



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: 08130)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2016

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.

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This announcement, for which the directors (the “Directors”) of Zhi 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 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 2016, together with the comparative unaudited figures for 2015 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		For the three months ended		For the six months ended	
		30 September	2015	30 September	2015
		2016		2016	
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	Notes	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Continuing operations					
Revenue	5	21,432	5,549	25,379	11,403
Cost of sales		(14,279)	(5,110)	(16,946)	(9,610)
Gross profit		7,153	439	8,433	1,793
Other income and gains	6	1,445	648	2,588	1,310
Administrative expenses		(19,802)	(8,260)	(34,187)	(18,342)
Gain on disposal of property, plant and equipment		–	18	–	18
Gain on disposal of subsidiaries	19	657	1,615	657	1,615
Loss arising on change in fair value of financial assets at fair value through profit or loss		–	(152)	–	(152)
Loss from operations	7	(10,547)	(5,692)	(22,509)	(13,758)
Finance costs	8	(623)	–	(998)	–
Loss before taxation		(11,170)	(5,692)	(23,507)	(13,758)
Income tax expense	9	(420)	(171)	(442)	(212)
Loss for the period from continuing operations		(11,590)	(5,863)	(23,949)	(13,970)
Discontinued operations					
(Loss)/profit for the period from discontinued operations	10	(228)	335	(381)	(705)
Loss for the period		(11,818)	(5,528)	(24,330)	(14,675)

	<i>Notes</i>	For the three months ended 30 September 2016 (Unaudited) HK\$'000		For the six months ended 30 September 2016 (Unaudited) HK\$'000	
		2015 (Unaudited) HK\$'000		2015 (Unaudited) HK\$'000	
(Loss)/profit for the period attributable to:					
owners of the Company		(13,315)	(5,219)	(25,173)	(14,348)
non-controlling interests		<u>1,497</u>	<u>(309)</u>	<u>843</u>	<u>(327)</u>
		<u>(11,818)</u>	<u>(5,528)</u>	<u>(24,330)</u>	<u>(14,675)</u>
			(Restated)		(Restated)
Loss per share					
From continuing and discontinued operations					
Basic and diluted	11	<u>(0.52) cents</u>	<u>(0.68) cents</u>	<u>(0.98) cents</u>	<u>(1.89) cents</u>
From continuing operations					
Basic and diluted	11	<u>(0.51) cents</u>	<u>(0.73) cents</u>	<u>(0.96) cents</u>	<u>(1.80) cents</u>
Loss for the period		(11,818)	(5,528)	(24,330)	(14,675)
Other comprehensive expense for the period					
Exchange differences on translation of financial statements of overseas subsidiaries		(1,493)	(2,982)	(6,524)	(2,964)
Reclassification of translation reserve upon disposal of subsidiaries		<u>(1,033)</u>	<u>–</u>	<u>(1,033)</u>	<u>–</u>
Other comprehensive expense for the period		<u>(2,526)</u>	<u>(2,982)</u>	<u>(7,557)</u>	<u>(2,964)</u>
Total comprehensive expense for the period		<u>(14,344)</u>	<u>(8,510)</u>	<u>(31,887)</u>	<u>(17,639)</u>
Total comprehensive (expense)/income for the period attributable to:					
owners of the Company		(15,946)	(7,740)	(32,180)	(17,009)
non-controlling interests		<u>1,602</u>	<u>(770)</u>	<u>293</u>	<u>(630)</u>
		<u>(14,344)</u>	<u>(8,510)</u>	<u>(31,887)</u>	<u>(17,639)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		At 30 September 2016 (Unaudited) HK\$'000	At 31 March 2016 (Audited) HK\$'000
	Notes		
Non-current assets			
Property, plant and equipment	12	9,547	3,375
Goodwill	13	17,221	17,221
Intangible assets		–	–
Prepayments	15	349	2,255
Deposit for investment		6,875	–
Finance lease receivables – net	16	52,860	11,580
Available-for-sale investments	14	23,681	–
		<u>110,533</u>	<u>34,431</u>
Current assets			
Trade and other receivables	15	391,759	205,350
Finance lease receivables – net	16	5,174	5,356
Promissory note receivable		15,000	15,000
Bank balances and cash		12,553	226,503
		<u>424,486</u>	<u>452,209</u>
Assets of disposal group classified as held for sale		<u>–</u>	<u>31,903</u>
		<u>424,486</u>	<u>484,112</u>
Current liabilities			
Trade and other payables	17	48,002	33,320
Corporate bond		9,627	8,877
Other borrowings		42,674	–
Obligations under finance lease		146	–
Tax payable		3,524	3,941
		<u>103,973</u>	<u>46,138</u>
Liabilities of disposal group classified as held for sale		<u>–</u>	<u>10,091</u>
		<u>103,973</u>	<u>56,229</u>
Net current assets		<u>320,513</u>	<u>427,883</u>
Total assets less current liabilities		<u><u>431,046</u></u>	<u><u>462,314</u></u>

