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C CHENG HOLDINGS LIMITED
思城控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8320)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 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.

*This announcement, for which the directors (the "**Directors**") of C Cheng Holdings Limited (the "**Company**") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "**GEM Listing Rules**") 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 respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

FINANCIAL HIGHLIGHTS

For the year ended 31 December 2014, the financial results of the Group were as follows:

– Revenue of the Group reached HK$384,384,000 (2013: HK$324,007,000), representing an increase of 18.6% from the previous year;

– The profit for the year was HK$28,291,000, as compared to HK$11,172,000 in the previous year, representing an increase of 153.2% from the previous year;

– Basic earnings per share for the year based on weighted average number of ordinary shares of approximately 180,000,000 (2013: 136,479,000) in issue was HK16.0 cents (2013: HK6.6 cents);

– Diluted earnings per share for the year based on weighted average number of ordinary shares of approximately 181,080,000 (2013: 136,632,000) in issue was HK15.9 cents (2013: HK6.6 cents); and

– No final dividend was declared for the year.

ANNUAL RESULTS

The board of Directors of the Company (the "**Board**") is pleased to announce the audited consolidated financial results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2014, together with the comparative figures for the preceding financial year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2014

	Notes	**2014** *HK$'000*	2013 *HK$'000*
Revenue	*3*	**384,384**	324,007
Cost of services		**(269,832)**	(231,561)
Gross profit		**114,552**	92,446
Other income	*4*	**302**	840
Other gains and losses	*5*	**(2,285)**	1,152
Administrative expenses		**(75,073)**	(57,522)
Listing expenses		**–**	(16,086)
Finance costs	*6*	**(93)**	(143)
Profit before taxation	*7*	**37,403**	20,687
Income tax expense	*8*	**(9,112)**	(9,515)
Profit for the year		**28,291**	11,172
Other comprehensive (expense) income			
Items that may be reclassified subsequently to profit or loss			
Exchange differences arising on translation		**(1,137)**	1,284
Other comprehensive (expense) income for the year		**(1,137)**	1,284
Total comprehensive income for the year		**27,154**	12,456
Profit (loss) for the year attributable to:			
Owners of the Company		**28,798**	8,978
Non-controlling interests		**(507)**	2,194
		28,291	11,172
Total comprehensive income (expense) for the year attributable to:			
Owners of the Company		**27,664**	10,165
Non-controlling interests		**(510)**	2,291
		27,154	12,456
Earnings per share (expressed in HK cents)	*9*		
– Basic		**16.0**	6.6
– Diluted		**15.9**	6.6

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2014

	Notes	**2,014** **HK$'000**	2013 HK$'000
Non-current assets			
Property, plant and equipment	*11*	**23,262**	13,561
Goodwill		**4,779**	4,899
Intangible assets		**1,744**	2,094
Rental and utility deposits		**5,892**	4,106
Deferred tax assets		**147**	12
		35,824	24,672
Current assets			
Held for trading investments	*12*	**688**	521
Amounts due from customers for contract work		**136,685**	126,616
Progress billings receivable from contract customers	*13*	**106,001**	78,813
Prepayments and other receivables		**2,426**	9,564
Pledged bank deposits		**2,545**	2,545
Bank balances and cash		**55,533**	56,410
		303,878	274,469
Current liabilities			
Trade payables	*14*	**5,467**	6,019
Accruals and other payables		**66,737**	64,777
Amounts due to customers for contract work		**127,638**	112,584
Amount due to a director	*15*	**–**	2,030
Obligations under finance leases	*16*	**346**	323
Income tax payable		**5,551**	6,308
Bank overdraft		**–**	1,111
		205,739	193,152
Net current assets		**98,139**	81,317
Total assets less current liabilities		**133,963**	105,989
Non-current liabilities			
Obligations under finance leases	*16*	**676**	1,022
Deferred tax liabilities		**3,098**	3,237
		3,774	4,259
Net assets		**130,189**	101,730
Capital and reserves			
Issued capital	*17*	**1,800**	1,800
Reserves		**128,739**	99,777
Equity attributable to owners of the Company		**130,539**	101,577
Non-controlling interests		**(350)**	153
Total equity		**130,189**	101,730

