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 2014

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

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

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

The Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

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 2014 together with the comparative figures for the corresponding year in 2013.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March 2014

	Notes	2014 HK$'000	2013 HK$'000
Turnover	6	**31,458**	35,132
Cost of sales		**(12,921)**	(20,716)
Gross profit		**18,537**	14,416
Other income and gains	7	**141**	443
Administrative expenses		**(73,359)**	(107,200)
Fair value changes on investment properties		**440**	2,853
Gain on cancellation of convertible bonds		**–**	212,704
Loss on written off of property, plant and equipment		**(21)**	(22)
Impairment loss recognised in respect of intangible assets		**(53,622)**	(433,431)
Loss on disposal of available-for-sale investments		**–**	(12,408)
Loss from operations	8	**(107,884)**	(322,645)
Finance costs	9	**(5)**	(12,097)
Loss before taxation		**(107,889)**	(334,742)
Income tax expense	10	**(4,566)**	(1,801)
Loss for the year		**(112,455)**	(336,543)
Loss for the year attributable to:			
owners of the Company		**(113,528)**	(336,474)
non-controlling interests		**1,073**	(69)
		(112,455)	(336,543)
Loss per share	11		
Basic and diluted		**HK$(0.30)**	HK$(1.04)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 March 2014

	2014	2013
	HK$'000	*HK$'000*
Loss for the year	**(112,455)**	(336,543)
Other comprehensive (expense)/income for the year		
Items that may be reclassified to profit or loss:		
Exchange differences on translation of financial statements of overseas subsidiaries	**(756)**	350
Release of investment revaluation reserve upon disposal of available-for-sale investments	**–**	10,000
Other comprehensive (expense)/income for the year, net of income tax	**(756)**	10,350
Total comprehensive expense for the year	**(113,211)**	(326,193)
Total comprehensive (expense)/income for the year attributable to:		
owners of the Company	**(114,467)**	(326,291)
non-controlling interests	**1,256**	98
	(113,211)	(326,193)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2014

	Notes	2014 HK$'000	2013 HK$'000
Non-current assets			
Property, plant and equipment		**4,577**	4,667
Investment properties		**24,083**	25,715
Goodwill		**47,248**	47,248
Intangible assets		**95,534**	172,155
Deposit for investment		**520**	17,000
Available-for-sale investments		**6,000**	6,000
		177,962	272,785
Current assets			
Trade and other receivables	*12*	**140,401**	83,684
Bank balances and cash		**5,815**	24,886
		146,216	108,570
Current liabilities			
Trade and other payables	*13*	**16,316**	17,562
Bank loan		**–**	373
Tax payable		**4,440**	741
		20,756	18,676
Net current assets		**125,460**	89,894
Total assets less current liabilities		**303,422**	362,679
Capital and reserves			
Share capital		**4,174**	3,266
Reserves		**286,027**	347,238
Equity attributable to owners of the Company		**290,201**	350,504
Non-controlling interests		**9,873**	8,617
		300,074	359,121
Non-current liabilities			
Convertible bonds		**–**	–
Bank loan		**–**	–
Deferred tax liabilities		**3,348**	3,558
		3,348	3,558
		303,422	362,679

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2014

	Equity attributable to owners of the Company											
	Issued capital HK$'000	Share premium HK$'000	Contributed surplus HK$'000	Available-for-sale investments revaluation reserve HK$'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	Non-controlling interests HK$'000	Total equity HK$'000
At 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 interests 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 and 1 April 2013	3,266	1,208,558	325,798	–	2,647	–	605	5,756	(1,196,126)	350,504	8,617	359,121
Loss for the year	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(113,528)**	**(113,528)**	**1,073**	**(112,455)**
Other comprehensive (expense)/income for the year												
Exchange differences on translation of financial statements of overseas subsidiaries	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(939)**	**–**	**(939)**	**183**	**(756)**
Total comprehensive (expense)/income for the year	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(939)**	**(113,528)**	**(114,467)**	**1,256**	**(113,211)**
Transfer of statutory reserve	**–**	**–**	**–**	**–**	**–**	**–**	**1,346**	**–**	**(1,346)**	**–**	**–**	**–**
Recognition of equity-settled share-based payments	**–**	**–**	**–**	**–**	**14,314**	**–**	**–**	**–**	**–**	**14,314**	**–**	**14,314**
Exercise of share options	**317**	**22,816**	**–**	**–**	**(7,870)**	**–**	**–**	**–**	**–**	**15,263**	**–**	**15,263**
Lapsed of share options	**–**	**–**	**–**	**–**	**(1,059)**	**–**	**–**	**–**	**1,059**	**–**	**–**	**–**
Placing of shares	**591**	**24,628**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**25,219**	**–**	**25,219**
Share issuing expense	**–**	**(632)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(632)**	**–**	**(632)**
At 31 March 2014	**4,174**	**1,255,370**	**325,798**	**–**	**8,032**	**–**	**1,951**	**4,817**	**(1,309,941)**	**290,201**	**9,873**	**300,074**

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 Suites 802-4, 8th Floor, Ocean Centre, Harbour City, 5 Canton Road, Tsim Sha Tsui, Kowloon, 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 principal activity of the Company is investment holding and the principal activities of its subsidiaries are property investments, provision of medical information digitalisation system ("MIDS"), provision of consultancy services, advertising and media related services, project management services, travel agency and related operations, and decoration and interior design 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 2013. A summary of the new and revised HKFRSs adopted by the Group is set out as follows:

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

The Group has early adopted HKAS 36 (Amendments) *Recoverable Amount Disclosures for Non-Financial Assets*, which is effective for annual period beginning on or after 1 January 2014.