		At 30 September 2016 (Unaudited) HK\$'000	At 31 March 2016 (Audited) HK\$'000
	Notes		
Capital and reserves			
Share capital	18	25,809	25,809
Reserves		<u>396,443</u>	<u>428,623</u>
Equity attributable to owners of the Company		422,252	454,432
Non-controlling interests		<u>8,175</u>	<u>7,882</u>
		<u>430,427</u>	<u>462,314</u>
Non-current liability			
Obligations under finance lease		<u>619</u>	<u>—</u>
		<u>431,046</u>	<u>462,314</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	Total		
	(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
At 1 April 2015	6,112	1,356,192	325,798	15,489	1,966	2,207	(1,465,318)	242,446	8,876	251,322
Loss for the period	-	-	-	-	-	-	(14,348)	(14,348)	(327)	(14,675)
Other comprehensive expense for the period	-	-	-	-	-	(2,661)	-	(2,661)	(303)	(2,964)
Total comprehensive expense for the period	-	-	-	-	-	(2,661)	(14,348)	(17,009)	(630)	(17,639)
Exercise of share option	149	10,929	-	(3,459)	-	-	-	7,619	-	7,619
Cancellation of share option	-	-	-	(1,153)	-	-	1,153	-	-	-
At 30 September 2015	6,261	1,367,121	325,798	10,877	1,966	(454)	(1,478,513)	233,056	8,246	241,302
At 1 April 2016	25,809	1,608,966	325,798	13,834	1,687	7,572	(1,529,234)	454,432	7,882	462,314
(Loss)/profit for the period	-	-	-	-	-	-	(25,173)	(25,173)	843	(24,330)
Other comprehensive expense for the period	-	-	-	-	-	(7,007)	-	(7,007)	(550)	(7,557)
Total comprehensive (expense)/income for the period	-	-	-	-	-	(7,007)	(25,173)	(32,180)	293	(31,887)
Disposal of subsidiaries	-	-	-	-	(402)	-	402	-	-	-
At 30 September 2016	25,809	1,608,966	325,798	13,834	1,285	565	(1,554,005)	422,252	8,175	430,427

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	For the six months ended 30 September	
	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
Operating activities		
Cash used in operations	(260,727)	(7,015)
Tax paid	(506)	(55)
Net cash used in operating activities	<u>(261,233)</u>	<u>(7,070)</u>
Investing activities		
Net cash inflow/(outflow) from disposal of subsidiary	6,085	(592)
Other cash flows arising from investing activities	(6,364)	(788)
Net cash used in investing activities	<u>(279)</u>	<u>(1,380)</u>
Financing activities		
Proceeds from other borrowings	43,954	–
Proceeds from issue of new shares	–	7,619
Other cash flows arising from financing activities	821	–
Net cash generated from financing activities	<u>44,775</u>	<u>7,619</u>
Net decrease in cash and cash equivalents	(216,737)	(831)
Cash and cash equivalents at beginning of period	226,503	4,252
Effect of foreign exchange rate changes	<u>2,787</u>	<u>(184)</u>
Cash and cash equivalents at end of period	<u>12,553</u>	<u>3,237</u>
Analysis of cash and cash equivalents		
Cash and cash equivalents of the Group	12,533	3,237
Reclassification to assets of disposal group held for sale	<u>–</u>	<u>(732)</u>
	<u>12,533</u>	<u>2,505</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 Room 3203, 32nd Floor, Tower 1, Admiralty Centre, 18 Harcourt Road, 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 consultancy services, advertising and media related services, project management services, travel agency and related operations and financial leasing and other financial 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 2016, except for the impact of the adoption of the new and revised Hong Kong Accounting Standard ("HKAS"), HKFRSs 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 1 (Amendments)	Disclosure Initiative
HKAS 16 and HKAS 38 (Amendments)	Clarification of Acceptable Methods of Depreciation and Amortisation
HKAS 16 and HKAS 41 (Amendments)	Agriculture: Bearer Plants
HKAS 27 (2011) (Amendments)	Equity Method in Separate Financial Statements
HKFRSs (Amendments)	Annual Improvements to HKFRS 2012-2014 Cycle
HKFRS 10, HKFRS 12 and HKAS 28 (2011) (Amendments)	Investment Entities: Applying the Consolidation Exception
HKFRS 11 (Amendments)	Accounting for Acquisitions of Interests in Joint Operations

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

3. BASIS OF PREPARATION AND CONSOLIDATION

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 which are stated at fair value.

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 2016.

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 five reportable segments. No operating segments have been aggregated to form the following reportable segments.

- | | |
|---|--|
| (i) 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. |
| (ii) Advertising and media related services: | Engaged in designing, production, acting as agency and placement of advertisements, information consulting and marketing planning in the PRC. |
| (iii) Project management services: | Provision of PRC project management services to entities in relation to the operation and monitoring of RFID card system. |
| (iv) Travel agency and related operations: | Rendering travel agency services related to air ticketing and air/hotel packages in Hong Kong. |
| (v) Financial leasing and other financial services: | Provision of financial leasing and other financial services in the PRC. |

Segment revenue and results

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

	Continuing operations					Discontinued operations					Total (Unaudited) HK\$'000
	Consultancy services (Unaudited) HK\$'000	Advertising and media related services (Unaudited) HK\$'000	Project management services (Unaudited) HK\$'000	Travel agency and related operations (Unaudited) HK\$'000	Financial leasing and other financial services (Unaudited) HK\$'000	Segment total (Unaudited) HK\$'000	Property investments (Unaudited) HK\$'000	Decoration and interior design services (Unaudited) HK\$'000	MIDS (Unaudited) HK\$'000	Segment total (Unaudited) HK\$'000	
For the six months ended 30 September 2016											
Revenue											
Sales to external customers	-	23,630	-	97	1,651	25,378	-	-	-	-	25,378
Segment results	(3)	2,168	562	(475)	516	2,768	-	-	(381)	(381)	2,387
Unallocated other revenue and gain											2,101
Unallocated expenses											(27,378)
Loss from operations											(22,890)
Finance costs											(998)
Loss before taxation											(23,888)
Income tax expense											(442)
Loss for the period											(24,330)

