



ZHI CHENG HOLDINGS LIMITED

智城控股有限公司*

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)

(Stock Code: 8130)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2014

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

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

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

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

* For identification purposes only

UNAUDITED INTERIM RESULTS

The board of Directors (the “Board”) of Zhi Cheng Holdings Limited (the “Company”) presents the unaudited condensed consolidated results (the “Unaudited Consolidated Results”) of the Company and its subsidiaries (the “Group”) for the six months ended 30 September 2014, together with the comparative unaudited figures for 2013 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		For the three months ended 30 September		For the six months ended 30 September	
		2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
	Notes				
Turnover	5	9,233	8,337	16,079	17,310
Cost of sales		(6,340)	(4,160)	(11,458)	(7,655)
Gross profit		2,893	4,177	4,621	9,655
Other income and gains	6	5,067	–	5,077	4
Administrative expenses		(26,210)	(11,891)	(40,566)	(26,145)
Gain on bargain purchase		322	–	322	–
Loss from operations	7	(17,928)	(7,714)	(30,546)	(16,486)
Finance costs	8	–	(16)	–	(19)
Loss before taxation		(17,928)	(7,730)	(30,546)	(16,505)
Income tax expense	9	(1,538)	(604)	(1,541)	(1,465)
Loss for the period		(19,466)	(8,334)	(32,087)	(17,970)
(Loss)/profit for the period attributable to:					
owners of the Company		(21,100)	(8,952)	(33,529)	(19,346)
non-controlling interests		1,634	618	1,442	1,376
		(19,466)	(8,334)	(32,087)	(17,970)
Loss per share					
Basic and diluted	10	(4.29) cents	(2.38) cents	(7.21) cents	(5.50) cents

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	For the three months ended 30 September		For the six months ended 30 September	
	2014	2013	2014	2013
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Loss for the period	(19,466)	(8,334)	(32,087)	(17,970)
Other comprehensive income for the period				
Exchange differences on translation of financial statements of overseas subsidiaries	72	106	1,061	372
Other comprehensive income for the period	72	106	1,061	372
Total comprehensive expense for the period	<u>(19,394)</u>	<u>(8,228)</u>	<u>(31,026)</u>	<u>(17,598)</u>
Total comprehensive income/(expense) for the period attributable to:				
owners of the Company	(21,196)	(8,806)	(32,710)	(19,045)
non-controlling interests	<u>1,802</u>	<u>578</u>	<u>1,684</u>	<u>1,447</u>
	<u>(19,394)</u>	<u>(8,228)</u>	<u>(31,026)</u>	<u>(17,598)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		At 30 September 2014 (Unaudited) HK\$'000	At 31 March 2014 (Unaudited) HK\$'000
	<i>Notes</i>		
Non-current assets			
Property, plant and equipment	11	6,100	4,577
Investment properties		23,765	24,083
Goodwill	12	47,248	47,248
Intangible assets	13	87,011	95,534
Deposits for investment		3,637	520
Available-for-sale investments	14	6,000	6,000
		<u>173,761</u>	<u>177,962</u>
Current assets			
Trade and other receivables	15	192,846	140,401
Bank balances and cash		2,951	5,815
		<u>195,797</u>	<u>146,216</u>
Current liabilities			
Trade and other payables	16	29,380	16,316
Tax payable		6,201	4,440
		<u>35,581</u>	<u>20,756</u>
Net current assets		<u>160,216</u>	<u>125,460</u>
Total assets less current liabilities		<u><u>333,977</u></u>	<u><u>303,422</u></u>
Capital and reserves			
Share capital	17	5,083	4,174
Reserves		314,033	286,027
Equity attributable to owners of the Company		319,116	290,201
Non-controlling interests		11,557	9,873
		<u>330,673</u>	<u>300,074</u>
Non-current liability			
Deferred tax liabilities		3,304	3,348
		<u>3,304</u>	<u>3,348</u>
		<u><u>333,977</u></u>	<u><u>303,422</u></u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Equity attributable to equity shareholders of the Company							Non-controlling interests	Total equity
	Issued capital	Share premium	Contributed surplus	Share-based compensation reserve	Statutory reserve	Translation reserve	Accumulated losses		
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000		
At 1 April 2013	3,266	1,208,558	325,798	2,647	605	5,756	(1,196,126)	350,504	359,121
(Loss)/profit for the period	-	-	-	-	-	-	(19,346)	1,376	(17,970)
Other comprehensive income for the period	-	-	-	-	-	301	-	71	372
Total comprehensive income/(expense) for the period	-	-	-	-	-	301	(19,346)	1,447	(17,598)
Transfer of statutory reserves	-	-	-	-	439	-	(439)	-	-
Placing of new shares	591	24,628	-	-	-	-	-	-	25,219
Share issuing expense	-	(633)	-	-	-	-	-	-	(633)
Exercise of share option	130	3,497	-	(1,059)	-	-	-	-	2,568
At 30 September 2013	3,987	1,236,050	325,798	1,588	1,044	6,057	(1,215,911)	358,613	368,677
At 1 April 2014	4,174	1,255,370	325,798	8,032	1,951	4,817	(1,309,941)	290,201	300,074
(Loss)/profit for the period	-	-	-	-	-	-	(33,529)	1,442	(32,087)
Other comprehensive income for the period	-	-	-	-	-	819	-	242	1,061
Total comprehensive income/(expense) for the period	-	-	-	-	-	819	(33,529)	1,684	(31,026)
Transfer of statutory reserve	-	-	-	-	291	-	(291)	-	-
Exercise of share option	139	11,652	-	(3,806)	-	-	-	-	7,985
Placing of new shares	770	42,330	-	-	-	-	-	-	43,100
Share issuing expense	-	(989)	-	-	-	-	-	-	(989)
Recognition of equity settled share-based payment	-	-	-	11,529	-	-	-	-	11,529
At 30 September 2014	5,083	1,308,363	325,798	15,755	2,242	5,636	(1,343,761)	319,116	330,673