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2014

	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$'000*	**Exchange reserve** *HK$'000*	**Retained profits** *HK$'000*	**Total** *HK$'000*	**Non-controlling interests** *HK$'000*	**Total** *HK$'000*
At 1 January 2013	1,020	–	2,165	–	336	6,733	43,988	54,242	2,370	56,612
Profit for the year	–	–	–	–	–	–	8,978	8,978	2,194	11,172
Exchange differences arising on translation	–	–	–	–	–	1,187	–	1,187	97	1,284
Total comprehensive income for the year	–	–	–	–	–	1,187	8,978	10,165	2,291	12,456
Transfer to statutory reserve	–	–	661	–	–	–	(661)	–	–	–
Acquisition of LWK Design (Macau) Limited ("LWK Macau") *(Note b)*	(20)	–	–	–	94	–	–	74	(103)	(29)
Acquisition of additional interest in 深圳市梁黃顧藝恒建築設計有限公司 ("LWK Yiheng") *(Note c)*	–	–	–	–	809	–	–	809	(4,405)	(3,596)
Recognition of equity-settled share-based payments *(Note d)*	–	–	–	114	5,210	–	–	5,324	–	5,324
Effect of Share Swap pursuant to the group reorganisation *(Note 17)*	(620)	54,139	–	–	(53,519)	–	–	–	–	–
Issue of shares *(Note 17)*	450	36,900	–	–	–	–	–	37,350	–	37,350
Capitalisation issue *(Note 17)*	970	(970)	–	–	–	–	–	–	–	–
Expenses incurred in connection with the issue of shares	–	(6,387)	–	–	–	–	–	(6,387)	–	(6,387)
At 31 December 2013	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

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 June 2013, LWK & Partners (HK) Limited ("LWK Hong Kong") and LWK Conservation Limited ("LWK Conservation"), both wholly owned subsidiaries of the Company, acquired the entire quota capital of LWK Macau from Mr. Ronald Liang ("Mr. Liang") and Mr. Fu Chin Shing ("Mr. Fu") at a cash consideration of MOP30,000 (equivalent to approximately HK$29,000). Other reserve represents (i) the difference between the consideration and the attributable net assets of LWK Macau at the date of transfer and; (ii) the transfer of the quota capital of LWK Macau attributable to owners of the Company. After the acquisition, LWK Macau became a wholly owned subsidiary of LWK Hong Kong.

Note c: On 21 June 2013, LWK Hong Kong entered into equity transfer agreement with Mr. Wang Jun You ("Mr. Wang") to acquire additional 24% interest in LWK Yiheng, a non-wholly owned subsidiary of LWK Hong Kong, for a consideration of RMB2,830,000 (equivalent to approximately HK$3,596,000) which was completed on 28 August 2013.

Note d: On 10 June 2013, Mr. Liang and Mr. Fu transferred 79,310 and 33,990 shares of LWK Hong Kong (representing, in aggregate, 11.33% of the entire issued share capital of LWK Hong Kong), respectively, to Mr. Wang for a total consideration of HK$8.28 million. The amount of HK$5,210,000 recognised in other reserve represents the effect of the share based payment to Mr. Wang estimated by reference to difference between the consideration and the fair value of the 11.33% of LWK Hong Kong at the date of transfer.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2014

1. GENERAL INFORMATION

The Company was incorporated on 13 May 2013 in the Cayman Islands under the Companies Law, Chapter 22 (law 3 of 1961, as consolidated and revised) of the Cayman Islands as amended, supplemented or otherwise modified from time to time and its shares are listed on GEM of the Stock Exchange on 20 December 2013. 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.

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 the same as 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 2014, the Group has adopted all the HKFRSs which are effective for the financial year beginning 1 January 2014.

