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 2013

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

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

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

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This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Company. The Directors, having made all reasonable 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 2013 together with the comparative figures for the corresponding year in 2012.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2013

	Notes	**2013** **HK$'000**	2012 HK$'000
Turnover	*6*	**35,132**	21,445
Cost of sales		**(20,716)**	(11,605)
Gross profit		**14,416**	9,840
Other income and gains	*7*	**443**	3,011
Administrative expenses		**(107,200)**	(120,389)
Fair value changes on investment property		**2,853**	(1,581)
Gain on cancellation of convertible bonds		**212,704**	–
Loss on written off of property, plant and equipment		**(22)**	(19)
Impairment loss recognised in respect of goodwill		**–**	(1,449)
Impairment loss recognised in respect of intangible assets		**(433,431)**	(350,243)
Loss on disposal of available-for-sale investments		**(12,408)**	–
Loss from operations	*8*	**(322,645)**	(460,830)
Finance costs	*9*	**(12,097)**	(23,968)
Loss before taxation		**(334,742)**	(484,798)
Income tax expense	*10*	**(1,801)**	458
Loss for the year		**(336,543)**	(484,340)
Loss for the year attributable to:			
owners of the Company		**(336,474)**	(484,340)
non-controlling interests		**(69)**	–
		(336,543)	(484,340)
Loss per share	*11*		
Basic and diluted		**HK$(1.04)**	HK$(1.81)

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2013

	2013	2012
	HK$'000	*HK$'000*
Loss for the year	**(336,543)**	(484,340)
Other comprehensive income/(expense) for the year		
Exchange differences on translation of financial statements of overseas subsidiaries	**350**	2,776
Fair value changes on available-for-sale investments	**–**	(10,000)
Release of investment revaluation reserve upon disposal of available-for-sale investments	**10,000**	–
Other comprehensive income/(expense) for the year, net of income tax	**10,350**	(7,224)
Total comprehensive expense for the year	**(326,193)**	(491,564)
Total comprehensive expense for the year attributable to:		
owners of the Company	**(326,291)**	(491,564)
non-controlling interests	**98**	–
	(326,193)	(491,564)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2013

	Notes	**2013** **_HK$'000_**	2012 *HK$'000*
Non-current assets			
Property, plant and equipment		**4,667**	2,950
Investment properties		**25,715**	23,373
Goodwill		**47,248**	–
Intangible assets		**172,155**	667,773
Deferred tax assets		**–**	884
Deposit for investment		**17,000**	30,000
Available-for-sale investments		**6,000**	6,000
		272,785	730,980
Current assets			
Trade and other receivables	*12*	**83,684**	57,178
Bank balances and cash		**24,886**	100,480
		108,570	157,658
Current liabilities			
Trade and other payables	*13*	**17,562**	10,685
Bank loan		**373**	513
Tax payable		**741**	441
		18,676	11,639
Net current assets		**89,894**	146,019
Total assets less current liabilities		**362,679**	876,999
Capital and reserves			
Share capital		**3,266**	3,216
Reserves		**347,238**	669,703
Equity attributable to owners of the Company		**350,504**	672,919
Non-controlling interests		**8,617**	–
		359,121	672,919
Non-current liabilities			
Convertible bonds		**–**	200,635
Bank loan		**–**	380
Deferred tax liabilities		**3,558**	3,065
		3,558	204,080
		362,679	876,999