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	For the six months ended 30 September	
	2014 (Unaudited) <i>HK\$'000</i>	2013 (Unaudited) <i>HK\$'000</i>
Net cash used in operating activities	(48,544)	(34,377)
Net cash used in investing activities	(4,375)	(3,730)
Net cash generated from financing activities	<u>50,096</u>	<u>26,824</u>
Net decrease in cash and cash equivalents	(2,823)	(11,283)
Cash and cash equivalents at beginning of period	5,815	24,886
Effect of foreign exchange rate changes	<u>(41)</u>	<u>30</u>
Cash and cash equivalents at end of period, represented by bank balance and cash	<u><u>2,951</u></u>	<u><u>13,633</u></u>

Notes

1. GENERAL INFORMATION

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

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

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

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

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

The accounting policies used in the preparation of the Unaudited Consolidated Results are consistent with those used in the annual financial statements of the Group for the year ended 31 March 2014, except for the impact of the adoption of the new and revised Hong Kong Accounting Standard ("HKAS"), Hong Kong Financial Reporting Standards and interpretation described below.

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

HKAS 32 (Amendments)	Offsetting Financial Assets and Financial Liabilities
HKAS 39 (Amendments)	Novation of Derivatives and Continuation of Hedge Accounting
HKFRS 10, HKFRS 12 and HKAS 27 (Revised 2011)	Investment Entities
HK (IFRIC)-Int 21	Levies

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

3. BASIS OF PREPARATION AND CONSOLIDATED

The Unaudited Consolidated Results have been prepared in accordance with Hong Kong Accounting Standard 34 Interim Financial Reporting issued by the HKICPA and the applicable disclosures provisions of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "GEM Listing Rules").

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

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

The accounting policies and basis of preparation adopted in the preparation of the Unaudited Consolidated Results are consistent with those adopted in annual financial statements for the year ended 31 March 2014.

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

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

4. SEGMENT INFORMATION

The Group manages its businesses by divisions which are organised by a mixture of both business lines (products and services) and geography. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following seven reportable segments. No operating segments have been aggregated to form the following reportable segments.

- | | | |
|-------|--|--|
| (i) | Property investments: | Leasing of properties located in Canada to generate rental income. |
| (ii) | MIDS: | Provision of radio-frequency identification system ("RFID" system), hospital information system ("HIS" system) and picture archiving and communication system ("PACS") in the PRC. |
| (iii) | Consultancy services: | Provision of consultancy and advisory services to entities in relation to the rechargeable stored value subscriber identity module ("SIM") card business in Hong Kong. |
| (iv) | Advertising and media related services: | Engaged in designing, production, acting as agency and placement of advertisements, information consulting and marketing planning in the PRC. |
| (v) | Project management services: | Provision of PRC project management services to entities in relation to the operation and monitoring of RFID card system. |
| (vi) | Travel agency and related operations: | Rendering travel agency services related to air ticketing and air/hotel packages in Hong Kong. |
| (vii) | Decoration and interior design services: | Provision of interior design and decoration services in Hong Kong. |

Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable segment:

	Property investments		MIDS		Consultancy services		Advertising and media related services		Project management services		Travel agency and related operations		Decoration and interior design services		Elimination		Total	
	For the six months ended 30 September		For the six months ended 30 September		For the six months ended 30 September		For the six months ended 30 September		For the six months ended 30 September		For the six months ended 30 September		For the six months ended 30 September		For the six months ended 30 September		For the six months ended 30 September	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Turnover																		
Sales to external customers	928	976	-	4,006	676	451	5,498	10,873	507	1,004	8,044	-	426	-	-	-	16,079	17,310
Inter-segment sales	-	-	-	-	-	-	-	-	-	-	349	-	1,656	-	(2,005)	-	-	-
Segment results	1	(147)	(5,727)	(8,017)	(2,567)	(2,791)	5,013	4,539	(1,453)	(1,701)	(429)	-	(401)	-			(5,563)	(8,117)
Unallocated other revenue and gains																	-	-
Unallocated expenses																	(24,983)	(8,369)
Loss from operations																	(30,546)	(16,486)
Finance costs																	-	(19)
Loss before taxation																	(30,546)	(16,505)
Income tax expense																	(1,541)	(1,465)
Loss for the period																	(32,087)	(17,970)

Other segment information:

	Property investments		MIDS		Consultancy services		Advertising and media related services		Project management services		Travel agency and related operations		Decoration and interior design services		Unallocated		Total	
	For the six months ended 30 September		For the six months ended 30 September		For the six months ended 30 September		For the six months ended 30 September		For the six months ended 30 September		For the six months ended 30 September		For the six months ended 30 September		For the six months ended 30 September		For the six months ended 30 September	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Interest expenses	-	(19)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(19)
Depreciation on property, plant and equipment	-	-	(73)	(686)	-	-	(153)	(80)	(17)	(18)	-	-	(15)	-	(858)	-	(1,116)	(784)
Amortisation of intangible assets	-	-	(4,607)	(7,559)	(3,239)	(3,239)	-	(42)	(810)	(621)	-	-	-	-	-	-	(8,656)	(11,461)
Gain on bargain purchase	-	-	-	-	-	-	322	-	-	-	-	-	-	-	-	-	322	-

5. TURNOVER

	For the three months ended 30 September		For the six months ended 30 September	
	2014	2013	2014	2013
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Gross rental income from investment properties	410	521	928	976
Provision of medical information digitalisation system	-	1,860	-	4,006
Provision of consultancy services	451	197	676	451
Provision of advertising and media related services	3,613	5,226	5,498	10,873
Provision of project management services	255	533	507	1,004
Provision of travel agency services	4,222	-	8,044	-
Provision of decoration and interior design services	282	-	426	-
Total	9,233	8,337	16,079	17,310

6. OTHER INCOME AND GAINS

	For the three months ended 30 September		For the six months ended 30 September	
	2014	2013	2014	2013
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Bank interest income	1	–	1	4
Other income	5,066	–	5,076	–
	<u>5,067</u>	<u>–</u>	<u>5,077</u>	<u>4</u>
Total	<u>5,067</u>	<u>–</u>	<u>5,077</u>	<u>4</u>

7. LOSS FROM OPERATIONS

	For the three months ended 30 September		For the six months ended 30 September	
	2014	2013	2014	2013
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
The Group's loss from operation is arrived at after charging/(crediting):				
Gross rental income from investment properties	(410)	(521)	(928)	(976)
Less: Direct operating expenses from investment property that generate rental income during the period	96	93	207	194
	<u>(314)</u>	<u>(428)</u>	<u>(721)</u>	<u>(782)</u>
Amortisation of intangible assets	4,490	5,735	8,656	11,461
Cost of sales	6,340	4,160	11,458	7,655
Depreciation of property, plant and equipment	598	385	1,116	784
Gain on bargain purchase	(322)	–	(322)	–
Net foreign exchange (gain)/loss	(106)	(137)	58	(136)
Minimum lease payment under operating on premises	1,304	773	2,543	1,641
Staff costs (including directors' remuneration)	15,853	2,899	19,728	6,137
	<u>15,853</u>	<u>2,899</u>	<u>19,728</u>	<u>6,137</u>

8. FINANCE COSTS

	For the three months ended 30 September		For the six months ended 30 September	
	2014	2013	2014	2013
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Interest on bank loan wholly repayable within five years	<u>–</u>	<u>16</u>	<u>–</u>	<u>19</u>

9. INCOME TAX EXPENSE

	For the three months ended 30 September		For the six months ended 30 September	
	2014	2013	2014	2013
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Current tax charged:				
PRC Enterprise Income Tax	<u>1,538</u>	<u>604</u>	<u>1,541</u>	<u>1,465</u>
Total tax charged	<u>1,538</u>	<u>604</u>	<u>1,541</u>	<u>1,465</u>

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

No provision for Hong Kong Profits Tax has been made as the Group has no assessable profits in Hong Kong or the estimated assessable profit was wholly absorbed by tax losses brought forward for the six months ended 30 September 2014 (2013: Nil).