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[1]
HKFRS 14	Regulatory Deferral Accounts[2]
HKFRS 15	Revenue from Contracts with Customers[3]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[5]
Amendments to HKAS 1	Disclosure Initiative[5]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[5]
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions[4]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010–2012 Cycle[6]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011–2013 Cycle[4]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012–2014 Cycle[5]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[5]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[5]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[5]
Amendments to HKFRS 10, HKFRS 12 and HKFRS 28	Investment Entities: Applying the Consolidation Exception[5]

1 Effective for annual periods beginning on or after 1 January 2018
2 Effective for first annual HKFRS financial statements beginning on or after 1 January 2016
3 Effective for annual periods beginning on or after 1 January 2017
4 Effective for annual periods beginning on or after 1 July 2014
5 Effective for annual periods beginning on or after 1 January 2016
6 Effective for annual periods beginning on or after 1 July 2014, with limited exceptions

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 further amended 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.

Key requirements of HKFRS 9 are described below:

- 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 costs, 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 at 31 December 2014.

HKFRS 15 Revenue from Contracts with Customers

In July 2014, 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 recognize 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

Under HKFRS 15, an entity recognizes 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 progress 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 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. 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 Group) 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 Yiheng and the related tax effect ("LWK Yiheng 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.

	2014	2013
	HK$'000	*HK$'000*
Segment revenue	**384,384**	324,028
Reconciliation		
LWK Yiheng Fair Value Adjustments	**–**	(21)
Consolidated revenue	**384,384**	324,007
Segment result	**30,461**	14,157
Reconciliation		
LWK Yiheng Fair Value Adjustments	**(2,170)**	(2,985)
Consolidated profit for the year	**28,291**	11,172

Revenue from Major Services

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

	2014 *HK$'000*	2013 *HK$'000*
Architecture	**347,062**	303,284
Landscape architecture, town planning, interior design and heritage conservation	**37,322**	20,723
	384,384	324,007

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	
	2014 *HK$'000*	2013 *HK$'000*	**2014** *HK$'000*	2013 *HK$'000*
Place of domicile of group entities:				
Hong Kong	**118,131**	76,991	**15,592**	11,158
PRC	**179,346**	162,911	**19,115**	13,502
Others	**756**	661	**970**	–
Foreign location/countries (Note):				
PRC	**76,426**	78,634	**–**	–
Others	**9,725**	4,810	**–**	–
	384,384	324,007	**35,677**	24,660

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

Information about Major Customers

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

	2014 *HK$'000*	2013 *HK$'000*
Customer A	**42,089**	N/A[1]

[1] The corresponding revenue did not contribute over 10% of the total revenue of the Group.

4. OTHER INCOME

	2014	2013
	HK$'000	*HK$'000*
Interest income on bank deposits	**302**	74
Sundry income	**–**	766
	302	840

5. OTHER GAINS AND LOSSES

	2014	2013
	HK$'000	*HK$'000*
(Loss) gain on disposal of property, plant and equipment	**(746)**	1,697
Allowance for doubtful debts	**(1,284)**	(1,214)
Net foreign exchange (loss) gain	**(437)**	718
Gain (loss) from changes in fair value of held for trading investments	**182**	(49)
	(2,285)	1,152

6. FINANCE COSTS

	2014	2013
	HK$'000	*HK$'000*
Interest expense on:		
Bank overdraft	**17**	43
Obligations under finance leases	**76**	100
	93	143

7. PROFIT BEFORE TAXATION

	2014	2013
	HK$'000	*HK$'000*
Profit before taxation has been arrived at after charging:		
Auditor's remuneration	**1,028**	950
Depreciation of property, plant and equipment	**5,710**	4,156
Amortisation of intangible assets *(Note 1)*	**315**	1,202
Operating lease payments *(Note 2)*	**19,774**	13,487
Staff costs		
– Salaries, allowances and other benefits	**230,730**	192,089
– Operating lease payments	**768**	744
– Contributions to retirements benefits	**7,757**	5,135
– Equity-settled share-based payments	**1,298**	5,324
Total staff costs (including director's emoluments)	**240,553**	203,292

Note 1: Included in cost of services.