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2013

	Equity attributable to equity shareholders of the Company											
	Issued capital	Share premium	Contributed surplus	Available-for-sale investments revaluation reserve	Share-based compensation reserve	Convertible bonds reserve	Statutory reserve	Translation reserve	Accumulated losses	Total	Non-controlling interests	Total equity
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April 2011	44,669	1,186,043	283,362	–	6,125	351,687	394	2,620	(733,780)	1,141,120	–	1,141,120
Loss for the year	–	–	–	–	–	–	–	–	(484,340)	(484,340)	–	(484,340)
Other comprehensive expense for the year												
Exchange differences on translation of financial statements of overseas subsidiaries	–	–	–	–	–	–	–	2,776	–	2,776	–	2,776
Fair value changes on available-for-sale investments	–	–	–	(10,000)	–	–	–	–	–	(10,000)	–	(10,000)
Total comprehensive (expense)/income for the year	–	–	–	(10,000)	–	–	–	2,776	(484,340)	(491,564)	–	(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	–	8,934
Placing of new shares	536	13,239	–	–	–	–	–	–	–	13,775	–	13,775
Share issue expenses	–	(461)	–	–	–	–	–	–	–	(461)	–	(461)
Recognition of equity-settled share-based payments	–	–	–	–	1,115	–	–	–	–	1,115	–	1,115
Cancellation of share options	–	–	–	–	(1,995)	–	–	–	1,995	–	–	–
Lapsed of share options	–	–	–	–	(4,254)	–	–	–	4,254	–	–	–
At 31 March 2012 and 1 April 2012	3,216	1,207,308	325,798	(10,000)	991	351,687	402	5,396	(1,211,879)	672,919	–	672,919
Loss for the year	–	–	–	–	–	–	–	–	(336,474)	(336,474)	(69)	(336,543)
Other comprehensive expense for the year												
Exchange differences on translation of financial statements of overseas subsidiaries	–	–	–	–	–	–	–	183	–	183	167	350
Release of investment revaluation reserve upon disposal of available-for-sale investments	–	–	–	10,000	–	–	–	–	–	10,000	–	10,000
Total comprehensive income/(expense) for the year	–	–	–	10,000	–	–	–	183	(336,474)	(326,291)	98	(326,193)
Non-controlling interest arising from acquisition of subsidiaries	–	–	–	–	–	–	–	177	–	177	8,519	8,696
Transfer of statutory reserve	–	–	–	–	–	–	203	–	(203)	–	–	–
Recognition of equity-settled share-based payments	–	–	–	–	2,647	–	–	–	–	2,647	–	2,647
Exercise of share options	50	1,250	–	–	(248)	–	–	–	–	1,052	–	1,052
Cancellation of share options	–	–	–	–	(743)	–	–	–	743	–	–	–
Cancellation of convertible bonds	–	–	–	–	–	(351,687)	–	–	351,687	–	–	–
At 31 March 2013	3,266	1,208,558	325,798	–	2,647	–	605	5,756	(1,196,126)	350,504	8,617	359,121

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 advertising 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 ("HKICPA"), which are effective for the Group's financial year beginning on 1 April 2012. A summary of the new and revised HKFRSs adopted by the Group is set out as follows:

HKAS 12 (Amendments)	Deferred Tax – Recovery of Underlying Assets
HKFRS 1 (Amendments)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
HKFRS 7 (Amendments)	Disclosures – Transfer of Financial Assets

The principal effects of adopting these HKFRSs are as follows:

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

Under HKAS 12 deferred tax is required to be measured with reference to the tax consequences that would follow from the manner in which the entity expects to recover the carrying amount of the asset. In this regard, the amendments to HKAS 12 introduced a rebuttable presumption that the carrying amount of investment property carried at fair value under HKAS 40 "Investment properties" will be recovered through sale. This presumption is rebutted on a property-by-property basis if the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. As a result of application the amendments to HKAS 12, the Group has determined the investment property is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time and consequently the presumption in the amended HKAS 12 is rebutted for these properties. As a result, the Group continues to measure the deferred tax relating to the property using the tax rate that would apply as a result of recovering its value through use.

3. ISSUED BUT NOT YET EFFECTIVE HKFRSs

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[1]
HKAS 19 (Revised)	Employee Benefits[2]
HKAS 27 (Revised)	Separate Financial Statements[2]
HKAS 28 (Revised)	Investments in Associates and Joint Ventures[2]
HKAS 32 (Amendments)	Offsetting Financial Assets and Financial Liabilities[3]
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2009-2011 Cycle Issued in June 2012[2]
HKFRS 1 (Amendments)	Government Loans[2]
HKFRS 7 (Amendments)	Disclosures – Offsetting Financial Assets and Financial Liabilities[2]
HKFRS 7 and HKFRS 9 (Amendments)	Mandatory Effective Date of HKFRS 9 and Transition Disclosure[4]
HKFRS 9	Financial Instruments[4]
HKFRS 10	Consolidated Financial Statements[2]
HKFRS 11	Joint Arrangements[2]
HKFRS 12	Disclosure of Interests in Other Entities[2]
HKFRS 13	Fair Value Measurements[2]
HKFRS 10, HKFRS 11 and HKFRS 12 (Amendments)	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance[2]
HKFRS 10, HKFRS 12 and HKAS 27 (Amendments)	Investment Entities[3]
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine[2]

1 Effective for annual period beginning on or after 1 July 2012
2 Effective for annual period beginning on or after 1 January 2013
3 Effective for annual period beginning on or after 1 January 2014
4 Effective for annual period beginning on or after 1 January 2015

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

The amendment to HKAS 1 introduce new terminology for the statement of comprehensive income and income statement. Under the amendments to HKAS 1, a 'statement of comprehensive income' is renamed as a 'statement of profit or loss and other comprehensive income', and an 'income statement' is renamed as a 'statement of profit or loss'.

