



思城控股有限公司
C CHENG HOLDINGS LIMITED
(Incorporated in the Cayman Islands with limited liability)
Stock code: 8320

2015
First Quarterly Report

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 report, 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 report 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 report misleading.*

C Cheng Holdings Limited has obtained a written consent from Mr. Jeremy Fung (“Mr. Fung”) for the inclusion of his artwork, Flow (the “Artwork”), in this first quarterly report and the publication thereof. The Artwork including but not limited to its copyright, design and conveyed concept(s) are the exclusive properties of Mr. Fung.

FINANCIAL HIGHLIGHTS

For the three months ended 31 March 2015, the financial results of the Group were as follows:

- Revenue of the Group reached HK\$94,569,000 (2014: HK\$81,901,000), representing an increase of 15.5% from the same period of previous financial year;
- Profit was HK\$7,333,000, as compared to HK\$8,015,000 in the same period of previous financial year, representing a decrease of 8.5%;
- Basic earnings per share based on weighted average number of ordinary shares of approximately 180,000,000 (three months ended 31 March 2014: 180,000,000) in issue was HK4.2 cents (three months ended 31 March 2014: HK4.4 cents);
- Diluted earnings per share based on weighted average number of ordinary shares of approximately 184,246,000 (three months ended 31 March 2014: 180,428,000) in issue was HK4.1 cents (three months ended 31 March 2014: HK4.4 cents); and
- No dividend was declared.

FIRST QUARTERLY RESULTS FOR THE THREE MONTHS ENDED 31 MARCH 2015

The board of Directors (the "Board") of the Company is pleased to announce the unaudited consolidated financial results of the Company and its subsidiaries (collectively, the "Group") for the three months ended 31 March 2015, together with the comparative unaudited figures for the corresponding period in 2014 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months ended 31 March 2015

	Notes	For the three months ended 31 March	
		2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)
Revenue	3	94,569	81,901
Cost of services		(66,949)	(56,928)
Gross profit		27,620	24,973
Other income		237	162
Other gains and losses		28	148
Administrative expenses		(18,367)	(14,872)
Finance costs		(21)	(24)
Profit before taxation		9,497	10,387
Income tax expense	4	(2,164)	(2,372)
Profit for the period		7,333	8,015
Other comprehensive income (expense)			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences arising on translation		56	(901)
Total comprehensive income for the period		7,389	7,114

	Notes	For the three months ended 31 March	
		2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)
Profit (loss) for the period attributable to:			
Owners of the Company		7,496	8,014
Non-controlling interests		(163)	1
		7,333	8,015
Total comprehensive income (expense) for the period attributable to:			
Owners of the Company		7,552	7,117
Non-controlling interests		(163)	(3)
		7,389	7,114
Earnings per share (expressed in HK cents)	5		
– Basic		4.2	4.4
– Diluted		4.1	4.4

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 31 March 2015

	Attributable to owners of the Company							Total	Non-controlling interests	Total
	Issued capital	Share premium	Statutory reserve	Share option reserve	Other reserve	Exchange reserve	Retained profits			
	HK\$'000	HK\$'000	HK\$'000 (Note)	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2014 (audited)	1,800	83,682	2,826	114	(47,070)	7,920	52,305	101,577	153	101,730
Profit for the period	-	-	-	-	-	-	8,014	8,014	1	8,015
Exchange differences arising on translation	-	-	-	-	-	(897)	-	(897)	(4)	(901)
Total comprehensive (expense) income for the period	-	-	-	-	-	(897)	8,014	7,117	(3)	7,114
Recognition of equity-settled share-based payments	-	-	-	324	-	-	-	324	-	324
At 31 March 2014 (unaudited)	1,800	83,682	2,826	438	(47,070)	7,023	60,319	109,018	150	109,168
At 1 January 2015 (audited)	1,800	83,682	3,331	1,412	(47,070)	6,786	80,598	130,539	(350)	130,189
Profit for the period	-	-	-	-	-	-	7,496	7,496	(163)	7,333
Exchange differences arising on translation	-	-	-	-	-	56	-	56	-	56
Total comprehensive income (expense) for the period	-	-	-	-	-	56	7,496	7,552	(163)	7,389
Transfer to statutory reserve	-	-	1,090	-	-	-	(1,090)	-	-	-
Recognition of equity-settled share-based payments	-	-	-	306	-	-	-	306	-	306
Transfer upon lapse of share options	-	-	-	(121)	-	-	121	-	-	-
At 31 March 2015 (unaudited)	1,800	83,682	4,421	1,597	(47,070)	6,842	87,125	138,397	(513)	137,884

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the three months ended 31 March 2015

1. GENERAL INFORMATION

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

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

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated financial information have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institutes of Certified Public Accountants ("**HKICPA**") as well as with the applicable disclosure requirements of Chapter 18 of the Rule Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "**GEM Listing Rules**"). However, it does not contain sufficient information to constitute an interim financial report as defined in HKFRSs.