The amendments to HKAS 36 remove the requirement to disclose the recoverable amount of a cash generating unit (CGU) to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements regarding the fair value hierarchy, key assumptions and valuation techniques used when the recoverable amount of an asset or CGU was determined based on its fair value less costs of disposal.

The adoption of the new and revised HKFRSs in the current year has no material impact on the Group's financial performance and positions for the current and prior years.

HKFRS 7 (Amendments) Disclosures – Offsetting Financial Assets and Financial Liabilities

The Group has applied the amendments to HKFRS 7 for the first time in the current year. The amendments to HKFRS 7 require entities to disclose information about:

a) recognised financial instruments that are set off in accordance with HKAS 32; and

b) recognised financial instruments that are subject to an enforceable master netting agreement or similar agreement, irrespective of whether the financial instruments are set off in accordance with HKAS 32.

As the Group does not have any offsetting arrangements or any master netting agreements in place, the application of the amendments has had no material impact on the disclosures or on the amounts recognised in these consolidated financial statements.

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

In the current year, the Group has applied for the first time the package of five standards on consolidation, joint arrangements, associates and disclosures comprising HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (as revised in 2011) and HKAS 28 (as revised in 2011), together with the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 regarding transitional guidance.

HKAS 27 (as revised in 2011) is not applicable to the Group as it deals only with separate financial statements.

The impact of the application of these standards is set out below.

Impact of the application of HKFRS 10

HKFRS 10 replaces the parts of HKAS 27 that addresses the accounting for consolidated financial statements and addresses the issues in HK(SIC)-Int 12. It establishes a single control model used for determining which entities are consolidated. To meet the definition of control in HKFRS 10, an investor must have (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. The changes introduced by HKFRS 10 require management of the Group to exercise significant judgement to determine which entities are controlled. The application of this new standard has no financial impact on the Group.

Impact of the application of HKFRS 11

HKFRS 11 replaces HKAS 31 Interests in Joint Ventures, and the guidance contained in a related interpretation, HK(SIC)-Int 13, has been incorporated in HKAS 28 (as revised in 2011). HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified and accounted for. Under HKFRS 11, there are only two types of joint arrangements – joint operations and joint ventures. The classification of joint arrangements under HKFRS 11 is determined based on the rights and obligations of parties to the joint arrangements by considering the structure, the legal form of the arrangements, the contractual terms agreed by the parties to the arrangement, and, when relevant, other facts and circumstances. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint ventures) have rights to the net assets of the arrangement. Previously, HKAS 31 contemplated three types of joint arrangements – jointly controlled entities, jointly controlled operations and jointly controlled assets. The classification of joint arrangements under HKAS 31 was primarily determined based on the legal form of the arrangement (e.g. a joint arrangement that was established through a separate entity was accounted for as a jointly controlled entity).

The initial and subsequent accounting of joint ventures and joint operations is different. Investments in joint ventures are accounted for using the equity method (proportionate consolidation is no longer allowed). Investments in joint operations are accounted for such that each joint operator recognises its assets (including its share of any assets jointly held), its liabilities (including its share of any liabilities incurred jointly), its revenue (including its share of revenue from the sale of the output by the joint operation) and its expenses (including its share of any expenses incurred jointly). Each joint operator accounts for the assets and liabilities, as well as revenues and expenses, relating to its interest in the joint operation in accordance with the applicable Standards.

Impact of the application of HKFRS 12

HKFRS 12 sets out the disclosure requirement for subsidiaries, joint arrangements, associates and structured entities previously included in HKAS 27, HKAS 31 and HKAS 28. It also introduces a number of new disclosure requirements for these entities.

The HKFRS 10, HKFRS 11 and HKFRS 12 (Amendments) clarify the transition guidance in HKFRS 10 and provide further relief from full retrospective application of these standards, limiting the requirement to provide adjusted comparative information to only the preceding comparative period. The amendments clarify that retrospective adjustments are only required if the consolidation conclusion as to which entities are controlled by the Group is different between HKFRS 10 and HKAS 27 or HK(SIC)-Int 12 at the beginning of the annual period in which HKFRS 10 is applied for the first time. These amendments have no material impact on the Group.

HKFRS 13 Fair Value Measurement

HKFRS 13 provides a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across HKFRSs. The Standard does not change the circumstances in which the Group is required to use fair value, but rather provides guidance on how fair value should be applied where its use is already required or permitted under other HKFRSs. HKFRS 13 is applied prospectively and the adoption has had no material impact on the Group's fair value measurements. As a result of the guidance in HKFRS 13, the policies for measuring fair value have been amended. The application of this new standard has no material financial impact on the Group.