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 32 (Amendments) and HKFRS 7 (Amendments) "Offsetting Financial Assets and Financial Liabilities" and the related disclosures

The amendments to HKAS 32 clarify existing application issues relating to the offset of financial assets and financial liabilities requirements. Specifically, the amendments clarify the meaning of "currently has a legally enforceable right of set-off" and "simultaneous realisation and settlement".

The amendments to HKFRS 7 require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirement) for financial instruments under an enforceable master netting agreement or similar arrangement.

The amendments to HKFRS 7 are effective for annual periods beginning on or after 1 January 2013 and interim periods within those annual periods. The disclosures should also be provided retrospectively for all comparative periods. However, the amendments to HKAS 32 are not effective until annual periods beginning on or after 1 January 2014, with retrospective application required.

The directors anticipate that the application of these amendments to HKAS 32 and HKFRS 7 may result in more disclosures being made with regard to offsetting financial assets and financial liabilities in the future.

HKFRSs (Amendments) "Annual Improvement to HKFRSs 2009-2011 Cycle except for the amendments to HKAS 1"

The Annual Improvement to HKFRSs 2009-2011 Cycle includes a number of amendments to various HKFRSs. The amendments are effective for annual period beginning on or after 1 January 2013. Amendments to HKFRSs include HKAS 16 (Amendments) "Property, Plant and Equipment" and HKAS 32 (Amendments) "Financial Instruments: Presentation".

The amendments to HKAS 16 clarify that spare parts, stand-by equipment and servicing equipment should be classified as property, plant and equipment when they meet the definition of property, plant and equipment in HKAS 16 and as inventory otherwise. The directors do not anticipate that the amendments to HKAS 16 will have a significant effect on the Group's consolidated financial statement.

The amendments to HKAS 32 clarify that income tax on distributions to holders of an equity instrument and transaction costs of an equity transaction should be accounted for in accordance with HKAS 12 "Income Taxes". The amendment removes existing income tax requirements from HKAS 32 and requires entities to apply the requirements in HKAS 12 to any income tax arising from distributions to equity holders.

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:

- 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 reporting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9, entity 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.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of 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 of a financial liability's credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

HKFRS 9 is effective for annual periods beginning on or after 1st 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 (revised) and HKAS 28 (revised).

Key requirements of these five standards are described below:

HKFRS 10 replaces the parts of HKAS 27 that deal with consolidated financial statements. HK (SIC)-Int 12 "Consolidation – Special Purpose Entities" will be withdraw upon the effective date of HKFRS 10. Under HKFRS 10, there is only one basis for consolidation, that is, control. In addition, 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 11 replaces HKAS 31 "Interests in Joint Ventures". HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. HK (SIC)-Int 13 "Jointly Controlled Entities – Non-monetary Contributions by Venturers" will be withdrawn upon the effective date of HKFRS 11. Under HKFRS 11, joint arrangements are classified as joint operations or joint venture depending on the rights and obligations of the parties to the arrangements. In contrast, under HKAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations. In addition, joint ventures under HKFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under HKAS 31 can be accounted for using the equity method of accounting or proportionate consolidation.

HKFRS 12 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.

In July 2012, the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 were issued to clarify certain transitional guidance in HKFRS 10 on the application of these five HKFRSs for the first time.

These five standards, together with the amendments relating to the transitional guidance, are effective for annual periods beginning on or after 1 January 2013 with earlier application permitted provided that all of these standards are applied at the same time.

The directors anticipate that the application of these five standards may not have a significant impact on the results and the financial position of the Group.

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 "Investment Entities"

The amendments to HKFRS 10 introduce an exception to consolidating subsidiaries for an investment entity, except where the subsidiaries provide services that relate to the investment entity's investment activities. Under the amendments to HKFRS 10, an investment entity is required to measure its interest in subsidiaries at fair value through profit or loss.

To qualify as an investment entity, certain criteria have to be met. Specifically, an entity is required to:

- obtain funds from one or more investors for the purpose of providing them with professional investment management services;

- commit to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and

- measure and evaluate performance of substantially all of its investments on a fair value basis.

Consequential amendments to HKFRS 12 and HKAS 27 have been made to introduce new disclosure requirements for investment entities.

The amendments to HKFRS 10, HKFRS 12 and HKAS 27 are effective for annual periods beginning on or after 1 January 2014, with early application permitted. The directors anticipate that the application of the amendments will have no effect on the Group as the Company is not an investment entity.

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 non-financial 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.

Except as described above, the directors anticipate that the application of other new and revised HKFRSs issued but not yet effect will have no material impact on the Group's financial performance and financial positions for the future and/or the disclosures set out in the financial statements 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.