Note 2: For the year ended 31 December 2014, the amount includes the operating lease payments for staff quarters approximately amounting to HK$768,000 (2013: HK$744,000), which are included in the total staff costs above.

8. INCOME TAX EXPENSE

	2014	2013
	HK$'000	*HK$'000*
The income tax expense (credit) comprises:		
Current tax:		
Hong Kong Profits Tax	**937**	2,817
PRC Enterprise Income Tax ("EIT")	**8,347**	6,609
Macau Complementary Tax	**54**	–
	9,338	9,426
Deferred tax:		
Current year	**(226)**	89
	9,112	9,515

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 Shenzhen"), a wholly owned subsidiary of the Company, and LWK Yiheng is 25% for both years.

According to the Law no. 12/2011 of Macau Special Administrative Region of the PRC, LWK Macau is entitled to a tax exemption allowance of MOP300,000 (approximately to HK$295,500) followed by tax rate of 12% (2013: MOP200,000 (approximately to HK$197,000) followed by progressive tax rates of 9% and 12%).

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:

	2014	2013
	HK$'000	*HK$'000*
Profit before taxation	**37,403**	20,687
Tax at the 16.5%	**6,171**	3,413
Tax effect of expenses not deductible for tax purpose	**528**	4,034
Tax effect of income not taxable for tax purpose	**(33)**	–
Effect of different tax rates of subsidiaries operating in other jurisdictions	**1,155**	889
Effect of different tax rates of profits generated in the PRC	**1,391**	1,149
Utilisation of tax loss previously not recognised	**(148)**	–
Tax effect of tax losses not recognised	**291**	148
Overprovision in prior year	**(11)**	–
Others	**(232)**	(118)
Income tax expense	**9,112**	9,515

9. 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:

	2014 *HK$'000*	2013 *HK$'000*
Earnings:		
Earnings for the purposes of basic and diluted earnings per share:		
Profit for the year attributable to the owners of the Company	**28,798**	8,978
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**180,000,000**	136,479,452
Effect of dilutive potential ordinary shares in respect of share options outstanding	**1,080,457**	152,845
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**181,080,457**	136,632,297

The calculation of the weighted average number of shares outstanding during the year ended 31 December 2013 has been adjusted for the effect of the Share Swap and the Capitalisation Issue (as defined in Note 17).

10. DIVIDENDS

No dividend was paid or proposed by the Company during the years ended 31 December 2014 and 2013, nor has any dividend been proposed since the end of the reporting period.

11. PROPERTY, PLANT AND EQUIPMENT

During the year, the Group spent approximately HK$16,461,000 (2013: HK$4,446,000) on property, plant and equipment. In addition, the Group has disposed of property, plant and equipment with carrying amount of approximately HK$853,000 (2013: HK$2,089,000).

12. HELD FOR TRADING INVESTMENTS

	2014 *HK$'000*	2013 *HK$'000*
Unlisted trading fund in the PRC	**688**	521

13. PROGRESS BILLINGS RECEIVABLE FROM CONTRACT CUSTOMERS

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 each reporting period, and net of allowance recognised:

	2014	2013
	HK$'000	*HK$'000*
Within 30 days	**34,441**	27,603
Over 30 days and within 90 days	**35,206**	33,521
Over 90 days and within 180 days	**7,446**	5,506
Over 180 days	**28,908**	12,183
	106,001	78,813

As at 31 December 2014, included in the Group's progress billings receivable balances were debtors with aggregate carrying amount of approximately HK$58,897,000 (2013: HK$34,080,000) which were past due at the end of each reporting period for which the Group has not provided for allowance for doubtful debts.

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

	2014	2013
	HK$'000	*HK$'000*
Past due within 30 days	**14,584**	13,209
Past due over 30 days and within 90 days	**19,473**	12,609
Past due over 90 days and within 180 days	**6,814**	1,640
Past due over 180 days	**18,026**	6,622
	58,897	34,080

14. TRADE PAYABLES

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

	2014	2013
	HK$'000	*HK$'000*
Within 30 days	**4,091**	4,469
Over 30 days and within 90 days	**616**	577
Over 90 days	**760**	973
	5,467	6,019

The average 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 time-frame.

