ZHI CHENG HOLDINGS LIMITED
智城控股有限公司*

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

(Stock Code: 8130)

RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 MARCH 2012

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 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 Zhi Cheng Holdings Limited (the "Company") collectively and individually accept responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquires, 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*

RESULTS

The board of directors (the "Board") of Zhi Cheng Holdings Limited (the "Company") is pleased to present the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 March 2012 together with the comparative figures for the corresponding year in 2011.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2012

	Notes	2012 HK$'000	2011 HK$'000
Turnover	6	**21,445**	19,953
Cost of sales		**(11,605)**	(7,657)
Gross profit		**9,840**	12,296
Other income	7	**3,011**	1,234
Administrative expenses		**(120,389)**	(118,283)
Fair value changes on investment properties		**(1,581)**	1,564
Gain on disposal of investment properties		**–**	1,330
Loss on written off of property, plant and equipment		**(19)**	–
Impairment loss recognised in respect of goodwill		**(1,449)**	–
Impairment loss recognised in respect of intangible assets		**(350,243)**	(240,205)
Loss on redemption of promissory note		**–**	(262,061)
Loss from operations	8	**(460,830)**	(604,125)
Finance costs	9	**(23,968)**	(46,151)
Loss before taxation		**(484,798)**	(650,276)
Income tax	10	**458**	(109)
Loss for the year		**(484,340)**	(650,385)
Loss for the year attributable to:			
Owners of the Company		**(484,340)**	(650,385)
Loss per share	11		
Basic and diluted		**(HK$1.81)**	(HK$6.81)

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2012

	2012	2011
	HK$'000	*HK$'000*
Loss for the year	**(484,340)**	(650,385)
Other comprehensive (expense)/income for the year		
Exchange differences on translation of financial statements of overseas subsidiaries	**2,776**	1,709
Fair value changes on available-for-sale investments	**(10,000)**	–
Other comprehensive (expense)/income for the year (net of tax)	**(7,224)**	1,709
Total comprehensive expense for the year	**(491,564)**	(648,676)
Total comprehensive expense for the year attributable to:		
Owners of the Company	**(491,564)**	(648,676)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2012

	Notes	2012 HK$'000	2011 HK$'000
Non-current assets			
Property, plant and equipment		**2,950**	1,835
Investment properties		**23,373**	25,665
Goodwill		**–**	1,449
Intangible assets		**667,773**	1,053,920
Deferred tax assets		**884**	851
Deposit for investments		**30,000**	–
Available-for-sale investments		**6,000**	1,000
		730,980	1,084,720
Current assets			
Trade and other receivables	*12*	**57,178**	30,650
Bank balances and cash		**100,480**	217,007
		157,658	247,657
Current liabilities			
Trade and other payables	*13*	**10,685**	9,047
Bank loan		**513**	504
Tax payable		**441**	56
		11,639	9,607
Net current assets		**146,019**	238,050
Total assets less current liabilities		**876,999**	1,322,770
Capital and reserves			
Share capital		**3,216**	44,669
Reserves		**669,703**	1,096,451
		672,919	1,141,120
Non-current liabilities			
Convertible bonds		**200,635**	176,720
Bank loan		**380**	920
Deferred tax liabilities		**3,065**	4,010
		204,080	181,650
		876,999	1,322,770

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 March 2012

	Issued capital HK$'000	Share premium HK$'000	Contributed surplus HK$'000	Available-for-sale investment revaluation reserve HK$'000	Share-based compensation reserve HK$'000	Convertible bonds reserve HK$'000	Statutory reserve HK$'000	Translation reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 April 2010	73,247	641,041	197,928	–	4,293	374,195	394	911	(84,190)	1,207,819
Loss for the year	–	–	–	–	–	–	–	–	(650,385)	(650,385)
Other comprehensive income for the year:										
Exchange differences on translation of financial statements of overseas subsidiaries	–	–	–	–	–	–	–	1,709	–	1,709
Total comprehensive income/(expense) for the year	–	–	–	–	–	–	–	1,709	(650,385)	(648,676)
Issue of shares on open offer	18,312	164,806	–	–	–	–	–	–	–	183,118
Capital reduction	(85,434)	–	85,434	–	–	–	–	–	–	–
Placing of new shares	20,176	219,975	–	–	–	–	–	–	–	240,151
Share issue expenses	–	(4,696)	–	–	–	–	–	–	–	(4,696)
Recognition of equity-settled share-based payments	–	–	–	–	2,627	–	–	–	–	2,627
Lapsed of share options	–	–	–	–	(795)	–	–	–	795	–
Issue of convertible bonds	–	–	–	–	–	50,498	–	–	–	50,498
Conversion of convertible bonds	18,368	164,917	–	–	–	(73,006)	–	–	–	110,279
At 31 March 2011 and 1 April 2011	44,669	1,186,043	283,362	–	6,125	351,687	394	2,620	(733,780)	1,141,120
Loss for the year	–	–	–	–	–	–	–	–	(484,340)	(484,340)
Other comprehensive income/(expense) for the year:										
Exchange differences on translation of financial statements of overseas subsidiaries	–	–	–	–	–	–	–	2,776	–	2,776
Fair value changes on available-for-sale investments	–	–	–	(10,000)	–	–	–	–	–	(10,000)
Total comprehensive (expense)/income for the year	–	–	–	(10,000)	–	–	–	2,776	(484,340)	(491,564)
Transfer of statutory reserve	–	–	–	–	–	–	8	–	(8)	–
Capital reduction	(42,436)	–	42,436	–	–	–	–	–	–	–
Issue of shares arising on acquisition of a subsidiary	447	8,487	–	–	–	–	–	–	–	8,934
Placing of new shares	536	13,239	–	–	–	–	–	–	–	13,775
Share issue expenses	–	(461)	–	–	–	–	–	–	–	(461)
Recognition of equity-settled share-based payments	–	–	–	–	1,115	–	–	–	–	1,115
Cancellation of share options	–	–	–	–	(1,995)	–	–	–	1,995	–
Lapsed of share options	–	–	–	–	(4,254)	–	–	–	4,254	–
At 31 March 2012	3,216	1,207,308	325,798	(10,000)	991	351,687	402	5,396	(1,211,879)	672,919

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 Suite 2012, 20th Floor, Tower One, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong respectively.