HKAS 1 Presentation of Items of Other Comprehensive Income

The Group has applied the amendments to HKAS 1. The amendments introduce new terminology for the statement of profit or loss and other comprehensive income. The amendments to HKAS 1 retain the option to present statement of 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 do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes.

Other than the above mentioned presentation changes, the application of the amendments to HKAS 1 does not result in any impact on consolidated profit or loss, other comprehensive income and total comprehensive income.

3. ISSUED BUT NOT YET EFFECTIVE HKFRSs

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

HKAS 19 (Amendments)	Defined Benefit Plans: Employee Contributions[2]
HKAS 32 (Amendments)	Offsetting Financial Assets and Financial Liabilities[1]
HKAS 39 (Amendments)	Novation of Derivatives and Continuation of Hedge Accounting[1]
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2010-2012 Cycle[3]
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2011-2013 Cycle[2]
HKFRS 9	Financial Instruments[5]
HKFRS 9, HKFRS 7 and HKAS 39 (Amendments)	Hedge Accounting and Amendments to HKFRS 9, HKFRS 7 and HKAS 39[5]
HKFRS 10, HKFRS 12 and HKAS 27 (Revised 2011)	Investment Entities[1]
HKFRS 14	Regulatory Deferral Accounts[4]
HK(IFRIC) - Int 21	Levies[1]

[1] Effective for annual period beginning on or after 1 January 2014, with earlier application permitted
[2] Effective for annual period beginning on or after 1 July 2014, with earlier application permitted
[3] Effective for annual period beginning on or after 1 July 2014, with limited exception
[4] Effective for annual period beginning on or after 1 January 2016, with earlier application permitted
[5] No mandatory effective date yet determined but is available for adoption

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirement of HKFRS 9 are described below:

- 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, 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 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 of financial liabilities attributable to changes in the financial liabilities' 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 fair value through profit or loss was presented in profit or loss.

The directors anticipate that the adoption of HKFRS 9 in the future may have a significant impact on the amounts reported in respect of the Group's financial assets and financial liabilities.

Regarding the Group's financial assets, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

HKFRS 10, HKFRS 12, and HKAS 27 (Amendments) Investment Entities

The amendments to HKFRS 10 include a definition of an investment entity and provide an exception to the consolidated requirement for entities that meet the definition of an investment entity. Investment entities are required to account for subsidiaries at fair value through profit or loss in accordance with HKFRS 9 rather than consolidate them. Consequential amendments have been made to HKFRS 12 and HKAS 27. The amendments to HKFRS 12 also set out the disclosure requirements for investment entities. The Group expects that these amendments will not have any impact on the Group as the Company is not an investment entity as defined in HKFRS 10.

HKAS 32 (Amendments) Offsetting Financial Assets and Financial Liabilities

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 directors of the Company do not anticipate that the application of these amendments to HKAS 32 will have a significant impact on the Group's consolidated financial statements as the Group does not have any financial assets and financial liabilities that qualify for offset.

HKAS 39 (Amendments) Novation of Derivatives and Continuation of Hedge Accounting

The amendments to HKAS 39 provide relief from the requirement to discontinue hedge accounting when a derivative hedging instrument is novated under certain circumstances. The amendments also clarify that any change to the fair value of the derivative hedging instrument arising from the novation should be included in the assessment of hedge effectiveness.

The directors of the Company do not anticipate that the application of these amendments to HKAS 39 will have any effect on the Group's consolidated financial statements as the Group does not have any derivatives that are subject to novation.

HK(IFRIC) – Int 21 Levies

HK (IFRIC) – Int 21 Levies addresses the issue of when to recognise a liability to pay a levy. The Interpretation defines a levy, and specifies that the obligating event that gives rise to the liability is the activity that triggers the payment of the levy, as identified by legislation. The Interpretation provides guidance on how different levy arrangements should be accounted for, in particular, it clarifies that neither economic compulsion nor the going concern basis of financial statements preparation implies that an entity has a present obligation to pay a levy that will be triggered by operating in a future period.

The directors of the Company anticipate that the application of HK (IFRIC) – Int 21 will have no effect on the Group's consolidated financial statements as the Group does not have any levy arrangements

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

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.

Basis of preparation

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, are disclosed in the annual report for the year ended 31 March 2014.

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.

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 2014.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2, leasing transactions that are within the scope of HKAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 or value in use in HKAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1: inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2: inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3: inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved where the Company;

- has power over the investee;

- is exposed, or has rights, to variable returns from its involvement with the investee; and

- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights related to the size and dispersion of holdings of the other vote holders;

- potential voting rights held by the Group, other vote holders or other parties;

- rights arising from other contractual arrangements; and

- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries 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.

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 intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in the Group's ownership interest in existing subsidiaries

Changes in the Group's ownership interests in existing subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKAS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

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 value at the acquisition date, 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 and HKAS 19 respectively;

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

- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 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 re-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 another measurement basis required by another HKFRS.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with the corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with HKAS 39, or HKAS 37 as appropriate, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

5. SEGMENT INFORMATION

The Group manages its businesses by divisions, which are organised by a mixture of both business lines (product and services) and geography. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following seven reportable segments. No operating segment have been aggregated to form the following reportable segments.