No provision for overseas income tax was made as the Company’s overseas subsidiaries did not have taxable income for the six months ended 30 September 2014 (2013: Nil).

The Group had no significant unprovided deferred tax assets and liabilities at 30 September 2014 (2013: Nil).

10. LOSS PER SHARE

The calculation of the basic loss per share is based on the loss attributable to owners of the Company for the three months ended 30 September 2014 of approximately HK\$21.1 million (2013: HK\$9.0 million) and loss attributable to owners of the Company for the six months ended 30 September 2014 of approximately HK\$33.5 million (2013: HK\$19.3 million) and the weighted average of 492,384,196 shares in issue during the three months ended 30 September 2014 (2013: 375,430,501 shares) and the weighted average of 465,011,350 shares in issue during the six months ended 30 September 2014 (2013: 351,136,268 shares).

11. PROPERTY, PLANT AND EQUIPMENT

	(Unaudited) HK\$'000
Cost	
At 1 April 2013	7,356
Additions	1,571
Written-off for the year	(41)
Exchange adjustments	(5)
At 31 March 2014 and 1 April 2014	8,881
Acquisition of a subsidiary (<i>note 18</i>)	32
Additions	2,591
Exchange adjustment	90
At 30 September 2014	11,594
Accumulated depreciation and impairment	
At 1 April 2013	2,689
Depreciation for the year	1,636
Written-off for the year	(20)
Exchange adjustments	(1)
At 31 March 2014 and 1 April 2014	4,304
Depreciation for the period	1,116
Exchange adjustments	74
At 30 September 2014	5,494
Carrying amount	
At 30 September 2014	6,100
At 31 March 2014	4,577

12. GOODWILL

	(Unaudited) HK\$'000
Cost	
At 1 April 2013, 31 March 2014, 1 April 2014 and 30 September 2014	48,697
Accumulated impairment losses	
At 1 April 2013	(1,449)
Impairment loss recognised for the year/period	—
At 31 March 2014, 1 April 2014 and 30 September 2014	(1,449)
Carrying amount	
At 30 September 2014	47,248
At 31 March 2014	47,248

For the purpose of impairment testing, goodwill has been allocated to the following cash generating units identified according to operating segment.

	At 30 September 2014 HK\$'000	At 31 March 2014 HK\$'000
Properties investments	1,449	1,449
Advertising and media related services	<u>47,248</u>	<u>47,248</u>
13. INTANGIBLE ASSETS		
		(Unaudited) HK\$'000
Cost		
At 1 April 2013		1,464,396
Written-off for the year		(33,000)
Exchange adjustments		<u>(40)</u>
At 31 March 2014 and 1 April 2014		1,431,356
Exchange adjustments		<u>235</u>
At 30 September 2014		<u>1,431,591</u>
Accumulated amortisation and impairment		
At 1 April 2013		1,292,241
Amortised for the year		22,919
Impairment loss recognised for the year		53,622
Written-off for the year		(32,945)
Exchange adjustments		<u>(15)</u>
At 31 March 2014 and 1 April 2014		1,335,822
Amortised for the period		<u>8,656</u>
Exchange adjustments		<u>102</u>
At 30 September 2014		<u>1,344,580</u>
Carrying amount		
At 30 September 2014		<u>87,011</u>
At 31 March 2014		<u>95,534</u>
14. AVAILABLE-FOR-SALE INVESTMENTS		
	At 30 September 2014 (Unaudited) HK\$'000	At 31 March 2014 (Audited) HK\$'000
Unlisted shares		
– Equity securities incorporated in Hong Kong	<u>6,000</u>	<u>6,000</u>

15. TRADE AND OTHER RECEIVABLES

	At 30 September 2014 (Unaudited) HK\$'000	At 31 March 2014 (Audited) HK\$'000
Trade receivables	45,944	49,385
Deposits	80,551	33,345
Prepayments	5,066	5,060
Other receivables	61,285	52,611
	<u>192,846</u>	<u>140,401</u>

An aged analysis of the Group's trade receivables at the end of the reporting period is as follows:

0 – 30 days	3,516	16,280
31- 60 days	1,242	–
61- 90 days	776	1,842
Over 90 days	40,410	31,263
	<u>45,944</u>	<u>49,385</u>

16. TRADE AND OTHER PAYABLES

	At 30 September 2014 (Unaudited) HK\$'000	At 31 March 2014 (Audited) HK\$'000
Trade payables	9,309	6,118
Accruals and other payables	16,292	7,818
Tenant deposits	42	42
Receipt in advance	1,799	65
Amounts due to key officer	121	121
Other non-income tax payable	1,817	2,152
	<u>29,380</u>	<u>16,316</u>

An aged analysis of the Group's trade payables at the end of the reporting period is as follows:

	At 30 September 2014 (Unaudited) HK\$'000	At 31 March 2014 (Audited) HK\$'000
0 – 30 days	3,015	222
31 – 60 days	667	969
61 – 90 days	192	–
Over 90 days	5,435	4,927
	<u>9,309</u>	<u>6,118</u>

17. SHARE CAPITAL

	Number of shares	Amount HK\$'000
Authorised:		
At 1 April 2013, 31 March 2014, 1 April 2014 and 30 September 2014, ordinary shares of HK\$0.01 each	20,000,000,000	200,000
Issued and fully paid:		
At 1 April 2013, ordinary shares of HK\$0.01 each	326,575,066	3,266
Placing of new shares	59,060,000	591
Exercise of share options	31,700,000	317
At 31 March 2014 and 1 April 2014, ordinary shares of HK\$0.01 each	417,335,066	4,174
Placing of new shares	77,000,000	770
Exercise of share options	13,940,000	139
At 30 September 2014, ordinary shares of HK\$0.01 each	508,275,066	5,083

18. ACQUISITION OF A SUBSIDIARY

On 26 August 2014, the Group acquired a 100% interest in 杭州聯力廣告有限公司 (“杭州聯力”) from independent third parties of the Company. 杭州聯力 is engaged in advertising and media related services. The acquisition was made as part of the Group’s strategy to continue the expansion of its operation. The purchase consideration for the acquisition was in the form of cash, amounting to approximately HK\$645,000 (RMB510,000).

The fair values of the identified assets and liabilities of 杭州聯力 as at the date of acquisition were as follows:

	Notes	Fair value recognised on acquisition HK\$'000
Property, plant and equipment	11	32
Trade and other receivables		5,256
Cash and bank balances		1,979
Trade and other payables		(6,117)
Tax payables		(183)
Total identifiable net assets at fair value		967
Gain on bargain purchase	7	(322)
		645
Net cash inflow on acquisition of a subsidiary		
Consideration paid in cash		645
Less: Cash and cash equivalent balances acquired		(1,979)
		(1,334)

19. COMMITMENTS

Operating lease commitment

The Group as lessor

The Group leases out investment property under operating leases. At the end of the reporting period, the Group had contracted with tenants for the future minimum lease payments under non-cancellable operating leases receivable as follows:

	At 30 September 2014 (Unaudited) HK\$'000	At 31 March 2014 (Audited) HK\$'000
Within one year	2,439	1,555
In the second to fifth years, inclusive	<u>2,433</u>	<u>1,374</u>
	<u><u>4,872</u></u>	<u><u>2,929</u></u>

The Group as lessee

At the end of the reporting period, the Group was committed to make the following future minimum lease payments in respect of office properties with lease terms under non-cancellable operating leases which are payable as follows:

	At 30 September 2014 (Unaudited) HK\$'000	At 31 March 2014 (Audited) HK\$'000
Within one year	1,460	1,367
In the second to fifth years, inclusive	<u>659</u>	<u>477</u>
	<u><u>2,119</u></u>	<u><u>1,844</u></u>

Other commitments

	At 30 September 2014 (Unaudited) HK\$'000	At 31 March 2014 (Audited) HK\$'000
Capital expenditure in respect of the acquisition of subsidiaries contracted for	<u><u>89,165</u></u>	<u><u>89,165</u></u>

20. MATERIAL RELATED PARTY TRANSACTION

Save as disclosed elsewhere in the Unaudited Consolidated Results, the Group had the following material transaction with related parties during the period:

On 13 December 2012, Hugo Silver Limited (“HSL”), a wholly owned subsidiary of the Company, and Mr. Lui Wing Fong, Alexander (“Mr. Lui”), an executive director and chief executive officer of the Company, entered into a conditional sale and purchase agreement pursuant to which, Mr. Lui has agreed to sell and HSL has agreed to purchase 40% of the entire issued share capital of Keen Renown Group (the “Keen Renown Acquisition”) at a consideration of HK\$22,000,000, in which HK\$17,000,000 has been paid to Mr. Lui as deposits and for the consideration of the Keen Renown Acquisition. Details of the Keen Renown Acquisition were set out in the Company’s announcements dated 13 December 2012, 31 January 2013, 28 March 2013 and 28 May 2013. The Keen Renown Acquisition was regarded as a connected transaction pursuant to Chapter 20 of the GEM Listing Rules.