The consolidated financial statements 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 Group is principally engaged in the provision of medical information digitalisation system ("MIDS"), property investment, provision of consultancy services, provision of advertisement and media related services and provision of project management services.

2. **Application of New and Revised Hong Kong Financial Reporting Standards ("HKFRSs")**

In the current year, the Group has applied, for the first time, the following new and revised standards and interpretations (collectively referred to as the "new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), which are effective for the Group's financial year beginning on 1 April 2011. A summary of the new and revised HKFRSs adopted by the Group is set out as follows:

HKFRSs (Amendments)	Improvements to HKFRSs 2010
HKAS 24 (Revised)	Related Party Disclosures
HKFRS 1 (Amendments)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters
HK(IFRIC) – Int 14 (Amendments)	Prepayments of a Minimum Funding Requirement
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments

Other than as further explained below regarding the impact of HKAS 24 (Revised), and amendments to HKFRS 3, HKAS 1 and HKAS 27 included in Improvements to HKFRSs 2010, the adoption of the new and revised HKFRSs has had no significant financial effect on these financial statements.

The principal effects of adopting these HKFRSs are as follows:

HKAS 24 (Revised) "Related Party Disclosures"

HKAS 24 (Revised) clarifies and simplifies the definition of related parties. The new definitions emphasise a symmetrical view of related party relationships and clarify the circumstances in which persons and key management personnel affect related party relationships of an entity. The revised standard also introduces an exemption from the general related party disclosure requirements for transaction with a government and entities that are controlled, jointly controlled or significantly influenced by the same government as the reporting entity. The accounting policy for related parties has been revised to reflect the changes in the definition of related parties under the revised standard. The adoption of the revised standard did not have any impact on the financial position or performance of the Group.

Improvements to HKFRSs 2010

Improvements to HKFRSs 2010 issued in May 2010 sets out amendments to a number of HKFRSs. There are separate transitional provisions for each standard. While the adoption of some of the amendments may result in changes in accounting policies, none of these amendments has had a significant financial impact on the financial position or performance of the Group. Details of the key amendments most applicable to the Group are as follows:

- HKFRS 3 "Business Combinations": The amendment clarifies that the amendments to HKFRS 7, HKAS 32 and HKAS 39 that eliminate the exemption for contingent consideration do not apply to contingent consideration that arose from business combinations whose acquisition dates precede the application of HKFRS 3 (as revised in 2008).

  In addition, the amendment limits the scope of measurement choices for non-controlling interests. Only the components of non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation are measured at either fair value or at the present ownership instruments' proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another HKFRS.

  The amendment also added explicit guidance to clarify the accounting treatment for nonreplaced and voluntarily replaced share-based payment awards.

- HKAS 1 "Presentation of Financial Statements": The amendment clarifies that an analysis of each component of other comprehensive income can be presented either in the statement of changes in equity or in the notes to the financial statements. The Group elects to present the analysis of each component of other comprehensive income in the statement of changes in equity.

- HKAS 27 "Consolidated and Separate Financial Statements": The amendment clarifies that the consequential amendments from HKAS 27 (as revised in 2008) made to HKAS 21, HKAS 28 and HKAS 31 shall be applied prospectively for annual periods beginning on or after 1 July 2009 or earlier if HKAS 27 is applied earlier.

3. Issued but not yet Effective Hong Kong Financial Reporting Standards

The Group has not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective.

HKAS 1 (Amendments)	Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income[3]
HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets[2]
HKAS 19 (2011)	Employee Benefits[4]
HKAS 27 (2011)	Separate Financial Statements[4]
HKAS 28 (2011)	Investments in Associates and Joint Ventures[4]
HKAS 32 (Amendments)	Offsetting Financial Assets and Financial Liabilities[5]
HKFRS 1 (Amendments)	Disclosures – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters[1]
HKFRS 7 (Amendments)	Disclosures – Transfers of Financial Assets[1]
HKFRS 7 (Amendments)	Disclosures – Offsetting Financial Assets and Financial Liabilities[4]
HKFRS 7 and HKFRS 9 (Amendments)	Mandatory Effective Date of HKFRS 9 and Transition Disclosure[6]
HKFRS 9	Financial Instruments[6]
HKFRS 10	Consolidated Financial Statements[4]
HKFRS 11	Joint Arrangements[4]
HKFRS 12	Disclosure of Interests in Other Entities[4]
HKFRS 13	Fair Value Measurements[4]
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine[4]

[1] Effective for annual period beginning on or after 1 July 2011
[2] Effective for annual period beginning on or after 1 January 2012
[3] Effective for annual period beginning on or after 1 July 2012
[4] Effective for annual period beginning on or after 1 January 2013
[5] Effective for annual period beginning on or after 1 January 2014
[6] Effective for annual period beginning on or after 1 January 2015

HKFRS 9 "Financial Instruments"

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 amended in 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of HKFRS 9 are described as follows:

- HKFRS 9 requires all recognised financial assets that are within the scope of HKAS 39 "Financial Instruments: Recognition and Measurement" to be 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. All other debt investments and equity investments are measured at their fair values 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.