(i)	Property investments:	Leasing of properties located in Canada to generate rental income.
(ii)	MIDS:	Provision of radio-frequency identification system ("RFID" system), hospital information system ("HIS system") and picture archiving and communication system ("PACS") in 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 in Hong Kong.
(iv)	Advertising and media related services:	Engaged in designing, production, acting as agency and placement of advertisements, information consulting and marketing planning in PRC.
(v)	Project management services:	Provision of PRC project management services to entities in relation to the operation and monitoring of RFID card system.
(vi)	Travel agency and related operations:	Rendering travel agency services related to air ticketing and air/hotel packages in Hong Kong.
(vii)	Decoration and interior design services:	Provision of interior design and decoration services in Hong Kong.

Segment revenue and results

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resources allocation and assessments of segment performance for the years ended 31 March 2014 and 2013 is set out below:

	Property investments		MIDS		Consultancy services		Advertising and media related services		Project management services		Travel agency and related operations		Decoration and interior design services		Total	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013
	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*	***HK$'000***	*HK$'000*
Turnover:																
Sales to external customers	**1,775**	1,775	**4,002**	9,278	**902**	940	**19,849**	21,956	**1,685**	1,183	**3,015**	–	**230**	–	**31,458**	35,132
Segment results	**643**	2,510	**(71,338)**	(483,586)	**(5,581)**	(5,517)	**6,420**	(18,562)	**(4,362)**	(62)	**(1,749)**	–	**(77)**	–	**(76,044)**	(505,217)
Unallocated other revenue and gains															**15**	213,068
Unallocated expenses															**(31,855)**	(30,524)
Loss from operations															**(107,884)**	(322,673)
Finance costs															**(5)**	(12,069)
Loss before taxation															**(107,889)**	(334,742)
Income tax															**(4,566)**	(1,801)
Loss for the year															**(112,455)**	(336,543)

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

Segment results represent the profit/(loss) earned/(suffered) by each segment without allocation of central administration cost including directors' remuneration, other revenue and gains, 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:

	Property investments		MIDS		Consultancy services		Advertising and media related services		Project management services		Travel agency and related operations		Decoration and interior design services		Total	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013
	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*	***HK$'000***	*HK$'000*
Segment assets	**25,419**	27,332	**91,622**	179,138	**13,479**	20,053	**120,498**	92,133	**19,096**	11,822	**958**	–	**406**	–	**271,478**	330,478
Unallocated assets															**52,700**	50,877
Total assets															**324,178**	381,355
Segment liabilities	**245**	640	**4,845**	8,733	**1**	1	**4,381**	7,458	**1,082**	33	**1,618**	–	**172**	–	**12,344**	16,865
Unallocated liabilities															**8,412**	5,369
Total liabilities															**20,756**	22,234

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, borrowings and convertible bonds.

Other segment information

	Property investments		MIDS		Consultancy services		Advertising and media related services		Project management services		Travel agency and related operations		Decoration and interior design services		Unallocation		Total	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013
	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*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Interest expenses	**–**	(28)	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**(5)**	–	**(5)**	(28)
Depreciation of property, plant and equipment	**–**	–	**(198)**	(522)	**–**	–	**(197)**	(134)	**(37)**	–	**–**	–	**(4)**	–	**(1,200)**	(553)	**(1,636)**	(1,209)
Addition to non-current assets*	**–**	–	**–**	(36)	**–**	–	**(577)**	(47,760)	**(47)**	–	**–**	–	**(107)**	–	**(842)**	(2,382)	**(1,573)**	(50,178)
Amortisation of intangible assets	**–**	–	**(15,114)**	(43,191)	**(6,479)**	(6,477)	**(84)**	(11,464)	**(1,242)**	(1,242)	**–**	–	**–**	–	**–**	–	**(22,919)**	(62,374)
Impairment loss recognised in respect of intangible assets	**–**	–	**(53,622)**	(414,655)	**–**	–	**–**	(18,776)	**–**	–	**–**	–	**–**	–	**–**	–	**(53,622)**	(433,431)
Written off of intangible assets	**–**	–	**–**	–	**–**	–	**(55)**	–	**–**	–	**–**	–	**–**	–	**–**	–	**(55)**	–
Fair value changes on investment properties	**440**	2,853	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**440**	2,853

Geographical information

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's non-current assets* ("specified non-current assets"). The geographical location of customers is based on the location of the revenue derived, and the specified non-current assets is based on the physical location of the asset, in the case of property, plant and equipment and investment properties, and the location of the operation to which they are allocated, in the case of intangible assets and goodwill.

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***	
	2014	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**4,249**	940	**136,908**	211,148
The PRC	**25,434**	32,417	**10,451**	12,922
Canada	**1,775**	1,775	**24,083**	25,715
Total	**31,458**	35,132	**171,442**	249,785

* Non-current assets excluded those relating to financial instruments and deposit for investment

Information about major customers

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

	2014 *HK$'000*	2013 *HK$'000*
Customer A[2]	**–**	6,596
Customer B[2]	**11,461**	3,794
Customer C[2]	**47**[3]	11,061
Customer D[1]	**4,002**	2,837[3]
Customer E[2]	**3,396**	–

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 services rendered by the Group to customers, after allowances for returns and trade discounts where applicable and services rendered.