Other segment information

	Continuing operations					Discontinued operations					Total (Unaudited) HK\$'000
	Consultancy services (Unaudited) HK\$'000	Advertising and media related services (Unaudited) HK\$'000	Project management services (Unaudited) HK\$'000	Travel agency and related operations (Unaudited) HK\$'000	Financial leasing and other financial services (Unaudited) HK\$'000	Segment Total (Unaudited) HK\$'000	Property investments (Unaudited) HK\$'000	Decoration and interior design services (Unaudited) HK\$'000	MIDS (Unaudited) HK\$'000	Segment Total (Unaudited) HK\$'000	Unallocated (Unaudited) HK\$'000
Depreciation on property, plant and equipment	-	77	-	-	23	100	-	-	-	-	1,074
											1,174

	Continuing operations					Discontinued operations					
	Consultancy services	Advertising and media related services	Project management services	Travel agency and related operations	Financial leasing and other financial services	Segment total	Property investments	Decoration and interior design services	MIDS	Segment total	Total
	(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
For the six months ended 30 September 2015											
Revenue											
Sales to external customers	-	6,181	-	5,222	-	11,403	672	25	-	697	12,100
Segment results	(1,222)	(2,195)	(745)	(318)	-	(4,480)	11	(420)	(296)	(705)	(5,185)
Unallocated other revenue and gain											1,294
Unallocated expenses											(10,572)
Loss from operations											(14,463)
Finance costs											-
Loss before taxation											(14,463)
Income tax expense											(212)
Loss for the period											(14,675)

Other segment information

	Continuing operations						Discontinued operations					Total (Unaudited) HK\$'000
	Consultancy services (Unaudited) HK\$'000	Advertising and media related services (Unaudited) HK\$'000	Project management services (Unaudited) HK\$'000	Travel agency and related operations (Unaudited) HK\$'000	Financial leasing and other financial services (Unaudited) HK\$'000	Segment Total (Unaudited) HK\$'000	Property investments (Unaudited) HK\$'000	Decoration and interior design services (Unaudited) HK\$'000	MIDS (Unaudited) HK\$'000	Segment Total (Unaudited) HK\$'000	Unallocated (Unaudited) HK\$'000	
Depreciation on property, plant and equipment	-	(411)	-	-	-	(411)	-	(77)	-	(77)	(1,068)	(1,556)
Amortisation of intangible assets	(1,220)	-	(620)	-	-	(1,840)	-	-	-	-	-	(1,840)

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable segments:

	Continuing operations					Discontinued operations					
	Consultancy services (Unaudited) HK\$'000	Advertising and media related services (Unaudited) HK\$'000	Project management services (Unaudited) HK\$'000	Travel agency and related operations (Unaudited) HK\$'000	Financial leasing and other financial services (Unaudited) HK\$'000	Segment total (Unaudited) HK\$'000	Property investments (Unaudited) HK\$'000	Decoration and interior design services (Unaudited) HK\$'000	MIDS (Unaudited) HK\$'000	Segment total (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
At 30 September 2016											
Segment assets	1,934	211,927	3	436	136,263	350,563	-	-	-	-	350,563
Unallocated assets											184,456
Total assets											535,019
Segment liabilities	-	18,966	-	1,012	31,515	51,493	-	-	-	-	51,493
Unallocated liabilities											53,099
Total liabilities											104,592
Capital expenditure											
- Allocated	-	33	-	-	529	562	-	-	-	-	562
- Unallocated											6,618
	Continuing operations					Discontinued operations					
	Consultancy services (Audited) HK\$'000	Advertising and media related services (Audited) HK\$'000	Project management services (Audited) HK\$'000	Travel agency and related operations (Audited) HK\$'000	Financial leasing and other financial services (Audited) HK\$'000	Segment total (Audited) HK\$'000	Property investments (Audited) HK\$'000	Decoration and interior design services (Audited) HK\$'000	MIDS (Audited) HK\$'000	Segment total (Audited) HK\$'000	Total (Audited) HK\$'000
At 31 March 2016											
Segment assets	1,932	87,048	12,457	962	17,394	119,793	-	-	19,452	19,452	139,245
Unallocated assets											379,298
Total assets											518,543
Segment liabilities	-	15,184	4,159	1,212	124	20,679	-	-	5,932	5,932	26,611
Unallocated liabilities											29,618
Total liabilities											56,229
Capital expenditure											
- Allocated	-	24	-	-	-	24	-	-	-	-	24
- Unallocated											857

5. REVENUE

	For the three months ended 30 September 2016 (Unaudited) HK\$'000		For the six months ended 30 September 2016 (Unaudited) HK\$'000	
	2015 (Unaudited) HK\$'000		2015 (Unaudited) HK\$'000	
Continuing operations				
Finance lease and other financial income	1,090	–	1,652	–
Provision of advertising and media related services	20,342	3,319	23,630	6,181
Provision of travel agency services	–	2,230	97	5,222
	<u>21,432</u>	<u>5,549</u>	<u>25,379</u>	<u>11,403</u>
Discontinued operations				
Gross rental income from investment properties	–	296	–	672
Provision of decoration and interior design services	–	19	–	25
	<u>–</u>	<u>315</u>	<u>–</u>	<u>697</u>