- The most significant effect of HKFRS 9 regarding the classification and measurement of financial liabilities relates to the presentation of changes in the fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss is presented in profit or loss.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2015, with earlier application permitted. The application of HKFRS 9 might affect the classification, measurement and presentation of the Group's financial assets and financial liabilities.

New and revised standards on consolidation, joint arrangements, associates and disclosures

In June 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued, including HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (as revised in 2011) and HKAS 28 (as revised in 2011).

Key requirements of these five standards are described below:

HKFRS 10 "Consolidated Financial Statements" replaces the parts of HKAS 27 "Consolidated and Separate Financial Statements" that deal with consolidated financial statements and HK(SIC) – Int 12 "Consolidation – Special Purpose Entities". HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios.

HKFRS 12 "Disclosure of Interests in Other Entities" is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in HKFRS 12 are more extensive than those in the current standards.

These five standards are effective for annual periods beginning on or after 1 January 2013. Earlier application is permitted provided that all of these five standards are applied early at the same time.

HKFRS 13 "Fair Value Measurement"

HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of HKFRS 13 is broad; it applies to both financial instrument items and nonfinancial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in HKFRS 13 are more extensive than those in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under HKFRS 7 "Financial Instruments: Disclosures" will be extended by HKFRS 13 to cover all assets and liabilities within its scope.

HKFRS 13 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted. The application of the HKFRS 13 might affect the amounts reported and result in more extensive disclosures in the consolidated financial statements of the Group.

The directors of the Company have commenced their assessments of the impact of the above new and revised HKFRSs, but it is not yet in a position to state whether these new and revised HKFRSs would have a material impact on the results and the financial position of the Group.

HKAS 1 (Amendments) "Presentation of Items of Other Comprehensive Income"

The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis.

The amendments to HKAS 1 are effective for annual periods beginning on or after 1 July 2012. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in the future accounting periods.

HKAS 12 (Amendments) "Deferred tax – Recovery of Underlying Assets"

The amendments to HKAS 12 provide an exception to the general principles in HKAS 12 that the measurement of deferred tax assets and deferred tax liabilities should reflect the tax consequences that would follow from the manner in which the entity expects to recover the carrying amount of an asset. Specifically, under the amendments, investment properties that are measured using the fair value model in accordance with HKAS 40 "Investment Property" are presumed to be recovered through sale for the purposes of measuring deferred taxes, unless the presumption is rebutted in certain circumstances.

The amendments to HKAS 12 are effective for annual periods beginning on or after 1 January 2012. The directors of the Company anticipate that the application of the amendments to HKAS 12 in future accounting periods may result in adjustments to the amounts of deferred tax liabilities recognised in prior years regarding the Group's investment properties.

The directors of the Company have commenced their assessments of the impact of the above new and revised HKFRSs, but it is not yet in a position to state whether these new and revised HKFRSs would have a material impact on the results and the financial position of the Group.

4. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

The consolidated financial statements have been prepared in accordance with all applicable HKFRSs, which is a collective term that includes all applicable individual HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations ("Ints") issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "GEM Listing Rules") and by the Hong Kong Companies Ordinance.

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

The preparation of the consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements.

Certain comparative figures have been reclassified to conform to the current year's presentation.

(b) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the Group made up to 31 March each year. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statements from the effective date of acquisition and up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income 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.

(c) Business combination

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

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

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

5. Segment Information

The Group manages its businesses by business line. 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)	Properties investments:	Leasing of properties to generate rental income. Currently, the Group's properties investments portfolio is located in Canada.
(ii)	MIDS:	Provision of radio frequency identification system ("RFID" system), hospital information system ("HIS") and picture archiving and communication system ("PACS"). Currently, the Group's MIDS portfolio is located in the People's Republic of China (the "PRC").
(iii)	Consultancy services:	Provision of consultancy and advisory services to entities in relation to the rechargeable stored value subscriber identity module ("SIM") card business. Currently, the Group's prepaid SIM cards consultancy and advisory services is provided in Hong Kong.
(iv)	Advertisement and media related services:	Provision of advertisement and media related services to entities. Currently, the Group's advertisement and media related services are provided in Hong Kong and the PRC.
(v)	Project management services:	Provision of project management services to entities in relation to the operation and monitoring of RFID card system. Currently, the Group's project management services are provided in the PRC.

The Group's reportable segments are strategic business units that operate different activities. They are managed separately because each business has different market and requires different marketing strategies.

(a) Segment revenue and results

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

	Properties investments		MIDS		Consultancy services		Advertisement and media related services		Project management services		Total	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011	**2012**	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Turnover:												
Sales to external customers	**1,760**	1,749	**13,264**	18,204	**277**	–	**5,848**	–	**296**	–	**21,445**	19,953
Segment results	**(2,430)**	2,448	**(431,638)**	(324,742)	**(6,178)**	(990)	**(926)**	–	**(3,345)**	–	**(444,517)**	(323,284)
Unallocated other revenue and income											**2,476**	964
Unallocated expenses											**(18,789)**	(281,805)
Loss from operations											**(460,830)**	(604,125)
Finance costs											**(23,968)**	(46,151)
Loss before taxation											**(484,798)**	(650,276)
Income tax											**458**	(109)
Loss for the year											**(484,340)**	(650,385)

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in both years.