The Keen Renown Acquisition constituted a major transaction and a connected transaction of the Company under the GEM Listing Rules and this is subject to the approval of the independent shareholders of the Company in a special general meeting to be convened by the Company.

During the year ended 31 March 2014, the Company anticipates that the acquisition may take longer time than expected due to the fluctuation of market condition, the management of the Company decided not to extend the date of the acquisition and the agreement lapsed. The deposit for investment of HK\$17,000,000 will be refunded by Mr. Lui. Details of the transaction are set out in the Company’s announcement dated 1 April 2014. At 31 March 2014, the deposit for investment was reclassified to other receivables.

MANAGEMENT DISCUSSION AND ANALYSIS

Interim Dividend

The Board does not recommend the payment of any dividend for the six months ended 30 September 2014 (2013: Nil).

Business Review

Provision of medical information digitalisation system

Potential cooperation projects are being explored and cost-effective ways of deployment are proof to be a challenge with raising overhead and the expected increase in renminbi demand associated with the scrap of daily conversion cap in Hong Kong. During the period under review, the revenue contributed by such segment was approximately HK\$Nil (2013: HK\$4.0 million).

Property investments

During the period under review, the revenue contributed by such segment was HK\$0.9 million (2013: HK\$1.0 million) and was mainly derived from the leasing of an investment property located at Canada.

Provision of consultancy services

4G mobile customers now account for over a quarter of mobile subscribers in Hong Kong. Advances in technologies such as VoLTE and continuity features for receiving mobile phone calls and short messages on computers or tablets is truly expanding the boundary of internet connectivity to mobile devices. During the period under review, the revenue contributed by such segment was HK\$0.7 million (2013: HK\$0.5 million).

Advertising and media related services

With the expansion of operations to the Yangtze River Delta area at the end of the period and the boom in seasonal promotion activities, the current focus is on the planning for year-end and new year advertising functions. During the period under review, the revenue contributed by such segment was HK\$5.5 million (2013: HK\$10.9 million).

Provision of project management services

New directions for the project management service business are being evaluated for the next academic year. During the period under review, the revenue contributed by such segment was HK\$0.5 million (2013: HK\$1.0 million).

Travel agency and related operations

The travel agency and related operations is becoming a pillar with steady demand. During the period under review, the revenue contributed by such segment was HK\$8.0 million (2013: HK\$Nil).

Decoration and interior design services

Interior design and decoration projects continue in the pipeline including the provision of office interior design and decoration services internally within the Group. During the period under review, the revenue contributed by such segment was HK\$0.4 million (2013: HK\$Nil).

Financial Review

For the period under review, the revenue of the Group for the six months ended 30 September 2014 was approximately HK\$16.1 million (2013: HK\$17.3 million), of which HK\$Nil (2013: HK\$4.0 million) was generated from the rollout of medical information digitalisation system; HK\$0.9 million (2013: HK\$1.0 million) was generated from the leasing of an investment properties located at Canada; HK\$5.5 million was generated from provision of advertising and media related services (2013: HK\$10.9 million); HK\$0.7 million was generated from provision of consultancy services (2013: HK\$0.5 million); HK\$0.5 million (2013: HK\$1.0 million) was generated from the provision of project management services; HK\$8.0 million (2013: HK\$Nil) was generated from travel agency and related operations and HK\$0.4 million (2013: HK\$Nil) was generated from decoration and interior design services; tantamount to a decrease of approximately 7.1% as compared with the period ended 30 September 2013.

Loss attributable to owners of the Company for the six months ended 30 September 2014 amounted to approximately HK\$33.5 million (2013: HK\$19.3 million). The change was mainly attributed to an increase of 55.2% in administrative expenses to approximately HK\$40.6 million (2013: HK\$26.1 million). Such an increase was mainly attributed to an increase in staff costs to approximately HK\$19.7 million (2013: HK\$6.1 million). Finance costs decreased to HK\$Nil (2013: HK\$19,000).