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 property 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 judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements.

Certain comparative figures have been adjusted to conform to current year's presentation and to provide comparative amounts in respect of items disclosed for the first time for the year ended 31 March 2013.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). 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.

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

Allocation of total comprehensive income to non-controlling interests

Total comprehensive income and expense of a subsidiary is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 "Income Tax" and HKAS 19 "Employee Benefits" respectively.

- liabilities or equity instruments related to share-based payment arrangements of the acquire or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 "Share-based Payment" at the acquisition date, and

- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" are measured in accordance with that standard.

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 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 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 system") 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) Advertising and media related services: Provision of advertising and media related services to entities. Currently, the Group's advertising 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.

Segment revenue and results

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

	Properties investments		MIDS		Consultancy services		Advertising and media related services		Project management services		Total	
	2013	2012	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012
	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	**1,775**	1,760	**9,278**	13,264	**940**	277	**21,956**	5,848	**1,183**	296	**35,132**	21,445
Segment results	**2,510**	(2,430)	**(483,586)**	(431,638)	**(5,517)**	(6,178)	**(18,562)**	(926)	**(62)**	(3,345)	**(505,217)**	(444,517)
Unallocated other revenue and income											**213,068**	2,476
Unallocated expenses											**(30,524)**	(18,789)
Loss from operations											**(322,673)**	(460,830)
Finance costs											**(12,069)**	(23,968)
Loss before taxation											**(334,742)**	(484,798)
Income tax expense											**(1,801)**	458
Loss for the year											**(336,543)**	(484,340)

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 revenue, 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.

Segment assets and liabilities

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

	Properties investments		MIDS		Consultancy services		Advertising and media related services		Project management services		Total	
	2013	2012	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012
	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	**27,332**	24,642	**179,138**	650,553	**20,053**	29,684	**92,133**	42,394	**11,822**	14,287	**330,478**	761,560
Unallocated assets											**50,877**	127,078
Total assets											**381,355**	888,638
Segment liabilities	**640**	3,265	**8,733**	8,764	**1**	51	**7,458**	480	**33**	22	**16,865**	12,582
Unallocated liabilities											**5,369**	203,137
Total liabilities											**22,234**	215,719

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; and

– all liabilities are allocated to reportable segments other than current and deferred tax liabilities, other financial liabilities, borrowing and convertible bonds.

Other segment information

	Properties investments		MIDS		Consultancy services		Advertising and media related services		Project management services		Unallocated		Total	
	2013	2012	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Interest expense	**(28)**	(53)	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**(28)**	(53)
Depreciation of property, plant and equipment	**–**	–	**(522)**	(562)	**–**	–	**(134)**	–	**–**	(22)	**(553)**	(530)	**(1,209)**	(1,114)
Addition to non-current assets*	**–**	–	**(36)**	(3,596)	**–**	–	**(47,760)**	–	**–**	(1,805)	**(2,382)**	(2,045)	**(50,178)**	(7,446)
Amortisation of intangible assets	**–**	–	**(53,190)**	(74,634)	**(6,478)**	(6,478)	**(1,464)**	(2,621)	**(1,242)**	(818)	**–**	–	**(62,374)**	(84,551)
Impairment loss recognised in respect of intangible assets	**–**	–	**(414,655)**	(350,243)	**–**	–	**(18,776)**	–	**–**	–	**–**	–	**(433,431)**	(350,243)
Fair value gain/(loss) on investment property	**2,853**	(1,581)	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**2,853**	(1,581)

* Non-current assets excluded those relating to financial instruments, deposit for investment and deferred tax assets.

Geographical information

In determining the Group geographical information, revenue information is based on the location of the customers, and non-current assets information are based on the geographical location of the assets. 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***	
	2013	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**940**	277	**211,148**	571,984
The PRC	**32,417**	19,408	**12,922**	98,739
Canada	**1,775**	1,760	**25,715**	23,373
Total	**35,132**	21,445	**249,785**	694,096

* Non-current assets excluded financial instruments, deposit for investment and deferred tax assets.

Information about major customer

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

	2013	2012
	HK$'000	*HK$'000*
Customer A[1]	**6,596**	–
Customer B[2]	**3,794**	–
Customer C[2]	**11,061**	4,552
Customer D[1]	**NA[3]**	7,425
Customer E[1]	**–**	3,660
Customer F[1]	**–**	2,179

1 Revenue from MIDS

2 Revenue from advertising and media related services

3 The corresponding revenue did not contribute over 10% of the total sales of the Group

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 and services rendered.