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment results represent the profit/(loss) earned/(suffered) by each segment without allocation of central administration cost including directors' remuneration, other gains or losses, finance costs, and income tax expense. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

(b) Segment assets and liabilities

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

	Properties investments		MIDS		Consultancy services		Advertisement and media related services		Project management services		Total	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011	**2012**	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment assets	**24,642**	28,251	**650,553**	1,065,938	**29,684**	31,010	**42,394**	–	**14,287**	–	**761,560**	1,125,199
Unallocated assets											**127,078**	207,178
Total assets											**888,638**	1,332,377
Segment liabilities	**3,265**	628	**8,764**	7,040	**51**	–	**480**	–	**22**	–	**12,582**	7,668
Unallocated liabilities											**203,137**	183,589
Total liabilities											**215,719**	191,257

For the purpose of monitoring segment performance and allocating resources between segments:

– all assets are allocated to reportable segments other than available-for-sale investments, other financial assets and current and deferred tax assets. Goodwill is allocated to reportable segments. Assets used jointly by segments are allocated on the basis of the revenues earned by individual segment; and

– all liabilities are allocated to reportable segments other than current and deferred tax liabilities, other financial liabilities, borrowing and convertible bonds. Liabilities for which segments are jointly liable are allocated in proportion to segment assets.

(c) Other segment information

	Properties investments		MIDS		Consultancy services		Advertisement and media related services		Project management services		Total	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011	**2012**	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Interest expense	**(53)**	(71)	**–**	–	**–**	–	**–**	–	**–**	–	**(53)**	(71)
Depreciation of property, plant and equipment	**–**	–	**(562)**	(603)	**–**	–	**–**	–	**(22)**	–	**(584)**	(603)
Amortisation of intangible assets	**–**	–	**(74,634)**	(83,760)	**(6,478)**	(990)	**(2,621)**	–	**(818)**	–	**(84,551)**	(84,750)
Fair value changes on investment properties	**(1,581)**	1,564	**–**	–	**–**	–	**–**	–	**–**	–	**(1,581)**	1,564

(d) Geographical information

The Group operates in three principal geographical areas – Hong Kong, the PRC (excluding Hong Kong) and Canada.

The Group's revenue from external customers and information about its non-current assets* by geographical location are detailed below:

	Revenue from external customers		Non-current assets	
	2012	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**277**	–	**128,739**	159,191
The PRC (excluding Hong Kong)	**19,408**	18,204	**571,984**	898,013
Canada	**1,760**	1,749	**23,373**	25,665
Total	**21,445**	19,953	**724,096**	1,082,869

* Non-current assets excluded financial instruments and deferred tax assets.

(e) Information about major customer

For the year ended 31 March 2012, revenue from three customers of the Group of approximately HK$7,425,000, HK$3,660,000 and HK$2,179,000 reported in MIDS segment and one customer of the Group of approximately HK$4,552,000 reported in advertisement and media related services segment had individually accounted for over 10% of the Group's total revenue. For the year ended 31 March 2011, revenue from three customers of the Group of approximately HK$8,881,000, HK$6,411,000 and HK$2,912,000 reported in MIDS segment had individually accounted for over 10% of the Group's total revenue. No other single customers contributed 10% or more to the Group's revenue for both 2012 and 2011.

6. Turnover

Turnover represents the net amounts received and receivables from goods sold and rendering of services by the Group to customers, after allowances for returns and trade discounts where applicable.

	2012	2011
	HK$'000	*HK$'000*
Gross rental income from investment properties	**1,760**	1,749
Provision of MIDS	**13,264**	18,204
Provision of consultancy services	**277**	–
Provision of advertising and media related services	**5,848**	–
Provision of project management services	**296**	–
Total	**21,445**	19,953

7. Other Income

	2012	2011
	HK$'000	*HK$'000*
Bank interest income	**1,074**	202
Interest income on loan to a third party	**25**	–
Net foreign exchange gain	**1,246**	292
Other income	**666**	740
Total	**3,011**	1,234

8. Loss from Operations

The Group's loss from operations is arrived from after charging/(crediting):

	2012	2011
	HK$'000	*HK$'000*
Auditors' remuneration	**850**	680
Amortisation of intangible assets	**84,551**	84,750
Cost of sales	**11,605**	7,657
Depreciation of property, plant and equipment	**1,114**	603
Net foreign exchange gain	**(1,246)**	(292)
Gross rental income from investment properties	**(1,760)**	(1,749)
Less: Direct operating expenses from investment properties that generate rental income during the year	**2,245**	1,810
	485	61
Operating lease payment in respect of rental premises	**2,376**	1,141
Staff costs (include directors' remuneration)		
Salaries and allowances	**12,877**	8,192
Share-based payment expenses	**1,115**	1,497
Contribution to retirement benefits scheme	**582**	413
	14,574	10,102

9. Finance Costs

	2012	2011
	HK$'000	*HK$'000*
Interest on bank loans wholly repayable within five years	**53**	71
Interest on late payment of promissory note	**–**	6,722
Effective interest expenses on convertible bonds wholly repayable over five years	**23,915**	19,859
Effective interest expenses on promissory note wholly repayable over five years	**–**	19,499
Total	**23,968**	46,151

10. Income Tax

	2012	2011
	HK$'000	*HK$'000*
Current tax charged:		
Hong Kong Profits Tax	**335**	–
PRC Enterprise Income Tax	**63**	–
	398	–
Deferred tax:		
Current year	**(360)**	387
Attributable to change in tax rate	**(496)**	(278)
	(856)	109
Total tax (credit)/charge	**(458)**	109

Hong Kong Profits Tax is calculated at 16.5% (2011: 16.5%) on the estimated assessable profit for the year.

PRC subsidiaries are subject to PRC Enterprise Income Tax at 25% (2011: 25%).

Canada subsidiaries are subject to Canada Corporate Tax comprising Federal Tax and Provincial Corporation Tax. With effect from 1 January 2012, the Canada Federal Tax has been reduced from 16.5% to 15% (at 1 January 2011: reduced from 18% to 16.5%) while the Provincial Corporation Tax remains at 2.5%. The deferred tax balance has been adjusted to reflect the tax rates that are expected to apply to the respective years when the asset is realised or the liability is settled.