6. OTHER INCOME AND GAINS

	For the three months ended 30 September 2016 (Unaudited) HK\$'000		For the six months ended 30 September 2016 (Unaudited) HK\$'000	
	2015 (Unaudited) HK\$'000		2015 (Unaudited) HK\$'000	
Continuing operations				
Bank interest income	20	2	20	2
Interest income on loan to an independent third party	795	–	795	290
Management fee income	630	636	1,301	1,003
Other income	–	10	472	15
	<u>1,445</u>	<u>648</u>	<u>2,588</u>	<u>1,310</u>
Total				

7. LOSS FROM OPERATIONS

	For the three months ended 30 September		For the six months ended 30 September	
	2016	2015	2016	2015
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
The Group's loss from continuing operation is arrived at after charging/(crediting):				
Amortisation of intangible assets	–	274	–	1,840
Cost of sales	14,279	5,110	16,946	9,610
Depreciation of property, plant and equipment	661	668	1,174	1,479
Gain on disposal of property, plant and equipment	–	(18)	–	(18)
Loss on disposal of subsidiaries	(657)	(1,615)	(657)	(1,615)
Loss on fair value changes on financial assets at fair value through profit or loss	–	152	–	152
Net foreign exchange loss/(gain)	240	57	(72)	61
Minimum lease payment under operating on premises	3,163	1,018	5,714	2,666
Staff costs (including directors' remuneration)	10,485	3,009	17,381	5,809

8. FINANCE COSTS

	For the three months ended 30 September		For the six months ended 30 September	
	2016	2015	2016	2015
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Continuing operations				
Interest on other borrowings	238	–	238	–
Interest on finance lease	8	–	10	–
Interest on corporate bond	377	–	750	–
Total	623	–	998	–

9. INCOME TAX EXPENSE

	For the three months ended 30 September		For the six months ended 30 September	
	2016	2015	2016	2015
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Current tax charged:				
PRC Enterprise Income Tax	420	171	442	212
Total tax charged	420	171	442	212

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 2016 (2015: 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 2016 (2015: Nil).

The Group had no significant unprovided deferred tax assets and liabilities at 30 September 2016 (2015: Nil).

10. DISCONTINUED OPERATIONS

Decoration and interior design services

On 31 August 2015, Company has entered into a sale and purchase agreement to dispose of its entire equity interest in Chun Sing Design (HK) Limited ("Chun Sing"), a wholly-owned subsidiary of the Company to an independent third party. Chun Sing directly holds entire equity interests in Chun Sing Design (Shenzhen) Limited* (駿昇設計製作(深圳)有限公司) ("Shenzhen Chun Sing"). The disposal was completed on 31 August 2015.

Income statement and cash flow information

	For the six months ended 30 September	
	2016	2015
	HK\$'000	HK\$'000
Revenue	–	25
Expenses	–	(445)
	<u>–</u>	<u>(445)</u>
Loss from discontinued operations	<u>–</u>	<u>(420)</u>

Analysis of the cash flows of discontinued operation is as follows:

	HK\$'000
Net cash flow outflow from operating activities	<u>–</u>

Property investments

On 15 April 2015, the Group announced its intention to sell its property investment operation. The Group entered into the sale and purchase agreement with Gold Train Limited ("Gold Train"), pursuant to which Gold Train has agreed to acquire and the Company agreed to dispose the sale share, representing the entire issued share capital of Grandeur Concord Limited ("Grandeur Concord"), and the sale loan at the aggregate consideration of HK\$20,000,000. The disposal was completed on 30 November 2015.

* for identification purpose only

Income statement and cash flow information

	For the six months ended	
	30 September	
	2016	2015
	HK\$'000	HK\$'000
Revenue	–	672
Expenses	–	(661)
	<u>–</u>	<u>(661)</u>
Profit from discontinued operations	<u>–</u>	<u>11</u>

Analysis of the cash flows of discontinued operation is as follows:

	HK\$'000
Net cash flow outflow from operating activities	<u>–</u>

Medical information digitalisation system (“MIDS”) operations

On 13 March 2015 and 26 March 2015, the Group entered into two sale and purchase agreements with purchaser A and purchaser B to dispose of its entire registered capital of Jia Tai Hua Digital Technology (Tianjin) Company Limited* (嘉欽華數碼科技(天津)有限公司) (“Jia Tai Hua”) and Tianjin Yi Chen Electronic Technology Company Limited* (天津市逸晨電子科技有限公司) (“Yi Chen”), wholly owned subsidiaries of the Company, which carried out the Group’s MIDS operations at a cash consideration of HK\$11,000,000 and HK\$1,000,000 respectively. The disposal was completed in July 2016.

Financial information relating to MIDS operation (Jia Tai Hua and Yi Chen) for the period to the date of disposal is set out below. The income statement and statement of cash flow distinguish discontinued operations from continuing operations.