	2013 *HK$'000*	2012 *HK$'000*
Gross rental income from investment properties	**1,775**	1,760
Provision of MIDS	**9,278**	13,264
Provision of consultancy services	**940**	277
Provision of advertising and media related services	**21,956**	5,848
Provision of project management services	**1,183**	296
Total	**35,132**	21,445

7. OTHER INCOME AND GAINS

	2013 *HK$'000*	2012 *HK$'000*
Bank interest income	**365**	1,074
Interest income on loan to an independent third party	**26**	25
Net foreign exchange gain	**–**	1,246
Other income	**52**	666
Total	**443**	3,011

8. LOSS FROM OPERATIONS

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

	2013 *HK$'000*	2012 *HK$'000*
Auditors' remuneration	**880**	850
Amortisation of intangible assets	**62,374**	84,551
Cost of sales	**20,716**	11,605
Depreciation of property, plant and equipment	**1,209**	1,114
Net foreign exchange loss/(gain)	**422**	(1,246)
Gain on cancellation of convertible bonds	**(212,704)**	–
Loss on disposal of available-for-sale investments	**12,408**	–
Gross rental income from investment property	**(1,775)**	(1,760)
Less: Direct operating expenses from investment property that generate rental income during the year	**1,798**	2,245
	23	485
Minimum lease payment under operating lease on premises	**3,009**	2,376
Staff costs (including directors' remuneration)		
Salaries and allowances	**16,226**	12,877
Share-based payment expenses	**2,647**	1,115
Contribution to retirement benefits scheme	**826**	582
	19,699	14,574

9. FINANCE COSTS

	2013	2012
	HK$'000	*HK$'000*
Interest on bank loans wholly repayable within five years	**28**	53
Effective interest expenses on convertible bonds wholly repayable over five years	**12,069**	23,915
Total	**12,097**	23,968

10. INCOME TAX EXPENSE

	2013	2012
	HK$'000	*HK$'000*
Current tax charged:		
Hong Kong Profits Tax	**–**	335
PRC Enterprise Income Tax	**670**	63
Over-provision in prior year	**(323)**	–
	347	398
Deferred tax:		
Current year	**1,454**	(360)
Attributable to change in tax rate	**–**	(496)
	1,454	(856)
Total tax charge/(credit)	**1,801**	(458)

Hong Kong Profits Tax is calculated at 16.5% on the estimated assessable profit for both year. No provision for Hong Kong Profits Tax has been made as the Group's income neither arises in, nor is derived from Hong Kong for the current year.

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.

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% 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 attributable to owners of the Company is based on the following data:

	2013	2012
	HK$'000	*HK$'000*
Loss		
Loss attributable to owners of the Company for the purposes of basic and diluted loss per share	**(336,474)**	(484,340)

	2013	2012
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**324,224,162**	267,015,742

The denominators used are the same as those detailed above for both basic and dilutive loss per share.

The computation of diluted loss per share does not assume the conversion of the Company's convertible bonds since the exercise would result in decrease in loss per share in 2012.

The computation of diluted loss per share does not assume the exercise of the Company's outstanding share options since the exercise would result in decrease in loss per share both years.

12. TRADE AND OTHER RECEIVABLES

	2013	2012
	HK$'000	*HK$'000*
Trade receivables *(Note (a))*	**49,027**	28,064
Deposits	**12,197**	12,619
Prepayments	**8,486**	13,154
Other receivables	**13,974**	3,341
	83,684	57,178

Note:

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

	2013	2012
	HK$'000	*HK$'000*
0 – 30 days	**21,469**	15,474
31 – 60 days	**263**	418
61 – 90 days	**2,561**	233
Over 90 days	**24,734**	11,939
	49,027	28,064

Trade receivables arising from properties investments and consultancy services segments 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 services and project management services segments, the Group allows the customer to settle the trade receivables with a credit terms of 30 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 2013 and 2012.

13. TRADE AND OTHER PAYABLES

	2013	2012
	HK$'000	*HK$'000*
Trade payables *(Note (a))*	**8,904**	6,767
Accruals and other payables	**6,901**	2,206
Tenant deposits	**46**	47
Receipt in advance	**40**	–
Amounts due to key officer	**188**	–
Other non-income tax payable	**1,483**	1,665
	17,562	10,685

Note:

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

	2013	2012
	HK$'000	*HK$'000*
0 – 30 days	**717**	5,828
31 – 60 days	**110**	–
61 – 90 days	**91**	–
Over 90 days	**7,986**	939
	8,904	6,767

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 March 2013 (2012: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Business Overview