11. Loss Per Share

The calculation of the basic and diluted loss per share is based on the loss for the year attributable to owners of the Company and the weighted average number of ordinary shares in issue during the year as adjusted for the effect of share consolidation.

The calculation of the basic and diluted loss per share attributable to owners of the Company is based on the following data:

	2012	2011
	HK$'000	*HK$'000*
Loss		
Loss attributable to owners of the Company for the purposes of basic and diluted loss per share	**(484,340)**	(650,385)

	2012	2011
		(Restated)
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	**267,015,742**	95,455,462*

* The weighted average number of ordinary shares for the year ended 31 March 2011 was adjusted retrospectively to reflect the effect of share consolidation on 1 June 2011.

For the years ended 31 March 2012 and 2011, diluted loss per share was not presented because the exercise of share option and conversion of all outstanding convertible bonds would have anti-dilutive effects.

12. Trade and Other Receivables

	The Group	
	2012	2011
	HK$'000	*HK$'000*
Trade receivables *(Note (a))*	**28,064**	25,054
Deposits	**12,619**	937
Prepayments	**13,154**	592
Other receivables	**3,341**	502
Loan to key officer	**–**	3,565
	57,178	30,650

Notes:

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

	2012	2011
	HK$'000	*HK$'000*
0 – 30 days	**15,474**	19,421
31 – 60 days	**418**	14
61 – 90 days	**233**	11
Over 90 days	**11,939**	5,608
	28,064	25,054

Trade receivables arising from properties investment segment are due within 90 days from the date of billing. For the MIDS segment, the Group allows the customer to settle the trade receivables by instalments with credit terms ranging from 5 to 360 days. For advertising and media related service and project management services segments, the Group allows the customer to settle the trade receivables with a credit term of 90 days. Debtors with balances that are more than 3 months past due are requested to settle all outstanding balances before any further credit is granted. Normally, the Group does not obtain collateral from customers.

The management of the Company closely monitors the credit quality of trade receivables and considers the trade receivables that are neither past due nor impaired are of good credit quality.

There were no trade receivables that are past due or impaired for the two years ended 31 March 2012 and 2011.

13. Trade and other Payables

	The Group	
	2012	2011
	HK$'000	*HK$'000*
Trade payables *(Note (a))*	**6,767**	5,267
Accruals and other payables	**2,206**	1,528
Tenant deposits	**47**	48
Amounts due to directors *(Note (b))*	**–**	90
Other non-income tax payable	**1,665**	2,114
	10,685	9,047

Notes:

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

	2012	2011
	HK$'000	*HK$'000*
0 – 30 days	**5,828**	46
31 – 60 days	**–**	–
61 – 90 days	**–**	1,479
Over 90 days	**939**	3,742
	6,767	5,267

(b) Amounts due to directors are interest free, unsecured and repayable on demand.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 March 2012 (2011: HK$Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Business Overview

Provision of Medical Information Digitalisation System

In the last several years, the PRC government announced several policies to carry out initiatives under the healthcare reform plan unveiled in 2009. In April 2011, the Management Policy for Medical Equipment for Medical and Healthcare Institutions was issued by the Ministry of Health to promote the effective, efficient and rational allocation of medical equipment. The new management policy covers medical information systems such as MIDS which are subject to commission approval and centralized purchasing by open tender as the preferred way of procurement. The centralized procurement is organized by government from national to provincial and municipal levels, while the provincial government acts as the major organizer to implement the procurement. All non-profit healthcare organizations held by government or state-owned enterprise should participate in these centralized procurement and medical and healthcare institutions have adopted and reinforced the management and procurement process. While open tenders promotes price transparency and healthy competition within the healthcare information technology sector, certain common tenderer criteria such as long establishment history; proven track recording in multiple grade three hospitals; international certification on quality management and qualification certification on system integration, may not be favourable to medium to small companies where the operation model is based on out-sourcing to other technology providers. For healthcare institutions abiding the enhanced management policy, a specialize department is setup to oversees the lifecycle of medical equipment including purchase, acceptance, quality control, maintenance, repair, and disposal. With additional layers of approvals by committee are in place for the procurement and fulfillment process, together with the increased entry requirements for the tendering, the pace of MIDS rollout is affected as the duration of early stages preparations, discussions and negotiations are lengthened, impacting the implementation schedule and resource allocations.

In early 2011, the Ministry of Health completed the work on healthcare information technology construction project planning according to the 12th Five-Year Plan. The initial construction of healthcare information technology roadmap, referred to as the "3521 Project" is short for the 3-tier healthcare information platform, with five business application domains, based on two primary underlying databases, running on a single dedicated network. The roadmap outlines the building of a 3-tier healthcare information platform, covering from national level, provincial level and municipal levels to strengthen the five business application domains including public health, medical services, new rural cooperative, essential drug system and integrated management; development of the two underlying database for electronic health records and electronic medical records; and to construct a dedicated network for healthcare information collaboration.

Under the impetus of the roadmap, individual provinces and cities have also formulated detail policies and plans following the 12th Five-Year Plan direction and made it clear that local authorities will increase the support of regional healthcare information network and the effort on developing electronic medical records. Regional healthcare information network refers to a system within a certain area, where computers and network equipment provides support for medical and healthcare information service for authorized users, including information collection, storage, access, processing, analysis, applications, communications, and sharing capabilities. Cloud computing is one type of emerging technology that is particular suitable for deployment on the regional healthcare information network. Cloud computing's architecture is based on internet-centric software and the web-based services allow users to only pay for the features they need, while eliminating users' investment in hardware, software, professional services, and free from the complexity of implementation and technology hurdles.

