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 2015

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 2015 together with the comparative figures for the corresponding year in 2014.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March 2015

	Notes	2015 HK$'000	2014 HK$'000
Continuing operations			
Turnover	6	**36,743**	27,456
Cost of sales		**(28,266)**	(9,883)
Gross profit		**8,477**	17,573
Other income and gains	7	**479**	124
Administrative expenses		**(67,311)**	(54,662)
Fair value changes on investment properties		**460**	440
Gain on bargain purchase		**322**	–
Gain on disposal of a subsidiary		**256**	–
Impairment loss recognised in respect of available-for-sale investments		**(6,000)**	–
Impairment loss recognised in respect of goodwill		**(14,802)**	–
Impairment loss recognised in respect of intangible assets		**(2,953)**	–
Written off of property, plant and equipment		**(37)**	(21)
Loss from operations	8	**(81,109)**	(36,546)
Finance costs	9	**–**	(5)
Loss before taxation		**(81,109)**	(36,551)
Income tax expense	10	**(190)**	(4,566)
Loss for the year from continuing operations		**(81,299)**	(41,117)
Discontinued operations			
Loss for the year from discontinued operations	14	**(75,482)**	(71,338)
Loss for the year		**(156,781)**	(112,455)
Loss for the year attributable to:			
owners of the Company		**(155,627)**	(113,528)
non-controlling interests		**(1,154)**	1,073
		(156,781)	(112,455)
Loss per share	11		
From continuing and discontinued operations			
Basic and diluted		**HK(0.30)**	HK(0.30)
From continuing operations			
Basic and diluted		**HK(0.15)**	HK(0.11)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2015

	2015	2014
	HK$'000	*HK$'000*
Loss for the year	**(156,781)**	(112,455)
Other comprehensive expense for the year		
Item that may be reclassified to profit or loss:		
Exchange differences on translation of financial statements of overseas subsidiaries	**(2,453)**	(756)
Other comprehensive expense for the year, net of income tax	**(2,453)**	(756)
Total comprehensive expense for the year	**(159,234)**	(113,211)
Total comprehensive expense for the year attributable to:		
owners of the Company	**(158,237)**	(114,467)
non-controlling interests	**(997)**	1,256
	(159,234)	(113,211)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 2015

	Notes	2015 HK$'000	2014 HK$'000
Non-current assets			
Property, plant and equipment		**7,391**	4,577
Investment properties		**21,406**	24,083
Goodwill		**32,446**	47,248
Intangible assets		**7,722**	95,534
Deposits for investment		**–**	520
Available-for-sale investments		**–**	6,000
		68,965	177,962
Current assets			
Trade and other receivables	*12*	**186,346**	140,401
Bank balances and cash		**4,252**	5,815
		190,598	146,216
Assets of disposal group classified as held for sale	*14*	**25,925**	–
		216,523	146,216
Current liabilities			
Trade and other payables	*13*	**18,199**	16,316
Tax payable		**4,795**	4,440
		22,994	20,756
Liabilities of disposal group classified as held for sale	*14*	**8,200**	–
		31,194	20,756
Net current assets		**185,329**	125,460
Total assets less current liabilities		**254,294**	303,422
Capital and reserves			
Share capital		**6,112**	4,174
Reserves		**236,334**	286,027
Equity attributable to owners of the Company		**242,446**	290,201
Non-controlling interests		**8,876**	9,873
		251,322	300,074
Non-current liability			
Deferred tax liabilities		**2,972**	3,348
		254,294	303,422

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2015

	Equity attributable to equity shareholders of the Company								Non-controlling interests	Total equity
	Issued capital	Share premium	Contributed surplus	Share-based compensation reserve	Statutory reserve	Translation reserve	Accumulated losses	Total		
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 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)/profit 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 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 and 1 April 2014	4,174	1,255,370	325,798	8,032	1,951	4,817	(1,309,941)	290,201	9,873	300,074
Loss for the year	–	–	–	–	–	–	(155,627)	(155,627)	(1,154)	(156,781)
Other comprehensive (expense)/income for the year										
Exchange differences on translation of financial statements of overseas subsidiaries	–	–	–	–	–	(2,610)	–	(2,610)	157	(2,453)
Total comprehensive expense for the year	–	–	–	–	–	(2,610)	(155,627)	(158,237)	(997)	(159,234)
Transfer of statutory reserve	–	–	–	–	15	–	(15)	–	–	–
Recognition of equity-settled share-based payments	–	–	–	11,529	–	–	–	11,529	–	11,529
Exercise of share options	172	12,261	–	(3,807)	–	–	–	8,626	–	8,626
Issue of new shares	1,296	67,134	–	–	–	–	–	68,430	–	68,430
Placing of shares	470	24,000	–	–	–	–	–	24,470	–	24,470
Share issuing expense	–	(2,573)	–	–	–	–	–	(2,573)	–	(2,573)
At 31 March 2015	6,112	1,356,192	325,798	15,754	1,966	2,207	(1,465,583)	242,446	8,876	251,322

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. According to the register of substantial shareholders maintained by the Company, at 31 March 2015 Growth Harvest Limited is a substantial shareholder of the Company and Growth Harvest Limited is beneficially owned by Ms. Tan Ting Ting.

The registered office and principal place of business of the Company are located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and Room 3203, 32nd Floor, Tower 1, Admiralty Centre, 18 Harcourt Road, Hong Kong respectively.