15. AMOUNT DUE TO A DIRECTOR

The amount at 31 December 2013 was unsecured, interest free and repayable on demand. The amount was fully settled during the year.

16. OBLIGATIONS UNDER FINANCE LEASES

It is the Group's policy to lease certain of its office equipment under finance leases. The lease term is 5 years.

For the year ended 31 December 2014, interest rates underlying all obligations under finance leases are fixed at respective contract dates at 5.84% per annum (2013: ranging from 5.84% to 6.04% per annum).

	Minimum lease payments at		**Present value of minimum lease payments at**	
	2014	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Amounts payable under finance leases:				
Within one year	**399**	399	**346**	323
In more than one year but not more than two years	**399**	399	**370**	346
In more than two years but not more than five years	**313**	712	**306**	676
	1,111	1,510	**1,022**	1,345
Less: Future finance charges	**(89)**	(165)	**–**	–
Present value of lease obligations	**1,022**	1,345	**1,022**	1,345
Less: Amounts due for settlement within 12 months (shown under current liabilities)			**(346)**	(323)
Amounts due for settlement after 12 months			**676**	1,022

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

17. ISSUED CAPITAL

	Number of shares	*HK$'000*
Ordinary shares of HK$0.01 each		
Authorised		
At 13 May 2013 (date of incorporation) *(Note 1)*	38,000,000	380
Increase on 5 December 2013 *(Note 2)*	962,000,000	9,620
At 31 December 2014 and 2013	1,000,000,000	10,000
Issued and paid up		
At 13 May 2013 (date of incorporation) *(Note 1)*	1	–
Issue under the Share Swap *(Note 3)*	37,999,999	380
Issue of new shares upon listing *(Note 4)*	45,000,000	450
Capitalisation Issue *(Note 5)*	97,000,000	970
At 31 December 2014 and 2013	180,000,000	1,800

Note 1: On 13 May 2013, the Company was incorporated in the Cayman Islands as an exempted company with an authorised share capital of HK$380,000 divided into 38,000,000 shares of HK$0.01 each, with one fully paid share issued to the initial subscriber. On the same day, the subscriber share was transferred to Rainbow Path International Limited.

Note 2: Pursuant to the written resolutions passed by the shareholders on 5 December 2013, the authorised share capital of the Company was increased from HK$380,000 divided into 38,000,000 ordinary shares to HK$10,000,000 divided into 1,000,000,000 ordinary shares by the creation of additional 962,000,000 new ordinary shares which shall, when issued and paid, rank pari passu in all respects with the existing issued ordinary shares (other than participation in the capitalisation issue).

Note 3: Pursuant to the share swap agreement dated 5 December 2013 entered into amongst Mr. Liang, Mr. Fu, Mr. Wang and Rich World Services Limited (owned by Mr. Liang and Mr. Fu) (the "Transferors"), the Company and Helffrich Ventures Limited ("Helffrich Ventures"), the Transferors agreed to transfer the entire issued share capital in LWK Hong Kong to the Company (to be held through Helffrich Ventures) in consideration of and in exchange for the issue by the Company of 21,355,999 ordinary shares to Rainbow Path International Limited (investment holding company set by Mr. Liang), 10,313,200 ordinary shares to Vivid Colour Limited (investment holding company set by Mr. Fu), 4,305,400 ordinary shares to Jun Ming Investments Limited (investment holding company set by Mr. Wang), and 2,025,400 ordinary shares to Veteran Ventures Limited (investment holding company set by Mr. Liang) credited as fully paid, respectively.

Note 4: On 19 December 2013, the Company placed 45,000,000 shares at HK$0.83 per share for a total gross proceed of HK$37,350,000. The proceed will be used to finance the implementation of the business plans as set forth in the section headed "Future Plans and Use of Proceeds" of the prospectus of the Company dated 16 December 2013.