Since the goal of the healthcare information technology roadmap is to achieve the 3-tier healthcare information platform, when medical equipment management committee of healthcare institutions determine long term development strategy and annual procurement plans, apart from buying medical equipment that will generate revenue, priority would be given to healthcare information technology projects that are compatible, form part of or migrate towards architecture and standards stipulated by the roadmap. In comparison, localized and tailored technology solutions that require moderate computer hardware and software investments may get lower priority in the planning process and have to give way for projects conforming the upcoming standards on electronic medical records. As such the rate of adopting and implementing MIDS is delayed or priority reshuffled for other projects fitting into the roadmap.

To promote the medical and healthcare information technology development conforming the new requirements under the healthcare reform and also under the backdrop of the "3521 Project" proposed by Ministry of Health, where the model of public-private partnership is employed; in late 2011, the Health Department of Shandong province and a large PRC domestic enterprise which specialize in cloud computing, signed a strategic cooperation framework agreement for the construction of healthcare information platform, where the two parties will engage all-round cooperation in the field of healthcare information technology and marks the first implementation of provincial "health cloud" providing electronic health records to urban and rural residents in the province. As with many of the core strategic technologies such as aerospace, satellite positioning and telecommunications, the PRC is inclined to utilize end-to-end independent domestic research and development; safe and controllable technologies developed by PRC enterprises, fulfilling both domestic economic development and mitigate security concerns. The same set of guiding principles applies to certain areas of healthcare information technology where large PRC domestic enterprises as complete technology and equipment solution service providers have definitive advantage.

With the success of public-private partnership on healthcare information technology likely to replicate in other PRC areas, to overcome the competition barrier against large PRC domestic IT suppliers and equipment manufacturers, the Group is adjusting the implementation strategy of the Medical Information Digitalization System ("MIDS"). For provision of modules such as RFID and PACS that requires local installation in healthcare institutions, the Group is exploring co-operation with private-owned medical institutions and affiliated hospitals of non-medical organizations where the financial budget on healthcare information technology is more flexible and less affected by the policy. The revised approach has been successful in two hospitals in Shandong and additional healthcare institutions are under negotiation. For cloud computing based modules such as the Regional Healthcare Information Collaboration Platform ("RHICP"), the Group is partnering with PRC domestic IT companies which are already participating in the construction of regional healthcare information platform for implementation of RHICP. A proposal for regional healthcare information in an area of Guangdong is under study and review. Since the operating environment of the healthcare information technology industry can be affected by state policies and shifting dynamics of other participants, the Group will review its strategy and approach regularly to compete in the changing and fast-paced market.

During the year under review, the revenue contributed by such segment was HK$13.3 million (2011: HK$18.2 million) and the gross profit margin was 65.4% (2011: 57.9%).

Property Investment

To comply with the latest environmental regulations and standards, a regular renovation is under planning for the investment property and an increase in repair and maintenance cost is expected.

During the year under review, the revenue contributed by such segment was HK$1.8 million (2011: HK$1.7 million) and was mainly derived from the leasing of an investment property located at Canada.

Provision of Consultancy Services

The rechargeable stored value SIM card market continues to be vibrant with promotions from participants and competition has been fierce. With the operational alignment with the telecommunication services provider, the emphasis and technology trend is on providing mobile data services and applications, such as mobile internet services, video streaming, social networking services, video calls and location services. Rather than offering voice minutes and short messages service, mobile subscribers are more interested in mobile data usage where entertainment and information contents are consumed with ease on the smartphones and tablet devices. While retail presence has been launched and the rechargeable stored value SIM card business volume begins to pick up, instead of using price cuts to attract mobile subscribers and to expand market share, new strategies are being devised to explore new areas of the pre-paid SIM market as well as the opportunities brought by the introduction of 4G network with faster speed and increased capacity.

During the year under review, the revenue contributed by such segment was HK$0.3 million (2011: HK$Nil).

Advertisement and Media Related Services

As the PRC is relatively unaffected by the economic and financial issues faced by other parts of the globe and still recorded a high single digit economic growth in 2011 in midst of the uncertainties, the outlook for advertisement and media related business in PRC, backed by state strategic planning and polices, remains positive and represents business and investment opportunities. A subsidiary of the Company have entered into co-operation agreements in late 2011 with a Hong Kong company in relation to the operation of large scale outdoor advertising billboards in a commercial area of Shanghai and multi-format indoor advertisements in retail shops located in Shanghai for a period of 12 months.

On 20 February 2012, a wholly-owned subsidiary of the Company entered into an agreement with an independent third party for the acquisition of 60% of equity interest in Keen Renown Limited which controls a PRC company 上海中騰廣告有限公司 (Shanghai Zhong Teng Advertisement Company Limited#) through a set of control agreements. The PRC company has signed a cooperation agreement with a supermarket chain in Shanghai which can assist the PRC company to build up its extensive advertising media network in numerous supermarkets in the PRC. Under the corporation agreement, the PRC company has been granted an exclusive right to place display advertisements for its customers on various parts of the supermarkets operated by the counterparty. In return the counterparty will share a minority percentage of the advertising revenue of the PRC company. In general the service is exclusive to the PRC company for a term of 38 months. The supermarkets operated by the counterparty are currently located in Shanghai and Beijing.

During the year under review, the revenue contributed by such segment was HK$5.8 million (2011: HK$Nil).

Provision of Project Management Services

On 29 August 2011, a wholly-owned subsidiary of the Company entered into a share acquisition agreement and on 2 September 2011, a supplemental agreement with an independent third party pursuant to which the Company shall purchase the entire issued share capital of Easy Ace Limited ("Easy Ace"). The main asset of Easy Ace is the Services Agreement where Easy Ace would provide project management services in relation to the operation and monitoring of the Educational Institution Internal Security Control System ("EIISCS") in Guangdong Province in the PRC. Easy Ace shall receive 70% of the net profit in respect to the operation of EIISCS as service fee. The EIISCS is based on the radio-frequency identification ("RFID") technology and together with cellular mobile phones as information receivers, the EIISCS forms a communication platform between educational institutions and the parents of the students.