	2014 *HK$'000*	2013 *HK$'000*
Gross rental income from investment properties	**1,775**	1,775
Provision of MIDS	**4,002**	9,278
Provision of consultancy services	**902**	940
Provision of advertising and media related services	**19,849**	21,956
Provision of project management services	**1,685**	1,183
Provision of travel agency services	**3,015**	–
Provision of decoration and interior design services	**230**	–
Total	**31,458**	35,132

7. OTHER INCOME AND GAINS

	2014 *HK$'000*	2013 *HK$'000*
Bank interest income	**7**	365
Interest income on loan to an independent third party	**–**	26
Other income	**134**	52
Total	**141**	443

8. LOSS FROM OPERATIONS

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

	2014	2013
	HK$'000	*HK$'000*
Auditors' remuneration	**880**	880
Amortisation of intangible assets	**22,919**	62,374
Cost of sales	**12,921**	20,716
Depreciation of property, plant and equipment	**1,636**	1,209
Net foreign exchange loss	**1,000**	422
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)**	(1,775)
Less: Direct operating expenses from investment property that generate rental income during the year	**1,041**	1,798
	(734)	23
Minimum lease payment under operating lease on premises	**3,161**	3,009
Staff costs (including directors' remuneration)		
Salaries and allowances	**12,144**	16,226
Share-based payment expenses	**14,314**	2,647
Contribution to retirement benefits scheme	**629**	826
	27,087	19,699

9. FINANCE COSTS

	2014	2013
	HK$'000	*HK$'000*
Interest on bank loans wholly repayable within five years	**5**	28
Effective interest expenses on convertible bonds wholly repayable over five years	**–**	12,069
Total	**5**	12,097

10. INCOME TAX EXPENSE

	2014	2013
	HK$'000	*HK$'000*
Current tax charged:		
Hong Kong Profits Tax	**–**	–
PRC Enterprise Income Tax	**4,489**	670
Over-provision in prior year	**–**	(323)
	4,489	347
Deferred tax:		
Current year	**77**	1,454
Total tax charge	**4,566**	1,801

Hong Kong Profits Tax is calculated at 16.5% on the estimated assessable profit for both years. 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:

	2014	2013
	HK$'000	*HK$'000*
Loss		
Loss attributable to owners of the Company for the purposes of basic and diluted loss per share	**(113,528)**	(336,474)

	2014	2013
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**376,828,600**	324,224,162

The denominators used are the same as those detailed above for both basic and diluted 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 2013.

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 a decrease in loss per share for both years.

12. TRADE AND OTHER RECEIVABLES

	2014	2013
	HK$'000	*HK$'000*
Trade receivables *(Note (a))*	**49,385**	49,027
Deposits	**33,345**	12,197
Prepayments	**5,060**	8,486
Other receivables	**52,611**	13,974
	140,401	83,684

Note:

(a) An aged analysis of the Group's trade receivables based on the invoice date from the date of revenue recognition, if earlier, and net of allowance for doubtful debts, at the end of the reporting period is as follows:

	2014	2013
	HK$'000	*HK$'000*
0 – 30 days	**16,280**	21,469
31 – 60 days	**–**	263
61 – 90 days	**1,842**	2,561
Over 90 days	**31,263**	24,734
	49,385	49,027

13. TRADE AND OTHER PAYABLES

	2014	2013
	HK$'000	*HK$'000*
Trade payables *(Note (a))*	**6,118**	8,904
Accruals and other payables	**7,818**	6,901
Tenant deposits	**42**	46
Receipt in advance	**65**	40
Amounts due to key officer	**121**	188
Other non-income tax payable	**2,152**	1,483
	16,316	17,562

Note:

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

	2014	2013
	HK$'000	*HK$'000*
0 – 30 days	**222**	717
31 – 60 days	**969**	110
61 – 90 days	**–**	91
Over 90 days	**4,927**	7,986
	6,118	8,904

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 March 2014 (2013: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Business Overview

Provision of Medical Information Digitalisation System

In early 2014, the National Health and Family Planning Commission ("NHFPC") proposed the prominence priorities for 2014 including to strengthen the management of medical equipment through promoting the development and utilisation of PRC domestic medical equipment and accelerate the pace of population healthcare information technology platforms by building population healthcare data standards and information security protection system and the construction of full demographic information, electronic medical records and electronic healthcare records database for integrated national population healthcare information and data center for resource exchange.

In supporting the priorities for 2014 in the area of healthcare information technology projects, the NHFPC published the trial run of the Management Measures for the Population Healthcare Information to further regulate and standardise the management and high-level technological requirements for healthcare information technology projects involving healthcare data. With the rapid advancements in the healthcare information area and the development of new technologies, vast amounts of healthcare information are being collected via medical and healthcare institutions at all levels through the use of electronic medical records and electronic health records. The healthcare information is being more widely shared and the needs for using the population healthcare information are also increasing. Meanwhile the security threats surrounding these population healthcare information has also increased and there is an urgent need to draw on the experience from international best practices and to study and formulate the management policy on population healthcare information, so as to ensure the security of such information and to protect the privacy of individual citizens. The purpose is to strengthen and further standardise the collection, management, utilisation, security and privacy protection of population healthcare information at all levels of healthcare institutions and to promote the interoperability and shared use of the information.