Future Plans

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

On 29 January 2014, a wholly-owned subsidiary of the Company, entered into the agreement with the vendor, pursuant to which the purchaser has conditionally agreed to acquire and the vendor has conditionally agreed to dispose of the sale shares, representing the entire issued share capital of BWC Securities Limited at a consideration of HK\$11,685,000, subject to adjustment. All conditions precedent for the agreement has been satisfied and the sale and purchase of the sale shares has been completed on 17 October 2014 pursuant to the terms of the agreement. Following the completion, BWC Securities Limited has become an indirect wholly-owned subsidiary of the Company, and the financial results of BWC Securities Limited will henceforward be consolidated into the Group's financial accounts.

Liquidity and Financial Resources

At 30 September 2014, the Group had total assets of approximately HK\$369.6 million (31 March 2014: HK\$324.2 million), including cash and bank balances of approximately HK\$3.0 million (31 March 2014: HK\$5.8 million). During the period under review, the Group financed its operation mainly with internally generated cash flow and proceeds from issuance of shares.

Capital Structure

Save as disclosed below, there was no change in capital structure of the Group as at 30 September 2014 as compared with that at 31 March 2014.

On 30 April 2014, the vendor, the Company and the placing agent entered into the top-up placing and subscription agreement pursuant to which the vendor has agreed to place, through the placing agent, up to 30,000,000 top-up placing shares, on a best effort basis, to not less than six independent places at a top-up placing price of HK\$0.81 per top-up placing share; and the vendor has conditionally agreed to subscribe for such number of top-up subscription shares which is equivalent to the number of top-up placing shares placed under the top-up placing, at a top-up subscription price of HK\$0.81 per top-up subscription share. The top-up placing and subscription was completed on 13 May 2014.

On 30 June 2014, the Company and the placing agent entered into a conditional placing agreement, pursuant to which, the placing agent has conditionally agreed, on a best effort basis, for and on behalf of the Company, to place to not less than six independent places of up to 47,000,000 placing shares at a placing price of HK\$0.40 per placing share. The placing of 47,000,000 placing shares was completed on 16 July 2014.

During the six months period ended 30 September 2014, certain option holders exercised their option rights to subscribe for an aggregate of 3,980,000 shares at HK\$0.73 per share and an aggregate of 9,960,000 shares at HK\$0.51 per share. The proceeds from the exercise of option rights amounted to approximately HK\$7.9 million.

Gearing Ratio

The gearing ratio, expressed as percentage of total liabilities over total assets, was 10.5% (31 March 2014: 7.4%). The increase in gearing ratio was mainly attributed to the increase in total assets was more than the increase of total liabilities during the period.

Charge on the Group's Assets

At 30 September 2014, the Group has pledged its investment property located in Canada with a fair value of approximately HK\$24.1 million to secure banking facilities.

Foreign Exchange Risks

The Group has not used any foreign currency derivative instruments to hedge its exposure to foreign exchange risk. However, the management monitors closely the exposures and will consider hedging the exposures should the need arise.

Commitments

At 30 September 2014, the Group, as a lessor, had operating lease commitments of approximately HK\$4.9 million (31 March 2014: HK\$2.9 million) and as a lessee, had operating lease commitment of approximately HK\$2.1 million (31 March 2014: HK\$1.8 million).

Contingent Liabilities

At 30 September 2014, the Group had no contingent liabilities (2013: Nil).

Material Acquisitions and Disposal of Subsidiaries and Affiliated Companies

Save as the acquisition disclosed in the “Management Discussion and Analysis” section, the Group had no other material acquisitions and disposal of subsidiaries and affiliated companies during the period under review.

Employees

At 30 September 2014, the Group had 51 employees (2013: 42). Their remuneration, promotion and salary review are assessed based on job responsibilities, work performance, professional experiences and the prevailing industry practices. The employees in Hong Kong joined the mandatory provident fund scheme. Other benefits include share options granted or to be granted under the share option scheme.

Significant Investment

At 30 September 2014, the Group did not hold any significant investment.

OTHER INFORMATION

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

At 30 September 2014, the interests and short position of the directors and chief executive of the Company and their associates in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Hong Kong Securities and Futures Ordinance (“SFO”)), which were notified to the Company and The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they have taken or deemed to have taken under such provisions of the SFO); or which are required to be recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Rule 5.46 of the GEM Listing Rules, are as follows:

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

Name of director	Interest of underlying shares	Percentage of the Company's issued share capital
Mr. Lien Wai Hung	3,260,000 (<i>Note 1</i>)	0.64%
Mr. Lui Wing Fong, Alexander	3,260,000 (<i>Note 2</i>)	0.64%

Notes:

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

Interest in associated corporations of the Company

Mr. Lui Wing Fong, Alexander, in his capacity as a beneficial owner had, as at 30 September 2014, personal interests in 80 ordinary shares, representing approximately 40% of then issued share capital in Keen Renown Limited.