The EIISCS is installed and operational in 34 schools in Guangzhou Nansha area with an average utility rate of approximately 18%. The second batch of 23 schools in various Guangzhou locations have completed installation in the first quarter of 2012, covering over 30,000 students and expected to generate service fee before the end of the school year. The project team is deploying additional resources to boost the utility and subscription rate via promotion and marketing as well as exploring alternative payment mechanism to ease the overall subscription process. It is expected that EIISCS project would produce more satisfactory outcome in the coming school terms through dedicated man-power and stringent project monitoring. The second generation of EIISCS is also under development which employs cloud computing architecture which can offer self-service platforms and at the same time taking advantage of the increasing popularity of smartphones where push notifications and tailored applications can replace the traditional SMS for communicating information.

During the year under review, the revenue contributed by such segment was HK$0.3 million (2011: HK$Nil).

Termination of Joint Venture Agreement

On 18 October 2010, the Company and the PRC partner entered into a joint venture agreement (the "JV Agreement") pursuant to which the Company and the PRC partner agreed to set up a joint venture company. On 30 March 2011, the Company and the PRC partner entered into a supplemental agreement to extend the long stop date of the JV Agreement to 30 September 2011. As certain conditions cannot be fulfilled, on 29 September 2011 the Company entered into a deed of termination with the PRC partner whereby all parties mutually agree to terminate the JV Agreement.

Financial Review

For the year under review, the revenue of the Group was approximately HK$21.4 million (2011: HK$20.0 million), of which HK$13.3 million (2011: HK$18.2 million) was generated from rollout of MIDS, HK$1.8 million (2011: HK$1.7 million) was generated from the leasing of an investment property located at Canada, HK$5.8 million (2011: HK$Nil) was generated from provision of advertising and media related services, HK$0.3 million (2011: HK$Nil) was generated from provision of consultancy services and HK$0.3 million (2011: HK$Nil) was generated from provision of project management services, representing an increase of approximately 7.5% as compared with the year ended 31 March 2011. Other revenue amounted to approximately HK$3.0 million, an increase of 1.4 times over the prior year.

Administration expenses increased by 1.8% to approximately HK$120.4 million from HK$118.3 million in prior year. Such increase was mainly attributed to the combined effect of an increase in staff costs to approximately HK$14.6 million (2011: HK$10.1 million) and overseas travelling expenses to approximately HK$2.5 million (2011: HK$4.1 million).

Finance costs decreased by 48.1% to approximately HK$24.0 million from HK$46.2 million in prior year. The decrease was mainly attributed to the full repayment of promissory note issued by the Company.

Loss attributable to owners of the Company was approximately HK$483.3 million (2011: HK$650.4 million). The improvement in results was mainly attributed to the full repayment of promissory note issued by the Company; the impairment loss recognised in respect of intangible assets of approximately HK$350.2 million (2011: HK$240.2 million); and the amortisation of intangible assets of approximately HK$84.6 million (2011: HK$84.8 million). After discounting these effects, the resultant loss was approximately HK$21.5 million.

	For the year ended 31 March 2012 *HK$'000*
For description purposes, included in loss for the year are the following items:	(484,340)
Impairment loss recognised in respect of intangible assets	350,243
Amortisation of intangible assets	84,551
Effective interest expenses on convertible bonds	23,915
Fair value changes on investment properties	1,581
Impairment loss recognised in respect of goodwill	1,449
Share-based payments	1,115

Future Plans

In the past couple of years, tourism has been integrated into the global industrial structure as well as peoples' production and consumption pattern, and visiting foreign places is the modern lifestyle where everyone can enjoy. Tourism has also become one of China's most active, effective and least controversial foreign economic and cultural activities. Surrounded by international trade friction, increased protectionism and instability in the world's economy, China's tourism development continues to contribute to the global economy in a large way, and the State Council have included the tourism industry as one of the strategic pillar industry. Products with PRC's outbound tourists as target demographic represent positive business opportunities.

On 3 May 2012, a wholly-owned subsidiary of the Company entered into an agreement with an independent third party for the acquisition of Joint Vision Investments Limited which will control a PRC company 上海思璇廣告有限公司 (Shanghai Si Xuan Advertisement Company Limited[#]) through a set of control agreements. The PRC company has signed several cooperation and advertising memorandum of understandings with several travel agents in the PRC pursuant to which the travel agents will recommend the travel books to individual and corporate customers in the PRC and will subscribe the travel books as promotional items and gifts for their respective customers. The travel books will be a series of travel guide books aimed to provide destination data on sightseeing attractions, restaurants, shopping locations, accommodation and transportation information and also recommended travel routes. The cooperation period between the PRC company and the travel agents will be for a term for 3 years and the travel books are planned to launch in areas with concentration of potential outbound tourists and higher spending power. Advertisement placement is also planned within the travel books, thus providing advertising income, expands the available advertising media and creating synergy effect for the Company's existing advertising and media business.

Liquidity and Financial Resources

At 31 March 2012, the Group had total assets of approximately HK$888.6 million (2011: HK$1,332.4 million), including net cash and bank balances of approximately HK$100.5 million (2011: HK$217.0 million). The decrease in cash and bank balances coincide with the increase in capital investment.

During the year under review, the Group financed its operations with internally generated cash flows and the proceeds from the issuance of new shares.

Capital Structure

Save as disclosed below, there was no change in the capital structure of the Group at 31 March 2012 as compared with that at 31 March 2011.

