370	153	(350)	**(349)**
	34,131	56,612	101,730	130,189	**180,331**