Share Option Scheme

The Company adopted a new share option scheme (the “New Share Option Scheme”) pursuant to a resolution passed at the annual general meeting of the Company on 25 September 2012. The principal terms of the New Share Option Scheme have been set out in note 40 to the financial statements as included in the annual report of the Company for the year ended 31 March 2014.

Details of the Company's share options granted under the New Share Option Scheme are as follows:

Date of Grant	Category of eligible persons	Exercise Price	Exercise Period	Outstanding at 1/4/2014	Granted during the period	Exercised during the period	Lapsed during the period	Cancelled during the period	Outstanding at 30/9/2014
04/12/2012	Directors	HK\$0.197	04/12/2012 to 03/12/2015	6,520,000	–	–	–	–	6,520,000
04/12/2013	Employees	HK\$0.73	04/12/2013 to 03/12/2016	3,980,000	–	–	–	–	3,980,000
	Consultants	HK\$0.73	04/12/2013 to 03/12/2016	15,920,000	–	(3,980,000)	–	–	11,940,000
22/08/2014	Consultants	HK\$0.51	22/08/2014 to 21/08/2017	–	49,800,000	(9,960,000)	–	–	39,840,000
				<u>26,420,000</u>	<u>49,800,000</u>	<u>(13,940,000)</u>	<u>–</u>	<u>–</u>	<u>62,280,000</u>

Directors and Chief Executives' Rights to Acquire Shares or Debentures

Save as disclosed above, at 30 September 2014, neither the Company nor any of its subsidiaries was a party to any arrangements to enable the directors and chief executive of the Company to acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate, and none of the directors and chief executive of the Company or their spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such rights.

Substantial Shareholders

At 30 September 2014, the register of substantial shareholders maintained by the Company under Section 336 of the SFO showed that, other than the interests disclosed above in respect of certain directors, the following shareholders had an interest of 5% or more in the issued share capital of the Company:

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

Name of shareholder	Capacity	Interest in shares	Percentage of the Company's issued share capital
Growth Harvest Limited	Beneficial owner (<i>Note</i>)	64,640,710	12.72%
Treasure Bonus Limited	Interest of controlled corporation (<i>Note</i>)	64,640,710	12.72%
Ms. Tan Ting Ting	Interest of controlled corporation (<i>Note</i>)	64,640,710	12.72%

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

Save as disclosed above, at 30 September 2014, the Company has not been notified of any persons (other than the Directors or chief executive of the Company) who had interests or short positions in the shares and underlying shares of the Company which were to be recorded in the register required to be kept under Section 336 of the SFO and/or who were directly or indirectly interested in 5% or more of the issued share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group.

Competing Interest

At 30 September 2014, none of the directors, management shareholders and substantial shareholders, or their respective associates had any interests in any business which competes or may compete with the business of the Group pursuant to Rule 11.04 of the GEM Listing Rules.

Purchase, Sale or Redemption of Listed Securities of the Company

The Company has not redeemed any of its listed securities during the period. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's listed securities during the six months ended 30 September 2014.

Corporate Governance

Save as disclosed below, the Company complied with Code of Corporate Governance Practices as set out in Appendix 15 of the GEM Listing Rules for the six months ended 30 September 2014.

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

Code of Conduct Regarding Securities Transactions by Directors

During the six months ended 30 September 2014, the Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiries of all Directors, all the Directors confirmed they have complied with the required standards of dealings and the code of conduct regarding securities transactions by Directors adopted by the Company.

Audit Committee

The Company has established an audit committee with written terms of reference in compliance with Rules 5.28 to 5.29 of the GEM Listing Rules. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control procedures of the Group. The audit committee comprised four independent non-executive directors namely, Mr. Ho Chun Ki, Frederick, Mr. Lai Miao Yuan, Mr. Chong Yiu Kan, Sherman and Mr. Tam Kin Yip. The audit committee has reviewed the Group's unaudited consolidated financial statements for the six months ended 30 September 2014.

Board of Directors

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

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

Hong Kong, 13 November, 2014

This announcement will be published on the GEM website on the "Latest Company Announcements" page for at least 7 days from the date of publication and on the Company's website at www.zhicheng-holdings.com.