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

The accounting policies and methods of computation used in the unaudited condensed consolidated financial information for the three months ended 31 March 2015 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2014.

In the current period, the Group has applied, for the first time, certain amendments to HKFRSs issued by the HKICPA that are mandatorily effective for the current period.

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

The unaudited condensed consolidated financial information is presented in Hong Kong dollars ("**HK\$**"), which is the same as the functional currency of the Company.

3. REVENUE

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

	Three months ended 31 March	
	2015	2014
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Architecture	85,690	75,625
Landscape architecture, town planning, interior design and heritage conservation	8,879	6,276
	94,569	81,901

4. INCOME TAX EXPENSE

	Three months ended 31 March	
	2015	2014
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
The income tax expense (credit) comprises:		
Current tax:		
Hong Kong Profits Tax	662	680
PRC Enterprise Income Tax ("EIT")	1,776	1,434
	2,438	2,114
Deferred tax:		
Current period	(274)	258
	2,164	2,372

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

According to the State Council Circular on Transitional Policy of Enterprise Income Tax [Guo Fa [2007] No. 39], the income tax rate applicable to 梁黃顧設計顧問(深圳)有限公司, a wholly owned subsidiary of the Company, and 深圳市梁黃顧藝恒建築設計有限公司 ("LWK Yiheng") is 25% for the three months ended 31 March 2015 and 2014.

5. 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:

	Three months ended 31 March	
	2015	2014
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Earnings:		
Earnings for the purposes of basic and diluted earnings per share:		
Profit for the period attributable to the owners of the Company	7,496	8,014
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings per share	180,000,000	180,000,000
Effect of dilutive potential ordinary shares in respect of share options outstanding	4,246,323	427,998
Weighted average number of ordinary shares for the purpose of diluted earnings per share	184,246,323	180,427,998

6. DIVIDENDS

The Board does not recommend the payment of dividend for the three months ended 31 March 2015 (three months ended 31 March 2014: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group maintained its market position as one of the leading comprehensive architectural service providers in Hong Kong and the People's Republic of China (the "PRC").

During the three months ended 31 March 2015, the Group maintained a steady growth of 15.5% in revenue when compared with that in corresponding period of 2014, and secured 30 new contracts with contract sums of approximately HK\$58,000,000 in Hong Kong, the PRC and other markets. As at 31 March 2015, the Group had remaining contract sums of approximately HK\$1,033,000,000. Architecture, contributing 90.6% of the revenue, continued to be the mainstream of practice of the Group.

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

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

Financial Review

Revenue

Revenue for the three months ended 31 March 2015 was HK\$94,569,000, when compared with that of HK\$81,901,000 in corresponding period of 2014, representing an increase of 15.5%. The increase was attributable by the growth in revenue generated by the provision of service of architecture, landscape architecture, town planning, interior design and heritage conservation over the period.

Cost of services

Cost of services for the three months ended 31 March 2015 amounted to HK\$66,949,000, when compared with that of HK\$56,928,000 in corresponding period of 2014, representing an increase of 17.6%. The increase was mainly driven by the rise in direct labour costs and overhead costs as a result of the expansion of the Group in last year.

Gross profit and gross profit margin

The gross profit for the three months ended 31 March 2015 amounted to HK\$27,620,000, when compared with that of HK\$24,973,000 in corresponding period of 2014, representing an increase of 10.6%.

The gross profit margin of the Group for the three months ended 31 March 2015 was 29.2%, which maintained stable when compared with the corresponding period of 2014.

Administrative expenses

Administrative expenses for the three months ended 31 March 2015 amounted to HK\$18,367,000, when compared with that of HK\$14,872,000 in corresponding period of 2014, representing an increase of 23.5%. The increase was mainly due to a growth in office expenses and staff costs as a result of an increase of average salary and increase in headcount due to the expansion of the Group in last year.