Income statement and cash flow information

	For the six months ended	
	30 September	
	2016	2015
	HK\$'000	HK\$'000
Expenses	(199)	(296)
Loss on disposal of subsidiaries	(182)	–
	<u>(381)</u>	<u>–</u>
Loss from discontinued operations	<u>(381)</u>	<u>(296)</u>

Analysis of the cash flows of discontinued operation is as follows:

	HK\$'000
Net cash outflow from operating activities	<u>(13)</u>

* for identification purpose only

11. 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 2016 of approximately HK\$13,315,000 (2015: HK\$5,219,000) and loss attributable to owners of the Company for the six months ended 30 September 2016 of approximately HK\$25,173,000 (2015: HK\$14,348,000) and the weighted average of 2,580,852,599 shares in issue during the three months ended 30 September 2016 (2015: 766,079,972 shares (restated)) and the weighted average of 2,580,852,599 shares in issue during the six months ended 30 September 2016 (2015: 758,993,786 shares (restated)).

The weighted average number of shares for the purpose of calculating basic loss per share for the three months and six months ended 30 September 2015 has been retrospectively adjusted in connection to the open offer completed on 9 December 2015.

12. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2016, the Group acquired property, plant and equipment of approximately HK\$7,180,000 (six months ended 30 September 2015: HK\$881,000) and no property, plant and equipment was disposed of (six months ended 30 September 2015: carrying amount of HK\$325,000).

13. GOODWILL

	(Unaudited) HK\$'000
Cost	
At 1 April 2015	48,697
Disposal of a subsidiary	(1,449)
At 31 March 2016, 1 April 2016 and 30 September 2016	47,248
Accumulated impairment losses	
At 1 April 2015	(16,251)
Impairment loss recognised for the year	(15,225)
Disposal of a subsidiary	1,449
At 31 March 2016, 1 April 2016 and 30 September 2016	(30,027)
Carrying amount	
At 30 September 2016	17,221
At 31 March 2016	17,221

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

	At 30 September 2016 HK\$'000	At 31 March 2016 HK\$'000
Advertising and media related services	47,248	47,248

14. AVAILABLE-FOR-SALE INVESTMENTS

	At 30 September 2016 (Unaudited) HK\$'000	At 31 March 2016 (Audited) HK\$'000
Unlisted shares		
– Equity securities incorporated in the PRC	23,681	–

Note: Unlisted equity securities issued by private entities classified as available-for-sale investments are stated at cost less impairment loss at the end of the reporting period because the range of reasonable fair value estimates is so significant that the directors of the Company consider that their fair values cannot be measured reliably.

15. TRADE AND OTHER RECEIVABLES

	At 30 September 2016 (Unaudited) HK\$'000	At 31 March 2016 (Audited) HK\$'000
Trade receivables	15,685	17,512
Deposits	10,299	87,996
Prepayments	165,290	14,344
Other receivables	108,714	77,576
Loan receivables	92,120	10,177
	392,108	207,605

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

0 – 30 days	323	9,809
31 – 60 days	320	476
61 – 90 days	1,014	67
Over 90 days	14,028	7,160
	15,685	17,512

Analysis as:

Current	391,759	205,350
Non-current	349	2,255
	392,108	207,605

16. FINANCE LEASE RECEIVABLES – NET

	At 30 September 2016 (Unaudited) HK\$'000	At 31 March 2016 (Audited) HK\$'000
Current portion	5,174	5,356
Non-current portion	<u>52,860</u>	<u>11,580</u>
	<u>58,034</u>	<u>16,936</u>

Certain rental vehicles and equipment have been leased out or disposed of through finance leases entered into by the Group. The average term of finance leases entered into is 1 to 3 years.

17. TRADE AND OTHER PAYABLES

	At 30 September 2016 (Unaudited) HK\$'000	At 31 March 2016 (Audited) HK\$'000
Trade payables	10,656	13,076
Accruals and other payables	36,430	12,667
Receipt in advance	397	6,439
Other non-income tax payable	<u>519</u>	<u>1,138</u>
	<u>48,002</u>	<u>33,320</u>

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

	At 30 September 2016 (Unaudited) HK\$'000	At 31 March 2016 (Audited) HK\$'000
0 – 30 days	–	7,831
31 – 60 days	–	43
61 – 90 days	1	–
Over 90 days	<u>10,655</u>	<u>5,202</u>
	<u>10,656</u>	<u>13,076</u>

18. SHARE CAPITAL

	Number of shares	Amount HK\$'000
Authorised:		
At 1 April 2015, 31 March 2016, 1 April 2016 and 30 September 2016, ordinary shares of HK\$0.01 each	20,000,000,000	200,000
Issued and fully paid:		
At 1 April 2015, ordinary shares of HK\$0.01 each	611,135,066	6,112
Issue of new shares	737,000,000	7,370
Placing of new shares	863,000,000	8,630
Exercise of share options	56,680,000	567
Open offer	313,037,533	3,130
At 31 March 2016, 1 April 2016 and 30 September 2016, ordinary shares of HK\$0.01 each	2,580,852,599	25,809

19. DISPOSAL OF SUBSIDIARIES

(a) Disposal of Jia Tai Hua

On 13 March 2015 the Group has entered into a disposal agreement with a purchaser to dispose of the entire registered capital of Jia Tai Hua, at an aggregate consideration of HK\$11,000,000 payable in cash. The disposal was completed in July 2016.