Note 5: On 20 December 2013, a sum of HK$970,000 standing to the credit of the share premium account of the Company was capitalised by applying such sum in paying up in full a total of 97,000,000 shares (the "Capitalisation Issue").

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 2014 and 2013.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

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

During the year, the Group maintained a steady growth of 18.6% in revenue, and secured 125 new contracts with contract sums of approximately HK$433,000,000 in Hong Kong and the PRC. As at 31 December 2014, the Group had remaining contract sums of approximately HK$1,064,000,000. Architecture, contributing 90.3% of the revenue, continued to be the mainstream of practice of the Group.

Besides architecture, the service of: (a) landscape architecture; (b) town planning; (c) interior design; and (d) heritage conservation, maintained its stable contribution to the revenue of the Group. In 2014, in term of contract sum, these four sectors contributed 7.2% of all the contracts signed and in terms of revenue, contributing 9.7% of the revenue of the Group. The Directors believe that these sectors will be having significant growth in the years to come.

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

FINANCIAL OVERVIEW

Revenue

Revenue for the year ended 31 December 2014 was HK$384,384,000, when compared with that of HK$324,007,000 in 2013, representing an increase of 18.6%. The increase was attributable by the increase of revenue generated by the provision of service of architecture as well as the increase of revenue generated from the provision of service of landscape architecture, town planning, interior design and heritage conservation.

Cost of services

Cost of services for the year ended 31 December 2014 amounted to HK$269,832,000, when compared with that of HK$231,561,000 in 2013, representing an increase of 16.5%. The increase was mainly driven by the rise in direct labour costs and overhead costs as a result of the expansion of the Group during the year.

Gross profit and gross profit margin

The gross profit for the year ended 31 December 2014 amounted to HK$114,552,000, when compared with that of HK$92,446,000 in 2013, representing an increase 23.9%. The increase was mainly attributable to improvement of cost efficiency from streamlining the work flow of our projects during the year.

The gross profit margin of the Group for the year ended 31 December 2014 was 29.8%, which maintained stable when compared with previous year.

Administrative expenses

Administrative expenses for the year ended 31 December 2014 amounted to HK$75,073,000 (2013: HK$57,522,000), representing an increase of 30.5%. The increase was mainly due to (i) a growth in staff costs by HK$7,826,000 as a result of an increase of average salary, bonus and headcount; (ii) expenses on promotion of investor relations and professional fee on general legal and compliance advisory; and (iii) rental and other office expenses on expansion of our offices and teams during the year.

Profit for the year

The profit for the year ended 31 December 2014 was HK$28,291,000, as compared to HK$11,172,000 in the previous year, representing an increase of 153.2%.

LIQUIDITY AND FINANCIAL RESOURCES

	As at 31 December	
	2014	2013
	HK$'000	*HK$'000*
Current assets	**303,878**	274,469
Current liabilities	**205,739**	193,152
Current ratio	**1.48**	1.42

The current ratio of the Group at 31 December 2014 was 1.48 times as compared to that of 1.42 times at 31 December 2013. It was mainly resulted from an increase in the amounts due from customers for contract work with the working progress of the projects during the year.

At 31 December 2014, the Group had total bank balances and cash and pledged bank deposits of HK$58,078,000 (2013: HK$58,955,000). The unutilised bank overdraft is HK$3,380,000 (2013: HK$1,269,000) as at 31 December 2014.

At 31 December 2014, the Group's gearing ratio (represented by amount due to a director, obligations under finance leases and bank overdraft divided by equity) amounted to approximately 0.8% (2013: 4.4%).

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.

PROSPECTS

In 2015, the Group will be a one-stop design solution provider with the systematic application of its multi-centre operation model. Leveraging its accumulated experienced 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.

Perceiving the market potential of new technology and design sectors, the Group is in process of enhancing its business edge 3D scanning and printing technology, and the design services for amusement parks and entertainment centers. The Directors believe that the Group's 3D-related disciplines and thematic design services have completed the trials and testing periods. The Group is well equipped to handle the actual needs of the current construction industry and its consumer segment. These services are ready to be introduced to market in 2015.