Profit

The profit for the three months ended 31 March 2015 was HK\$7,333,000, as compared to HK\$8,015,000 in corresponding period of 2014, representing a decrease of 8.5%.

OUTLOOK

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

The Directors will take strategic moves to explore new business opportunities during the consolidation period of property market in the PRC. Moreover, the Group plans to increase participation in selected overseas market, especially in South East Asia. The Group will also consider extending its business reach by merger and acquisition, with an aim to secure new clientele while maximising its existing strength and capture business potentials ahead.

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

As at 31 March 2015, the interests and short positions of the Directors and the chief executive in the shares, underlying shares or debentures of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance ("SFO"), or as otherwise notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors, were as follows:

(1) Long positions

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

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

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

(2) Short positions

Save as disclosed above, as at 31 March 2015, none of the Directors or the chief executive had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations.

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

Save as disclosed below, as at 31 March 2015, no person other than the Directors or chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company as recorded in the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO, or which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who were directly or indirectly interested in 5% or more of the issued share capital carrying rights to vote in all circumstances at general meetings of any members of the Group.

Long positions in the shares of the Company:

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

Notes:

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

SHARE OPTION SCHEMES

The Company operates two share option schemes providing incentives or rewards to eligible persons of the Group for their contribution to the Group, including a share option scheme (the "Share Option Scheme") and a pre-IPO share option scheme (the "Pre-IPO Share Option Scheme"). Details of these two share options schemes have been set out in the Company's 2014 annual report. The movement during the period and the options outstanding as at 31 March 2015 were as follows:

Pre-IPO Share Option Scheme

	As at 1 January 2015	Granted	Lapsed	Exercise	As at 31 March 2015	Exercise price	Exercise period
Directors							
Liang Ronald	800,000	-	-	-	800,000	0.83	Note 1
Fu Chin Shing	800,000	-	-	-	800,000	0.83	Note 1
Wang Jun You	800,000	-	-	-	800,000	0.83	Note 1
Lo Kin Nang	800,000	-	-	-	800,000	0.83	Note 1
Ng Kwok Fai	800,000	-	-	-	800,000	0.83	Note 1
He Xiao	800,000	-	-	-	800,000	0.83	Note 1
	4,800,000	-	-	-	4,800,000		
Others							
Employees	7,725,000	-	(820,000)	-	6,905,000	0.83	Note 2
	12,525,000	-	(820,000)	-	11,705,000		

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

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

Share Option Scheme

During the three months ended 31 March 2015, there is no option granted under the Share Option Scheme.

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

During the three months ended 31 March 2015, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

DIRECTOR'S INTEREST IN COMPETING INTERESTS

The Directors are not aware of any business or interest of the Directors, the controlling shareholder and their respective close associates (as defined under the GEM Listing Rules) that compete or may compete with the business of the Group and any other conflict of interest which any such person has or may have with the Group during the three months ended 31 March 2015, as required to be disclosed under Rule 11.04 of the GEM Listing Rules.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of provisions of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiries with the Directors, all Directors confirmed that they have complied with such code of conduct and the required standard of dealings regarding securities transactions by the Directors during the three months ended 31 March 2015.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company has complied with the code provisions set out in the Corporate Governance Code contained in Appendix 15 of the GEM Listing Rule during the three months ended 31 March 2015.

INTERESTS OF THE COMPLIANCE ADVISER

As at 31 March 2015, as notified by the Company's compliance adviser, China Everbright Capital Limited (the "**Compliance Adviser**"), except for the compliance adviser agreement entered into between the Company and the Compliance Adviser dated 16 December 2013, neither the Compliance Adviser nor its directors, employees or close associates had any interests in relation to the Company which is required to be notified to the Group pursuant to Rule 6A.32 of the GEM Listing Rules.

AUDIT COMMITTEE

In compliance with Rule 5.28 of the GEM Listing Rules, the Company has established an audit committee comprising independent non-executive Directors, namely Mr. Lo Wai Hung, Mr. Wang Julius and Mr. Yu Chi Hang and has adopted terms of reference governing the authorities and duties of the audit committee. The primary duties of the audit committee are to review and supervise the financial reporting process and internal controls of the Group. The audit committee has reviewed the unaudited consolidated results of the Group for the three months ended 31 March 2015.

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

Hong Kong, 11 May 2015

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