Provision of Medical Information Digitalisation System

Year 2012 could be viewed as a turning point for PRC's healthcare information technology industry with the publication of Guidance on Strengthening of Healthcare Information Technology Implementation by the National Health and Family Planning Commission ("NHFPC") in June 2012. The guidance stated that for a long period of time, the lack of top-level design and planning for the implementation of healthcare information technologies, the standardisation and regulated application have lagged behind, resulting in no interoperability or sharing of information; the construction of resident's electronic health records ("EHR") and electronic medical record ("EMR") databases are also behind, making it difficult to adapt to the current needs of the healthcare system reform and cannot effectively meet the public's demand for healthcare protection. Thus the guidance provided the overall framework, basic principles and working goals for the construction of a national, provincial and municipal level 3-tier healthcare information platform, strengthen the five business application domains; construction of resident's electronic health record and electronic medical record databases and a healthcare information network as linking hub for the 3-tier healthcare information platform and vertical integration of the five business application domains using the resident's healthcare card as coupling medium to provide interoperability and sharing of resources. Key goals are by 2015 reaching a basic framework of national healthcare information construction and by 2020 establishes a complete nationwide healthcare information network and application system via practical sharing and covering both urban and rural areas. Several follow-on in various areas surfaced in 2013 which details the policies and plans for reaching the long term goals of the guidance and influencing the future developments of the provision of medical information digitalisation system ("MIDS") business segment.

The Management Implementation Policy for Hospitals under NHFPC budget released in March 2013 further regulates and enhance the management lifecycle of medical equipment including medical information systems such as MIDS. The Implementation Policy further stipulates the details such as feasibility study requirements during the procurement planning stage; acceptance management; quality assurance and maintenance management; consumables management and records management. Supplier qualification management should also be enhanced to establish supplier evaluation and elimination mechanism to produce a qualified suppliers list. For small to medium size healthcare information technology providers, significant amount of resources are required to satisfy these requirements whereas larger healthcare information technology providers already have the economy of scale and track record for being a qualified supplier.

Apart from the establishing a standard for EHR and EMR, compliance testings are also in place to ensure healthcare information systems installed in healthcare institutions can share information over the healthcare information network, the NHFPC have drafted the Basic Functions Specification of Telemedicine Information System in Jan 2013, requesting for comments and suggestions from relevant entities and experts. This indicates that an increasing number of facets under the healthcare information systems are being standardised and regulated, and in turns brings uncertainty to the market of regional healthcare information platforms and continued to incline towards large scale healthcare information technology providers where they have already dominated the trial implementations in pilot cities.

The outlook for the segment will be further dampen by the National Independent Innovation Construction Plan under 12th Five-Year Plan publicised in May 2013, which guides the society as a whole to reinforce the development of independent domestic innovations. The plan covers the area of healthcare information technology and demanded research and development on basic healthcare information standards as well as a unified healthcare information terminology and protocols. These recent changes in market dynamics are beyond anticipation and the Group continued to attempt partnering with PRC domestic healthcare IT providers on provisioning of healthcare information system. Incentives such as payment by installments are popular, however the trade-off can be the time and resources spent on chasers. Under the harsh and challenging operating environment, the Group remains cautious and provisions were made in relation to the intangible assets under this segment.

During the year under review, the revenue contributed by such segment was HK$9.3 million (2012: HK$13.3 million).

Property Investment

The overall commercial real estate market in Canada remained stable in 2012 and the long-term tenants have grown roots throughout the years, forming in a stable revenue stream in the property investment segment.

During the year under review, the revenue contributed by such segment was HK$1.8 million (2012: HK$1.8 million) and was mainly derived from the leasing of an investment property located in Canada.

Provision of Consultancy Services

The consumption of news, information and entertainment through handheld devices via mobile telecommunication data services have become a part of everyday life. While voice calls continue to be the strong base, the next possible area of growth would be mobile data.

During the year under review, the revenue contributed by such segment was HK$0.9 million (2012: HK$0.3 million).

Advertising and Media Related Services

The overall advertising spending in the Asia Pacific region have been stable in the past year with outdoor media showing the biggest increase while traditional media like television and printed media continued to be the majority. The current trend is online and new media advertisements, which coincide with technologies such as real-time bidding for online advertisements where the contents are tailored for the demographics of the individual viewing the advertisements on the third screen on personal computers. This is also combining the effect of spending more time on the fourth screen, or the smaller screen on mobile handheld devices instead of the second screen, being the television at home. Looking in the outdoors space, apart from large scale static billboards, nowadays it is not uncommon to find multi-storey digital signage in commercial districts in Hong Kong that function as giant video screens for advertisements. In the arena of mid-size screens available for advertisers, as the cost of flat panels have reach a commodity level and the contents distribution costs are lowered through wireless networks, mid-size screens have become abundant in Hong Kong ranging from public transportation to taxis and along escalators and within stations of mass transportation systems.