The NHFPC will co-ordinate the planning of national healthcare information roadmap and develop a unified standard for population healthcare information. Each of the responsible unit should follow the unified plan and carry out the management of population healthcare information according to the unified standard. The management measures cover the following areas, first is the safety protection of the healthcare information. As the population healthcare information involves personal privacy, performing data mining on such information is a matter of social security and stability, the protection of personal privacy is a basic requirement. Secondly, the storage management requires the construction of three major databases covering the national population database, electronic health records database and the electronic medical records database, and a national, provincial, municipal and county level 4-tier healthcare information platform. The responsible units should use data storage, disaster recovery and management conditions in line with national standards. Regular backup and recovery testing should be performed to ensure the healthcare information data can be timely, completely and accurately recovered as to realise long-term preservation and historical data retention through archiving management. All healthcare information data cannot be stored outside the PRC, nor hosted or leased on servers located outside the PRC.

Thirdly is the requirements on entrusted management. Responsible units that have the need to entrust other entities on the storage, operation and maintenance of the healthcare information, shall be strictly in accordance with national laws and standards to ensure that the trustees have the appropriate qualifications and must not carry out unauthorised collection, development and use of the population healthcare information. Fourth is the authorisation and audit trail management. Users of the healthcare information must specify the access method, contents accessed and the use of information and the user shall not exceed the usage mandate and disseminate the information or to publish the information without authorisation so as to endanger civil rights, social order and national security. The audit trail should be on real-name identity basis for authentication and authorisation controls so that users' behavior can be managed, controlled and traceable. The fifth is to implement information security requirements related to the national security system requirements, and to enhance the information systems, information technology products and information technology services providers' safety management to ensure the information is safe and controllable. Lastly is the establishment of a notification system. If entities or individuals who are involved in the use, construction, maintenance and technical support violates the provisions of data loss, data destruction, loss of privacy and other adverse consequences. The responsible unit should be notified and if the circumstances are serious and violates state laws and regulations, the entities or individuals shall be prosecuted under the law.

During the year under review, the revenue contributed by such segment was HK$4.0 million (2013: HK$9.3 million).

Property Investments

With the completion of environmental improvement works around the investment property in Canada and also the full repayment of the mortgage loan, taking into account that the property market in Canada will remain stable in the medium term and to take advantage of the low mortgage rates compare to historical standards, the Group is exploring the possibility of refinancing the mortgage for the investment property in Canada.

During the year under review, the revenue contributed by such segment was HK$1.8 million (2013: HK$1.8 million) and was mainly derived from the leasing of an investment property located in Canada.

Provision of Consultancy Services

The commodities of 4G LTE mobile network across the global is also observed in Hong Kong where the number of 4G LTE mobile service subscribers have doubled in the past 12 months and the mobile data usage per subscriber is reaching the 1GB threshold from mobile usage statistics. With the decline in the utilisation of short message services and international direct dial voice calls, which are gradually replaced by instant messaging and voice-over-IP mobile applications, mobile subscribers are now more interested in the amount of data and the speed of connection when choosing their mobile telecommunication services to access the wide varieties of games, social network sharing or simply to keep up with the latest news, weather, market movements and travel and lifestyle information.

During the year under review, the revenue contributed by such segment was HK$0.9 million (2013: HK$0.9 million).

Advertising and Media Related Services

The advertising and media related services segment have become one of the pillar revenue streams and the Group continues to develop the business in the PRC around the Yangtze River Delta area. Apart from the traditional printed media, depending on the customer's requirements, promotional activities in commercial office buildings are also a form of advertising for new or seasonal fast-moving consumer-goods. The scope of services have also expanded from design, production and publication of advertisement to related services including provision of branding promotion and marketing to clients such as e-marketing via online media, social networking sites and communities. The Group will continue to seek opportunities both in expanding its customer base and also into the trending area of new media where many consumers are willing to spend time online to search for product or services.

On 28 May 2013, the vendor, the purchaser and the Company have agreed to extend the long stop date for the completion of the acquisition in relation to purchase 40% of the entire issued share capital of Keen Renown Limited to 30 September 2013. On 26 September 2013, the vendor, the purchaser and the Company further extended the long stop date to 31 March 2014. As at 31 March 2014, the conditions precedent of the agreement had not yet been fulfilled and the Company anticipates that the acquisition may take longer time than expected due to the fluctuations of market conditions. Therefore the agreement was lapsed on 31 March 2014 and the parties will be released from their rights and obligations under the agreement.

During the year under review, the revenue contributed by such segment was HK$19.8 million (2013: HK$22.0 million).