(a) Share consolidation and capital reorganisation

Pursuant to the resolutions passed on 31 May 2011, a capital reorganization (the "Capital Reorganisation") has been effected by way of comprising (i) share consolidation that every twenty shares of HK$0.01 each in the issued share capital of the Company be consolidated into one consolidated share of HK$0.10 each ("Consolidated Share"); and (ii) capital reduction that the par value of all issued Consolidated Shares from HK$0.20 each to HK$0.01 each by cancelling the paid-up capital to the extent of HK$0.19 on each issued Consolidated Share ("Adjusted Shares") and the credit arising from the reduction of issued share capital of the Company be transferred to the contributed surplus account of the Company and be applied to offset against the accumulated losses to the extent as permitted by the laws of Bermuda and the Bye-laws. The board lot size for trading was changed to 20,000 Adjusted Shares after the Capital Reorganisation became effective. The Capital Reorganisation became effective on 1 June 2011.

(b) Issue of shares arising on acquisition of subsidiaries

On 29 August 2011, the Company entered into a share acquisition agreement, and subsequently on 2 September 2011 entered into a supplemental agreement, pursuant to which the Company agreed to acquire from the vendor the sale shares at a consideration of HK$8.6 million. The consideration shall be satisfied by the Company issuing 44,669,177 new ordinary shares at issue price of HK$0.170 per new ordinary share under the general mandate. The new ordinary shares were issued upon completion on 15 September 2011.

(c) Placing of new shares

On 26 October 2011, the Company, Growth Harvest Limited (the "Vendor") and Kingston Securities Limited (the "Placing Agent") entered into a top-up placing and subscription agreement, pursuant to which, the Placing Agent have conditionally agreed, on a best effort basis, to place to not less than six independent placees, up to 30,000,000 top-up placing Shares beneficially owned by the Vendor at a top-up placing price of HK$0.257 per top-up placing share; and the Vendor has conditionally agreed to subscribe for such number of subscription shares as is equal to the number of top-up placing shares successfully placed by the Placing Agent at a subscription price of HK$0.257 per subscription share. On the same day, the Company has also entered into the first tranche placing agreement with the Placing Agent, pursuant to which, the Placing Agent has conditionally agreed to place, up to 23,600,000 first tranche placing shares, on a best effort basis, to not less than six independent placees, at a first tranche placing price of HK$0.257 per first tranche placing share. The gross proceeds and the net proceeds from top-up placing and first tranche placing was approximately HK$13.8 million and approximately HK$13.2 million respectively. All new shares issued under top-up placing, the subscription and first tranche placing were pursuant to general mandate granted to the Directors by resolution of the shareholders passed at the Company's annual general meeting held on 26 September 2011. The top-up placing and subscription was completed 7 November 2011 and the first tranche placing was completed on 8 December 2011.

At 31 March 2012, the total borrowings of the Group amounted to HK$201.5 million (2011: HK$178.1 million), comprising:

(a) the liability component of approximately HK$200.6 million in respect of the convertible bonds with an aggregate principal amount of HK$500 million issued to Growth Harvest Limited as part of the consideration of the acquisition of Sunny Chance Limited which is unsecured, interest and maturing on 6 October 2019;

(b) mortgage loan of approximately HK$0.9 million secured by an investment property of the Group located in Canada.

Gearing Ratio

The gearing ratio, expressed as a percentage of total liabilities over total assets, was 24.3% (2011: 14.4%). The change in gearing ratio was mainly attributed by a decrease in value of intangible assets in respect of substantial impairment during the year.

Charge on the Group's Assets

At 31 March 2012, the Group has pledged its investment property located in Canada with a fair value of HK$23.4 million to secure a mortgage loan amounted to approximately HK$0.9 million (2011: HK$1.4 million).

Foreign Exchange Risk

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 31 March 2012, the Group, as a lessor, had operating lease commitments of approximately HK$17.8 million (2011: HK$10.8 million) and as a lessee, had operating lease commitment of approximately HK$2.4 million (2011: HK$1.7 million).

Contingent Liabilities

At 31 March 2012, the Group had no contingent liabilities (2011: HK$Nil).

Employee

At 31 March 2012, the Group had 38 employees (2011: 27). 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 31 March 2012, as long-term investment, the Group held 100,000,000 shares of The Hong Kong Building and Loan Agency Limited, a company incorporated in Hong Kong with limited liability and the issued shares of which are listed on the Main Board of the Stock Exchange of Hong Kong.

Save as disclosed above, the Group did not hold any new significant investment during the year ended 31 March 2012.

Material Acquisitions and Disposal of Subsidiaries and Affiliated Companies

Save as the acquisition and disposal as disclosed in the "Business Review" under the "Management Discussion and Analysis" section, the Group did not make any material acquisitions and disposal of subsidiaries and affiliated companies during the year ended 31 March 2012.

Future Plan for Material Investments and Capital Assets

Save as the proposed acquisition and disposal as disclosed in the "Future Plans" section, the Group does not have any concrete plan for material investments or capital assets for the coming year.

Purchase, sale or redemption of shares

During the year ended 31 March 2012, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

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 the four independent non-executive directors namely, Mr. Ho Chun Ki, Frederick, Mr. Lai Miao Yuan, Mr. Chong Yiu Kan, Sherman and Mr. Tam Kin Yip. During the year, the audit committee held 4 meetings to review the Group's annual report, half-year report and quarterly reports.

The Group's annual results for the year ended 31 March 2012 have been reviewed by the audit committee.

Corporate Governance Practices

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 year ended 31 March 2012.

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.

Compliance with Rules 5.48 to 5.67 of the GEM Listing Rules

The Company has adopted a code of conduct regarding directors' securities transactions on terms no less that 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 enquiry of all directors, all directors have complied with such code of conduct and the required standard of dealings regarding directors' securities throughout the year ended 31 March 2012.

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

Hong Kong, 27 June 2012

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

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.

\# *The English transliteration of Chinese is included for information only, and should not be regarded as the official English names of such Chinese names*