For retail businesses in Hong Kong, advertisements aimed at visitors from mainland China are divided into high-end luxury products or fast-moving consumer goods such as dairy products and toiletries. The polarised market space of either large digital signage or on small mobile devices, keen competition in the mid-size screens and couple with the concentration on specific products for advertisements, altogether have greatly reduced the attractiveness and competitiveness of LCD screens in retail chain stores in Hong Kong as compared with transmedia utilizing online and mobile new media. In view of the above, there will be less emphasis on the advertising in Hong Kong and redeploy resources to the PRC.

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 through a set of control agreements. 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 travel books are planned to be launched in areas with concentration of potential outbound tourists and the affluent high spending group. Advertisement placement is also planned within the travel books, thus providing advertising incomes, extends the available advertising media tentacles and creating synergy effects for the Company's existing advertising and media business.

On 13 December 2012, a wholly-owned subsidiary of the Company (the "Purchaser"), entered into an agreement with the vendor, pursuant to which the Purchaser agreed to purchase 40% of the total issued share capital of Keen Renown Limited ("Keen Renown"). Before the acquisition, Keen Renown is already an indirect subsidiary of the Company. Upon completion of the acquisition, the Company will hold indirectly the entire issued share capital of Keen Renown and Keen Renown would be a wholly-owned subsidiary of the Company with its consolidated accounts being consolidated with that of the Group.

As the relevant applicable percentage ratio calculated in accordance with the GEM Listing Rules is more than 25% but less than 100%, the transactions (the aggregate of transactions under the agreement and the former agreement) constitute a major transaction on the part of the Company under Chapter 19 of the GEM Listing Rules. Since the vendor is an executive Director and chief executive officer of the Company, the vendor is regarded as a connected person of the Company. Therefore, the acquisition also constitutes a connected transaction on the part of the Company and is subject to approval by independent shareholders by way of poll under Chapter 20 of the GEM Listing Rules.

During the year under review, the revenue contributed by such segment was HK$22.0 million (2012: HK$5.8 million).

Provision of Project Management Services

The Educational Institution Internal Security Control System ("EIISCS") is now serving close to 50,000 students in over 60 schools in the Guangdong province. Responses are positive and the average utility rate is approximately 35%. The next phase of EIISCS will cater for the increasing smartphone user base and evolve into an online platform for rich contents and to decouple the reliance on telecommunication providers.

During the year under review, the revenue contributed by such segment was HK$1.2 million (2012: HK$0.3 million).

Financial Review

For the year under review, the revenue of the Group was approximately HK$35.1 million (2012: HK$21.4 million), of which HK$9.3 million (2012: HK$13.3 million) was generated from rollout of MIDS, HK$1.8 million (2012: HK$1.8 million) was generated from the leasing of an investment property located in Canada, HK$22.0 million (2012: HK$5.8 million) was generated from provision of advertising and media related services, HK$0.9 million (2012: HK$0.3 million) was generated from provision of consultancy services and HK$1.2 million (2012: HK$0.3 million) was generated from provision of project management services, representing an increase of approximately 63.8% as compared with the year ended 31 March 2012. Other revenue amounted to approximately HK$0.4 million, a decrease of 85.3% over the prior year.

Administrative expenses decreased by 11.0% to approximately HK$107.2 million from HK$120.4 million in prior year. Such increase was mainly attributed to the combined effect of an increase in staff costs to approximately HK$19.7 million (2012: HK$14.6 million) and overseas travelling expenses to approximately HK$3.4 million (2012: HK$2.5 million).

Finance costs decreased by 49.5% to approximately HK$12.1 million from HK$24.0 million in prior year. The decrease was mainly attributed to the cancellation of convertible bonds issued by the Company during the year.

Loss attributable to owners of the Company was approximately HK$336.5 million (2012: HK$484.3 million). The change was mainly attributed to the gain on cancellation of convertible bonds issued by the Company of approximately HK$212.7 million (2012: HK$Nil); the impairment loss recognised in respect of intangible assets of approximately HK$433.4 million (2012: HK$350.2 million); and the amortisation of intangible assets of approximately HK$62.4 million (2012: HK$84.6 million). After discounting these effects, the resultant loss was approximately HK$41.6 million.