Provision of Project Management Services

While the latest generation of the Educational Institution Internal Security Control System ("EIISCS") has evolved into a communication platform between the educational institution and its students and parents by taking advantage of the convenience brought by the smartphone era, the technology provider is employing an agency model in order to achieve rapid market development in the PRC. In view of the higher up-front costs and the relative slow rate of return from the subscription income, the Group is reviewing the deployment strategy for the EIISCS.

During the year under review, the revenue contributed by such segment was HK$1.7 million (2013: HK$1.2 million).

Travel Agency and Related Operations

In contrast to the challenges faced by western nations, business activities in the Asia region remains relatively unaffected and continues to be the travelling hub for the region, with Hong Kong International Airport entering the TTG Travel Awards' Travel Hall of Fame and named the Best Airport in China in 2013. After the longer than expected application process, a subsidiary in Hong Kong was granted a Travel Agent's License in early 2014. The primary focus is on corporate customers with business travel needs in the Asia region and it is quickly contributing a steady revenue stream.

During the year under review, the revenue contributed by such segment was HK$3.0 million (2013: HK$Nil).

Decoration and Interior Design Services

Working along the promotion and media related services, the Group have also established subsidiaries in Hong Kong and the PRC to carry out the decoration and interior design services business. With PRC's focus on internal consumptions, opportunities such as interior design in shopping mall together with exterior lighting design; design and decoration of residential property showroom; lighting design for landmark and exterior design for commercial office building in the PRC are being explored as on-going business development. In Hong Kong, the focus would be small to medium scale commercial interior design and decoration for offices and retail shops as the costs are relatively high as compare to the PRC.

During the year under review, the revenue contributed by such segment was HK$0.2 million (2013: HK$Nil).

Financial Review

For the year under review, the revenue of the Group was approximately HK$31.5 million (2013: HK$35.1 million), of which approximately HK$4.0 million (2013: HK$9.3 million) was generated from rollout of MIDS, approximately HK$1.8 million (2013: HK$1.8 million) was generated from the leasing of investment properties located in Canada, approximately HK$19.8 million (2013: HK$22.0 million) was generated from provision of advertising and media related services, approximately HK$0.9 million (2013: HK$0.9 million) was generated from provision of consultancy services, approximately HK$1.7 million (2013: HK$1.2 million) was generated from provision of project management services, approximately HK$3.0 million (2013: HK$Nil) was generated from travel agency and related operations and approximately HK$0.2 million (2013:HK$Nil) was generated from decoration and interior design services, representing an decrease of approximately 10.5% as compared with the year ended 31 March 2013. Other revenue amounted to approximately HK$0.1 million, a decrease of 68.2% over the prior year.

Administrative expenses decreased by 31.6% to approximately HK$73.4 million from HK$107.2 million in prior year. Such decrease was mainly attributed to the combined effect of a decrease in the amortisation of intangible assets of approximately HK$22.9 million (2013: HK$62.4 million); an increase in staff costs to approximately HK$27.1 million (2013: HK$19.7 million) and overseas travelling expenses to approximately HK$5.1 million (2013: HK$3.4 million).

Finance costs decreased to approximately a nominal HK$5,000 (2013: HK$12.1 million). The decrease was mainly due to the cancellation of convertible bonds issued by the Company and the interest on which is no longer payable.

Loss attributable to owners of the Company was approximately HK$113.5 million (2013: HK$336.5 million). The change was mainly attributed to a decrease of impairment loss recognised in respect of intangible assets of approximately HK$53.6 million (2013: HK$433.4 million); and the amortisation of intangible assets of approximately HK$22.9 million (2013: HK$62.4 million).

	For the year ended 31 March 2014 *HK$'000*
For description purposes, included in loss for the year are the following items:	
Impairment loss recognised in respect of intangible assets	53,622
Amortisation of intangible assets	22,919
Share-based payments	14,314
Depreciation of property, plant and equipment	1,636
Fair value changes on investment properties	(440)

Future Plans

In early 2014, the mutual stock market access between Hong Kong and Shanghai was announced and the development of a pilot programme for establishing stock market trading links between Shanghai and Hong Kong was initiated. This pilot programme follows the decision made at the Third Plenary Session to enhance the two-way opening up of the mainland's capital market and expand the co-operation with Hong Kong by further opening up the market and enable mainland investors to invest in overseas market in an orderly way, and to enhance the opening up of the mainland's capital market and promote the internationalisation of the Renminbi. Riding along the trend of increased market activities in Hong Kong, on 29 November 2013, the Company entered into an offer letter in respect of the possible acquisition of the entire issued share capital of a licensed corporation to carry on business in Type 1 (Dealing in securities) regulated activity under the SFO and subsequently on 29 January 2014, a wholly-owned subsidiary of the Company entered into an agreement with the vendor and on 17 April 2014 entered into a supplemental agreement for the conditional acquisition of the entire issued share capital of the licensed corporation. The proposed acquisition would enable the Company to broaden its portfolio of services in the financial services business segment through direct investment in and hands-on management and operation of the licensed corporation, and anticipates the licensed corporation will tap into the potentials brought by the future establishment of the two-way trading between the stock markets in Hong Kong and Shanghai.