	HK\$'000
Consideration received	2,500
Consideration receivable	8,500
Total consideration	11,000

Details of the assets and liabilities of Jia Tai Hua are set out as follows:

	HK\$'000
Property, plant and equipment	36
Intangible assets	1,145
Trade and other receivables	14,014
Bank balances and cash	3
Trade and other payables	(2,996)
Amount due to the ultimate holding company	(372)
Amount due to the immediate holding company	(2,508)
Amounts due to fellow subsidiaries	(322)
Net assets disposed of	9,000
Reclassification of exchange reserve upon disposal of a subsidiary	(1,459)
Waiver of amount due to the ultimate holding company	372
Waiver of amount due to the immediate holding company	2,508
Total consideration	(11,000)
Gain on disposal of a subsidiary	(579)

	<i>HK\$'000</i>
Consideration received	2,500
Less: bank balances and cash	<u>(3)</u>
Net cash inflow arising from disposal	<u><u>2,497</u></u>

(b) Disposal of Yi Chen

On 26 March 2015, the Group has entered into a disposal agreement with a purchaser to dispose of the entire registered capital of Yi Chen, at an aggregate consideration of HK\$1,000,000 payable in cash. The disposal was completed in July 2016.

	<i>HK\$'000</i>
Consideration received	<u>1,000</u>
Total consideration	<u><u>1,000</u></u>

Details of the assets and liabilities of Yi Chen are set out as follows:

	<i>HK\$'000</i>
Property, plant and equipment	4
Trade and other receivables	2,962
Amount due from a fellow subsidiary	779
Bank balances and cash	2
Trade and other payables	(2,535)
Amount due to the immediate holding company	<u>(171)</u>
Net assets disposed of	1,041
Reclassification of exchange reserve upon disposal of a subsidiary	549
Waiver of amount due to the immediate holding company	171
Total consideration	<u>(1,000)</u>
Loss on disposal of a subsidiary	<u><u>761</u></u>

	<i>HK\$'000</i>
Consideration received	1,000
Less: bank balances and cash	<u>(2)</u>
Net cash inflow arising from disposal	<u><u>998</u></u>

(c) **Disposal of Guangzhou Xun Zhi Tong Information Technology Company Limited*** (廣州迅置通信息科技有限公司) (“Guangzhou Xun Zhi Tong”)

On 23 March 2015, the Group has entered into a disposal agreement with a purchaser to dispose of the entire registered capital of Guangzhou Xun Zhi Tong, at an aggregate consideration of HK\$8,000,000 payable in cash. The disposal was completed in July 2016.

	<i>HK\$'000</i>
Consideration received	2,650
Consideration receivable	5,350
Total consideration	8,000

Details of the assets and liabilities of Guangzhou Xun Zhi Tong are set out as follows:

	<i>HK\$'000</i>
Intangible assets	519
Trade and other receivables	10,670
Amount due from a fellow subsidiary	42
Bank balances and cash	60
Trade and other payables	(3,288)
Amount due to fellow subsidiaries	(537)
Net assets disposed of	7,466
Reclassification of exchange reserve upon disposal of a subsidiary	(123)
Total consideration	(8,000)
Gain on disposal of a subsidiary	(657)

	<i>HK\$'000</i>
Consideration received	2,650
Less: bank balances and cash	(60)
Net cash inflow arising from disposal	2,590

* for identification purpose only

20. ACQUISITION OF ASSETS THROUGH ACQUISITION OF A SUBSIDIARY

Acquisition of Shanghai Wangshi Jinfu Network Services Limited* (上海網實金服數據服務有限公司) (“Shanghai WangShi Jinfu”)

On 9 May 2016, the Group has entered into an agreement with two vendors to purchase the entire registered capital of Shanghai WangShi Jinfu, at an aggregate consideration of RMB10 payable in cash. The transaction was completed in June 2016. This transaction was accounted for as an acquisition of assets as the assets acquired do not meet the definition of a business.

	<i>HK\$'000</i>
Consideration paid	—
Total consideration	—
Details of the fair value of assets and liabilities of recognised at the date of acquisition:	
	<i>HK\$'000</i>
Property, plant and equipment	178
Available-for-sale financial assets	23,945
Other receivables	829
Bank balances and cash	66
Other payables	(25,018)
Net assets	—
	<i>HK\$'000</i>
Consideration paid	—
Bank balances and cash acquired	66
Net cash inflow arising from acquisition	66

* for identification purpose only

21. COMMITMENTS

Operating lease commitment

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 2016 (Unaudited) HK\$'000	At 31 March 2016 (Audited) HK\$'000
Within one year	7,779	7,114
In the second to fifth years, inclusive	18,553	20,076
	<u>26,332</u>	<u>27,190</u>

Other commitments

	At 30 September 2016 (Unaudited) HK\$'000	At 31 March 2016 (Audited) HK\$'000
Capital expenditure in respect of the formation of joint venture company contracted for	40,950	—
Capital expenditure in respect of leasehold improvements	<u>66</u>	<u>2,879</u>

22. MATERIAL RELATED PARTY TRANSACTION

Save as disclosed elsewhere in the Unaudited Consolidated Results, the Group had no material transaction with related parties during the period.