	For the year ended 31 March 2013 *HK$'000*
For description purposes, included in loss for the year are the following items:	
Impairment loss recognised in respect of intangible assets	433,431
Gain on cancellation of convertible bonds	(212,704)
Amortisation of intangible assets	62,374
Effective interest expenses on convertible bonds	12,069
Fair value changes on investment properties	(2,853)
Share-based payments	2,647

Future Plans

In 2012, China was amongst the top 20 fastest growing economies in the world with GDP growth close to 8%. Although the growth is the slowest since the turn of the millennium, it is in fact an indication of a maturing economy as it gradually transitions from a status of developing into a developed nation. In 2013, its GDP is expected to reach a level of US$13 trillion or close to a 10% increase. Domestically, the Chinese government has been keen to reduce the economy's reliance on exports and focus on internal consumption. China's rapid economic development and wage rises have helped to boost consumer spending. Consumption was the largest overall contributor to the economic growth in 2012, accounting over half while investments contributed the remaining. Spending on advertising and promotion of consumer products is also still expected to increase continually.

Along with rapid economic and social development, China's consumption structure has changed remarkably in recent years. Chinese citizens are now not merely spending on basic daily necessities but also spending more on travelling and entertainment. As the population travels more, the predilection to acquire a taste for delicacies, or enjoy sightseeing and overseas vacations, altogether help to excite the catering and tourism sectors. The catering industry is currently growing at a greater growth rate than other retail trade business. The Company intends to explore business in the area of travel agencies in Hong Kong and also to provide such services to the potential inbound tourists in China. In addition, the new travel agency business will provide crossover business opportunities in relation to the area of advertisement of the Company.

Liquidity and Financial Resources

At 31 March 2013, the Group had total assets of approximately HK$381.4 million (2012: HK$888.6 million), including net cash and bank balances of approximately HK$24.9 million (2012: HK$100.5 million). The decrease in cash and bank balances coincide with the increase in capital investments.

During the year under review, the Group financed its operations with internally generated cash flows.

Capital Structure

Save as disclosed below, there was no change in the capital structure of the Group at 31 March 2013 as compared with that at 31 March 2012.

During the year ended 31 March 2013, certain option holders exercised their option rights to subscribe for an aggregate of 4,960,000 shares at HK$0.212 per share. The net proceeds from the exercise of option rights amounted to approximately HK$1.1 million.

On 26 October 2011, the Company and Kingston Securities Limited (the "Placing Agent") entered into the second tranche placing agreement of, pursuant to which the Placing Agent has conditionally agreed, on a best effort basis, for and on behalf of the Company, to place to not less than six independent placees of up to 53,600,000 second tranche placing shares at a second tranche placing price of HK$0.257 per second tranche placing share. As certain conditions could not be fulfilled as at the long stop date, the second tranche placing agreement lapsed on 30 June 2012 and the second tranche placing did not proceed.

At 31 March 2013, the total borrowings of the Group amounted to HK$0.4 million (2012: HK$201.5 million), comprising of a mortgage loan of approximately HK$0.4 million secured by investment properties of the Group located in Canada.

Gearing Ratio

The gearing ratio, expressed as a percentage of total liabilities over total assets, was 5.8% (2012: 24.3%). The change in gearing ratio was mainly attributed to a written down value of intangible assets during the year.

Charge on the Group's Assets

At 31 March 2013, the Group has pledged its investment property located in Canada with a fair value of HK$25.7 million to secure a mortgage loan amounted to approximately HK$0.4 million (2012: HK$0.9 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 2013, the Group, as a lessor, had operating lease commitments of approximately HK$4.9 million (2012: HK$17.8 million) and as a lessee, had operating lease commitment of approximately HK$3.6 million (2012: HK$2.4 million).

Contingent Liabilities

At 31 March 2013, the Group had no contingent liabilities (2012: HK$Nil).

Employee

At 31 March 2013, the Group had 41 employees (2012: 38). 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 eligibility under the current share option scheme.

Significant Investment

At 31 March 2013, the Group did not hold any significant investment.

Material Acquisitions and Disposal of Subsidiaries and Affiliated Companies

Save as the acquisition and disposal as disclosed in the "Business Overview" 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 2013.

Purchase, Sale or Redemption of Shares

During the year ended 31 March 2013, 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 all 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 2013 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 2013.

Under the Code provision A.2.1, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The roles of the chairman and chief executive officer of the Company have been performed by Mr. Lien Wai Hung, who is also an executive director. The Board considered that the non-segregation would not result in considerable concentration of power in one person and has the advantage of a strong and consistent leadership which is conducive to making and implementing decisions quickly and consistently. The Board constantly reviews this arrangement and appointed Mr. Lui Wing Fong, Alexander as chief executive officer of the Company on 30 May 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 2013.

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

Hong Kong, 21 June 2013

As at the date of this announcement, the Board comprises three executive directors, namely Mr. Lien Wai Hung, Mr. Lui Wing Fong, Alexander and Mr. Yu Qiang and 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.

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.