Furthermore under the area of financial services, after receiving formal approval from the Economy, Trade and Information Commission of Shenzhen Municipality in early 2014, a wholly-owned subsidiary of the Company, Shenzhen City Jia Ying Financial Leasing Company Limited[#] (深圳市嘉盈融資租賃有限公司) is also propelling the new financial services business. In the first half of 2014, it focused on establishing the organisational structure, internal working procedure and formulating the business plan. As a prudent financial intermediate business, emphasis is on the credit approval process especially in the repayment ability of the individual borrowers. After conducting relevant market research and proper business analysis, the direction is to focus the finance leasing business in the medical and environmental protection facilities and machineries, and also looking closely into those infrastructure and policy encouraged projects in the coming future. Through the business connections in both Hong Kong and the PRC, some potential projects have already been identified and targeted to materialise in the second half of 2014. In view of the strong and continual growth of the Chinese economy, the finance leasing business is optimistic to facilitate the fund raising business in between Hong Kong and Mainland China so that it can help PRC companies to acquire their own production facilities and contribute to a stable and profitable revenue stream of the Group.

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

Looking in the area of travel agency and related services, the Group is engaging in the development of a travel information and services platform for both travel agency businesses and traveler clients. The platform aims to provide travel information and management services, as well as flight ticket booking and accommodation reservations and can also serve as a one-stop travel advertising network platform. For travel agencies, the network platform can introduce cost savings by reducing the time and resources spent on developing and maintaining its own travel management system, the network platform also allows sales of existing travel products and to expand the range of travel products to a wider customer base. The network platform provides a unique identifier to both the travel agency companies and travel agents to allow business to business partnerships together with cross-platform business intelligence collection and analysis to facilitate timely and accurate management decisions. For traveler clients, the network platform can provide customers with personalised travel information along with tickets and accommodation reservations and other travel services.

In another front of the travel related services, tapping into the market of affluent travelers in the PRC, the Group is formulating a membership based program providing a comprehensive solution for individuals seeking a full range of travel protection. The membership program offers complimentary baggage tracking service, travel insurance covering medical evacuation and repatriation and a payment solution that eliminates the need for travelers cheque or large amounts of cash for a hassle-free and secure journey. Members of the program would receive a prepaid credit card for their travel payment needs and the rechargeable prepaid credit card is widely accepted across the world in shops, restaurants with POS and ATM networks. By extending further upstream to provide a network platform to travel agency businesses and further downstream to traveler clients, the Group is transforming this newly established business segment into a stable revenue stream for the near future.

Liquidity and Financial Resources

At 31 March 2014, the Group had total assets of approximately HK$324.2 million (2013: HK$381.4 million), including net cash and bank balances of approximately HK$5.8 million (2013: HK$24.9 million). The decrease in cash and bank balances coincide with the increase in operating activities.

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 2014 as compared with that at 31 March 2013.

During the year ended 31 March 2014, certain option holders exercised their option rights to subscribe for an aggregate of 13,040,000 shares at HK$0.197 per share; an aggregate of 6,720,000 shares at HK$0.66 per share and an aggregate of 11,940,000 shares at HK$0.73 per share, the net proceeds from the exercise of option rights amounted to approximately HK$15.6 million.

On 24 June 2013, the Company and SBI E2-Capital Financial Services Limited (the "Placing Agent") entered into a conditional placing agreement, 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 65,000,000 placing shares at a placing price of HK$0.427 per placing share. The placing of 59,060,000 placing shares was completed on 18 July 2013.

On 4 December 2013, the Company and the Placing Agent entered into a conditional placing agreement, 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 40,000,000 placing shares at a placing price of HK$0.66 per placing share. The placing was lapsed on 3 January 2014 due to the then market conditions.

At 31 March 2014, the Group did not have any borrowing nor any banking facilities outstanding (2013: a loan of approximately HK$0.4 million secured by a mortgage of investment properties of the Group located in Canada).

Gearing Ratio

The gearing ratio, expressed as a percentage of total liabilities over total assets, was 7.4% (2013: 5.8%). The change in gearing ratio was mainly attributed to a written-down value of intangible assets in respect of substantial impairment during the year.

Charge on the Group's Assets

At 31 March 2014, the Group has pledged its investment property located in Canada with a fair value of HK$24.1 million to secure banking facilities (2013: HK$25.7 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 2014, the Group, as a lessor, had operating lease commitments of approximately HK$3.2 million (2013: HK$4.9 million) and as a lessee, had operating lease commitment of approximately HK$1.8 million (2013: HK$3.6 million).

Contingent Liabilities

At 31 March 2014, the Group had no contingent liabilities (2013: HK$Nil).

Employee

At 31 March 2014, the Group had 33 employees (2013: 41). 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 2014, the Group did not hold any significant investment.

Material Acquisitions and Disposal of Subsidiaries and Affiliated Companies

Save 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 2014.

Purchase, sale or redemption of shares

During the year ended 31 March 2014, 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 2014 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 2014.

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 2014.

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

Hong Kong, 19 June 2014

As at the date of this announcement, the Board comprises four executive directors, namely Mr. Lien Wai Hung, Mr. Lui Wing Fong, Alexander, Mr. Wei Shu Jun and Mr. Chan Wai Kwong, Peter 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.