23. EVENTS AFTER REPORTING PERIOD

On 19 September 2016, 眾網金融科技(上海)有限公司 (transliterated as First FinTech (Shanghai) Company Limited*, “First FinTech”), a wholly-owned subsidiary of the Company, entered into a joint venture agreement with 上海翀遠投資管理有限公司 (transliterated as Shanghai Chongyuan Investment Management Company Limited*, “Shanghai Chongyuan”), which is an indirect wholly-owned subsidiary of Beijing Enterprises Medical and Health Industry Group Limited (Stock code:2389). Pursuant to the joint venture agreement, the joint venture company shall be, after its establishment, owned as to 35% by the First FinTech and 65% by Shanghai Chongyuan. The registered capital of the joint venture company is expected to be RMB100,000,000, which will be contributed by First FinTech and Shanghai Chongyuan in the respective amounts of RMB35,000,000 and RMB65,000,000.

* for identification purpose only

MANAGEMENT DISCUSSION AND ANALYSIS

Interim Dividend

The Board does not recommend the payment of any dividend for the six months ended 30 September 2016 (2015: Nil).

Business Review

Provision of Financial Leasing and other Financial Services

The Group continued to generate finance lease income in 2016 and the revenue contributed by such segment during the period under review was approximately HK\$1.7 million (2015: HK\$Nil) and such revenue mainly generate from the finance lease of electric and hybrid vehicles and solar plant equipment in the PRC.

Advertising and media related services

Apart from the advertising area, the business operation of the advertising and media segment is expanding into media production with movie projects in the pipeline. During the period under review, the revenue contributed by such segment was HK\$23.6 million (2015: HK\$6.2 million).

Travel agency and related operations

Operating results of the travel agency and related operations segment were affected by the shortage of experienced talents. During the period under review, the revenue contributed by such segment was HK\$0.1 million (2015: HK\$5.2 million).

Provision of project management services

During the period under review, the revenue contributed by such segment was HK\$Nil (2015: HK\$Nil).

Provision of consultancy services

During the period under review, the revenue contributed by such segment was HK\$Nil (2015: HK\$Nil).

Financial Review

For the period under review, the revenue of the Group for the six months ended 30 September 2016 was approximately HK\$25.4 million (2015: HK\$11.4 million), of which HK\$1.7 million was generated from provision of financial leasing and other financial services (2015: HK\$Nil); HK\$23.6 million was generated from provision of advertising and media related services (2015: HK\$6.2 million) and HK\$0.1 million (2015: HK\$5.2 million) was generated from travel agency and related operations; tantamount to an increase of approximately 1.2 times as compared with the period ended 30 September 2015.

Loss attributable to owners of the Company for the six months ended 30 September 2016 amounted to approximately HK\$25.2 million (2015: HK\$14.3 million). The change was mainly attributed to an increase of 86.4% in administrative expenses to approximately HK\$34.2 million (2015: HK\$18.3 million) for continuing operations, wherein was a decrease in amortization expenses of intangible assets to HK\$Nil (2015: HK\$1.8 million); an increase in staff costs to approximately HK\$17.4 million (2015: HK\$5.8 million); an increase in consultancy fees to approximately HK\$3.2 million (2015: HK\$1.2 million); and an increase in operating lease expenses to approximately HK\$5.7 million (2015: HK\$2.7 million).

Future Plans

On 19 September 2016, 眾網金融科技（上海）有限公司 (transliterated as First FinTech (Shanghai) Company Limited*, “First FinTech”), a wholly-owned subsidiary of the Company, entered into a joint venture agreement with Shanghai Chongyuan Investment Management Company Limited* (“Shanghai Chongyuan”), which is an indirect wholly-owned subsidiary of Beijing Enterprises Medical and Health Industry Group Limited (Stock code:2389). Pursuant to the joint venture agreement, the joint venture company shall be, after its establishment, owned as to 35% by the First FinTech and 65% by Shanghai Chongyuan. The registered capital of the joint venture company is expected to be RMB100 million, which will be contributed by First FinTech and Shanghai Chongyuan in the respective amounts of RMB35 million and RMB65 million. The joint venture company will form a solid asset basis in the healthcare services sector while the Group and its subsidiaries will provide financial leasing and other financing consulting services to the joint venture company for its healthcare service projects, including but not limited to project fund formation, asset securitization proposals, exploring multi-layer financing channels, etc.

In the future, the Group will continue to develop its main business lines, including the financial leasing and other financial services segment. Public-Private Partnership, especially those in urban infrastructure, healthcare, energy to public transportation and other industries, is an emerging business model in PRC and is expected to grow strongly in the foreseeable future. The Group will continue to explore opportunities to develop in the sector, through forming joint ventures with reputable partners who can either provide quality assets or sustainable funding for the Group’s financial leasing and other financial services business segment. The Group will leverage its team’s strong capabilities of identifying and securing quality projects under the PPP mode that is highly promoted by China’s government. The Group also plans to further invest in its financial services sector to complement this strategy, including financial leasing, factoring business, PPP-oriented funds etc.

Liquidity and Financial Resources

At 30 September 2016, the Group had total assets of approximately HK\$535.0 million (31 March 2016: HK\$518.5 million), including cash and bank balances of approximately HK\$12.6 million (31 March 2016: HK\$226.5 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

There was no change in capital structure of the Group as at 30 September 2016 as compared with that at 31 March 2016.