The Directors envision the growth in housing construction volume and land supplies in Hong Kong will remain sustainable in 2015. Business operations in Hong Kong are expected to make substantial contributions to the Group's revenue, and this is backed by a relatively stable economy prospect in local market, complemented by the Group's diversified business portfolio.

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

In response to the rising momentum of urbanisation in Asia Pacific region, the Group will continue to pursuit excellence in design and efficiency in executions for traditional sectors. Furthermore, the Group plans to leverage its network and increase participation in selected overseas market, with the aim of securing new clientele and stimulating business growth where it maximises its existing strength.

FINAL DIVIDENDS

The Directors do not recommend the payment of any dividend for the year ended 31 December 2014 (2013: Nil).

CAPITAL STRUCTURE

There has been no change in the capital structure of the Group during the year ended 31 December 2014. 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 2014, the Group had no significant exposure under foreign exchange contracts, interest, currency swaps or other financial derivatives.

SIGNIFICANT INVESTMENT

During the year ended 31 December 2014, the Group did not have any significant investment.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

During the year ended 31 December 2014, the Group had no future plan for material investments and capital assets.

MATERIAL ACQUISITIONS AND DISPOSALS

During the year ended 31 December 2014, the Group had no material acquisitions and disposals of subsidiaries.

PLEDGE OF ASSETS

As at 31 December 2014, the Group has pledged short-term bank deposits with an aggregate carrying amount of HK$2,545,000 (2013: 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 2014 (2013: 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$48,878,000 (2013: HK$35,741,000) as at 31 December 2014.

As at 31 December 2014, the Group did not have any significant capital commitments (2013: Nil).

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2014, the Group employed around 670 (2013: 600) employees.

Employees are remunerated according to nature of the job, market trend and individual performance. Employee bonus is distributable based on the performance of the respective subsidiaries and the employees concerned.

The Group offers competitive remuneration and benefit package to our employees. Our employee benefits include mandatory provident fund, employee pension schemes in the PRC, medical coverage, insurance, training and development programs and options that were granted under the pre-IPO share option scheme or may be granted under 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 2014 with the Group's actual business progress is set out below:

Business objectives for period from 8 December 2013 to 31 December 2014	Actual Business Progress up to 31 December 2014
1. To enhance the Group's information technology infrastructure	
• invest resources and carry out the build-up and conduct the testing of the design information management platform, cost management system, building information modelling system and three-dimensional ("3D") printing technology	• A professional team on building information modeling (BIM) had been set up and performing pilot runs to integrate BIM with 3D printing with promising results • Implementation of 3D photogrammetry and image processing technologies to develop new services and products for building construction sites or major infrastructure works • Cost management system was in the progress of enhancing. Data collection for the project information management platform was also in progress
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	• The Group's delegation attended the 10th International Conference on Green and Energy Efficient Building & New Technologies and Products Expo in Beijing in late March 2014
• carry out design exhibitions in first-tier cities in the PRC	• The Group participated as an exhibitor in Bi-City Biennale of Urbanism\Architecture

Business objectives for period from 8 December 2013 to 31 December 2014	**Actual Business Progress up to 31 December 2014**
	• LWK Hong Kong was appointed as a curator for Hong Kong Exhibition at the 14th Venice Biennale International Architecture Exhibition 2014. Total number of visitors to Hong Kong Pavilion reached approximately 34,000 during the exhibitions period
	• LWK Hong Kong was registered to exhibit in International Association of Amusement Parks and Attractions (IAAPA) Asian Attractions Expo 2014 opened in Beijing in June 2014
• provide sponsorships to architecture programmes at the university level in the PRC	• LWK Hong Kong was a platinum sponsor of 18th Master of Architecture Graduation Show of The Chinese University of Hong Kong
	• LWK Hong Kong sponsored Hong Kong Design Institute Graduation Show that showcased students work to the public in June 2014
	• LWK Landscape Limited, a subsidiary of the Group, sponsored The Hong Kong Institute of Landscape Architects 25th Anniversary's Event in July 2014
	• Paralab Limited, a subsidiary of the Group, sponsored The University of Hong Kong as the technology partner in 3D scanning and 3D printing for their urbanisation program in Myanmar

Business objectives for period from 8 December 2013 to 31 December 2014	Actual Business Progress up to 31 December 2014
• directly carry out advertisement through various media platforms	• Advertisement in Shenzhen construction net (www.szjs.com.cn)
	• LWK Yiheng was appointed as adviser of the Times House Magazine which is a real estate publication in the PRC
	• LWK Yiheng was appointed as a Council Member of the New Architecture Magazine which is an architecture journal in the PRC
	• A Director being key speaker in the Summit on Retail Complex Development and Design of the PRC held at Hilton Xian
	• A staff of LWK Hong Kong was interviewed by South China Morning Post on a conceptual design of "Detox Home" and on how to make a dream home into reality
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 operations of landscape architecture, town planning and interior design
• carry out our expansion and transformation of 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
• develop our offices in second-tier cities in the PRC to provide design support to our Hong Kong headquarters and other regional offices	• Office enhancement was done for Chengdu office

USE OF PROCEEDS

During the year ended 31 December 2014, 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 2014 *HK$ million*	**Actual use of proceeds during the year ended 31 December 2014** *HK$ million*
To enhance our information technology infrastructure		
• Design Information	1.4	0.6
• Cost Control/Resources Management	1.1	0.7
• BIM/3D Printing	1.0	2.4
To carry out marketing activities in the PRC	1.2	1.3
To expand our offices and teams	3.8	9.2
	8.5	14.2

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.

(b) The unused net proceeds as at 31 December 2014 have been placed as interest bearing deposits with licensed bank in Hong Kong.

(c) Actual use of proceeds on enhancement of our information technology infrastructure was lower than planned use of proceeds because the testing and implementation plan of the design information and cost management systems has been rescheduled to the first quarter of 2015 for a thorough data transfer. Also, internal programmer has been assigned to establish our database programs, hence, no outsource is required.

(d) 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 during the year.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2014.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

No Director had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party at the end of the year or at any time during the year ended 31 December 2014.

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 GEM Listing Rules) that compete or may compete with the business of the Group and any other conflict of interest which any such person has or may have with the Group during the year ended 31 December 2014, as required to be disclosed under Rule 11.04 of the GEM Listing Rules.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiries to all Directors, all Directors confirmed that they have complied with the required standard of dealings regarding securities transactions for the year ended 31 December 2014 and the Company was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by Directors.

CORPORATE GOVERNANCE CODE

The Company has complied with the code provisions set out in the Corporate Governance Code contained in Appendix 15 of the GEM Listing Rule during the year ended 31 December 2014.

REVIEW BY THE AUDIT COMMITTEE

The audit committee of the Company 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 2014; and is of the opinion that the preparation of such statements complied with the applicable accounting standards and that adequate disclosures have been made.

ANNUAL GENERAL MEETING

The annual general meeting of the Company (the "**Annual General Meeting**") will be held at Function Room of 3/F, Gateway Hotel, Harbour City, Tsim Sha Tsui, Kowloon, Hong Kong on Tuesday, 2 June 2015 at 10:00 a.m. The notice of the Annual General Meeting will be separately published in due course.

PUBLICATION OF 2014 ANNUAL RESULTS AND 2014 ANNUAL REPORT

The annual results announcement of the Company is published on the GEM website (www.hkgem.com) and the Company's website (www.cchengholdings.com). The annual report of the Company for the year ended 31 December 2014 will be dispatched to the shareholders of the Company and published on the GEM website (www.hkgem.com) and the Company's website (www.cchengholdings.com) in due course.

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

Hong Kong, 24 March 2015

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

This announcement will remain on the "Latest Company Announcements" page of the GEM website at www.hkgem.com for at least 7 days from the date of its posting and on the Company's website at www.cchengholdings.com.