* for identification purpose only

For the subscriptions and placings completed on 31 March 2016, the use of aggregate net proceeds of approximately HK\$207 million are as follows:

Approximately HK\$20.0 million is utilised towards working capital for the advertising and media segment, approximately HK\$166.0 million is utilised towards financial leasing and other financial related segments, comprising of (a) approximately HK\$47.3 million towards financial leasing in the area of renewable energy as disclosed in the announcement of the Company dated 21 June 2016; (b) approximately HK\$14.2 million utilised towards financial leasing in the area of electric vehicles; (c) approximately HK\$15.0 million towards financial leasing in the area of healthcare and medical equipment; (d) approximately HK\$34.7 million towards the acquisition of rental receivables under finance lease arrangement in the area of infrastructure as disclosed in the announcement of the Company dated 18 July 2016; and (e) approximately HK\$54.8 million towards investments in financial leasing and other financial related segments, and approximately HK\$21.0 million towards general working capital of the Group.

For the approximately HK\$54.8 million utilised towards investments in financial leasing and other financial related segments: (i) approximately HK\$24.0 million was provided as working capital to 上海網實金服資料服務有限公司 (transliterated as Shanghai Wangshi Jinfu Information Service Company Limited*), an indirect wholly-owned PRC subsidiary of the Company, principally engaged in investment management and consulting, out of which approximately HK\$23.3 million was utilised towards minority investment in a PRC factoring company located in Shanghai; (ii) approximately HK\$19.0 million was utilised towards financial assistance to an integrated innovative financial services company in the PRC principally engaged in wealth management, credit and internet financial services; (iii) approximately HK\$6.9 million was provided as working capital to 眾網金融科技(上海)有限公司 (transliterated as First FinTech (Shanghai) Company Limited*), an indirect wholly-owned PRC subsidiary of the Company engaged in financial system software design and development, principally in internet microfinance platform for public investors and wealth management product platform for professional financial advisers; (iv) approximately HK\$3.4 million was utilised towards proprietary investment in PRC debt products; and (v) approximately HK\$1.5 million was utilised towards investments in financial leasing and other financial related services.

As regards to the approximately HK\$21.0 million utilised towards general working capital of the Group: (i) approximately HK\$2.6 million was utilised towards staff costs including directors' remuneration in Hong Kong; (ii) approximately HK\$2.4 million was utilised towards rent, travel and entertainment and general administration expenses in Hong Kong; (iii) approximately HK\$7.0 million was utilised towards staff costs in the PRC; (iv) approximately HK\$1.9 million was utilised towards rent, travel and entertainment and general administration expenses in the PRC; (v) approximately HK\$4.4 million on consultancy fees; and (vi) approximately HK\$2.7 million was utilised on legal, professional and secretarial fees in Hong Kong.

Gearing Ratio

The gearing ratio, expressed as percentage of total liabilities over total assets, was 19.5% (31 March 2016: 10.8%). The increase in gearing ratio was mainly attributed to an increase in total liabilities and a decrease of equity during the period.

* for identification purpose only

Charge on the Group's Assets

At 30 September 2016, there was no charge on the Group's assets.

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 2016, the Group, as a lessor, had operating lease commitments of approximately HK\$Nil (31 March 2016: HK\$Nil) and as a lessee, had operating lease commitment of approximately HK\$26.3 million (31 March 2016: HK\$27.2 million).

Contingent Liabilities

At 30 September 2016, the Group had no contingent liabilities (2015: 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 2016, the Group had 105 employees (2015: 24). 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 2016, 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

As at 30 September 2016, none of the Directors, chief executives and supervisors of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which are required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed, to have such provisions of the SFO); (b) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by directors to be notified to the Company and the Stock Exchange.

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 38 to the financial statements as included in the annual report of the Company for the year ended 31 March 2016.

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 1/4/2016	Granted during the period	Exercised during the period	Lapsed during the period	Cancelled during the period	Outstanding at 30/9/2016
04/12/2013	Employees	HK\$0.534	04/12/2013 to 03/12/2016	5,437,476	-	-	-	-	5,437,476
04/12/2013	Consultants	HK\$0.534	04/12/2013 to 03/12/2016	16,312,428	-	-	-	-	16,312,428
22/08/2014	Consultants	HK\$0.373	22/08/2014 to 21/08/2017	27,214,704	-	-	-	-	27,214,704
10/03/2016	Consultants	HK\$0.339	10/03/2016 to 09/03/2019	20,820,000	-	-	-	-	20,820,000
				<u>69,784,608</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>69,784,608</u>

Directors and Chief Executives’ Rights to Acquire Shares or Debentures

Save as disclosed above, at 30 September 2016, 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 2016, 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
China Smartpay Group Holdings Limited	Beneficial owner	508,000,000	19.68%
UBS SDIC Asset Management (Hong Kong) Company Limited	Investment manager	229,000,000	8.87%

Save as disclosed above, at 30 September 2016, the Company has not been notified by any persons (other than the directors and chief executives 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 2016, 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 2016.

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 three months ended 30 September 2016.

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 2016, 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 comprises three independent non-executive directors namely, Mr. Chong Yiu Kan, Sherman, Ms. Chan Wing Yan, Carman and Mr. Yeung Kwong Wai. The audit committee has reviewed the Group's unaudited consolidated financial statements for the six months ended 30 September 2016.

Board of Directors

As at the date of this announcement, the executive Directors are Mr. Lien Wai Hung, Mr. Wei Shu Jun, Ms. Zhu Qi, Dr. Shen Furong and Mr. Wu Xiaoming; the independent non-executive Directors are Mr. Chong Yiu Kan, Sherman, Ms. Chan Wing Yan, Carman and Mr. Yeung Kwong Wai.

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

Hong Kong, 14 November 2016

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.