The 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 consultancy services, advertising and media related services, provision of 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 2014. A summary of the new and revised HKFRSs adopted by the Group is set out as follows:

HKAS 32 (Amendments)	Offsetting Financial Assets and Financial Liabilities
HKAS 39 (Amendments)	Novation of Derivatives and Continuation of Hedge Accounting
HKFRS 10, HKFRS 12 and HKAS 27 (Amendments 2011)	Investment Entities
HK(IFRIC) – Int 21	Levies

The Group has early applied the amendments to HKAS 36 "Recoverable Amount Disclosures for Non-Financial Assets", which is effective for annual periods beginning on or after 1 January 2014, in the financial year ended 31 March 2014.

The application of the above new and revised HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

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 1 (Amendments)	Disclosure Initiative[3]
HKAS 16 and HKAS 38 (Amendments)	Clarification of Acceptable Methods of Depreciation and Amortisation[3]
HKAS 16 and HKAS 41 (Amendments)	Agriculture: Bearer Plants[3]
HKAS 19 (Amendments)	Defined Benefit Plans: Employee Contributions[1]
HKAS 27 (2011) (Amendments)	Equity Method in Separate Financial Statements[3]
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2010-2012 Cycle[2]
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2011-2013 Cycle[1]
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2012-2014 Cycle[3]
HKFRS 9	Financial Instruments[5]
HKFRS 10 and HKAS 28 (2011) (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures[3]
HKFRS 10, HKFRS 12 and HKAS 28 (2011) (Amendments)	Investment Entities: Applying the Consolidation Exception[3]
HKFRS 11 (Amendments)	Accounting for Acquisitions of Interests in Joint Operations[3]
HKFRS 14	Regulatory Deferral Accounts[6]
HKFRS 15	Revenue from Contracts with Customers[4]

1 Effective for annual period beginning on or after 1 July 2014, with earlier application permitted

2 Effective for annual period beginning on or after 1 July 2014, with limited exceptions. Earlier application is permitted.

3 Effective for annual period beginning on or after 1 January 2016, with earlier application permitted

4 Effective for annual period beginning on or after 1 January 2017, with earlier application permitted

5 Effective for annual period beginning on or after 1 January 2018, with earlier application permitted

6 Effect for an entity that first adopts HKFRSs for its annual financial statements beginning on or after 1 January 2016 and therefore is not applicable to the Group

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for general hedge accounting. Another revised version of HKFRS 9 was issued in 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

Key requirements of HKFRS 9 are described below:

- All recognised financial assets that are within the scope of HKAS 39 "Financial Instruments: Recognition and Measurement" are 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. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- 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.

- In relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

- The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The directors of the Company 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 15 Revenue from Contracts with Customers

In July 2014, HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 "Revenue", HKAS 11 "Construction Contracts" and the related Interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

The directors of the Company anticipate that the application of HKFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group performs a detailed review.

Save as described above, the directors of the Company anticipate that the application of the new and revised HKFRSs will have no material effect on the Group's consolidated financial statements.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The consolidated financial statements have been prepared in accordance with 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 2015.

The consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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 when 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 relative 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 a 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 acquired or disposed of 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 component 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.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

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.

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 Taxes" and HKAS 19 "Employee Benefits" respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree 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 (see the accounting policy below); 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 reassessment, 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 fair value or, when applicable, on the basis specified in 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 Provisions, Contingent Liabilities and Contingent Assets, 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 its acquisition-date fair value 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 (products and services) and geography. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following six reportable segments. No operating segments have been aggregated to form the following reportable segments.

(i) Property investments: Leasing of properties located in Canada to generate rental income.

(ii) 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.

(iii) Advertising and media related services: Engaged in designing, production, acting as agency and placement of advertisements, information consulting and marketing planning in the PRC.

(iv) Project management services: Provision of PRC project management services to entities in relation to the operation and monitoring of RFID card system.

(v) Travel agency and related operations: Rendering travel agency services related to air ticketing and air/hotel packages in Hong Kong.

(vi) Decoration and interior design services: Provision of interior design and decoration services in Hong Kong.

Two operations (MIDS and provision of securities broking services) were discontinued during the year.

For the purposes of assessing segment performances and allocating resources between segments, the Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

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 2015 and 2014 are set out below:

	Continuing operations													
	Property investments		Consultancy services		Advertising and media related services		Project management services		Travel agency and related operations		Decoration and interior design services		Subtotal	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014
	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	**1,624**	1,775	**675**	902	**16,290**	19,849	**1,001**	1,685	**15,137**	3,015	**2,016**	230	**36,743**	27,456
Segment results	**618**	643	**(8,761)**	(5,581)	**(18,425)**	6,420	**(5,570)**	(4,362)	**(540)**	(1,749)	**(807)**	(77)	**(33,485)**	(4,706)

	Discontinued operations							
	MIDS		Securities broking services		Subtotal		Total	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Turnover:								
Sales to external customers	**–**	4,002	**100**	–	**100**	4,002	**36,843**	31,458
Segment results	**(76,213)**	(71,338)	**731**	–	**(75,482)**	(71,338)	**(108,967)**	(76,044)
Unallocated other income and gains							**479**	15
Unallocated expenses							**(48,103)**	(31,855)
Loss from operations							**(156,591)**	(107,884)
Finance costs							**–**	(5)
Loss before taxation							**(156,591)**	(107,889)
Income tax expense							**(190)**	(4,566)
Loss for the year							**(156,781)**	(112,455)

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 income 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:

	Continuing operations														Discontinued operations							
	Property investments		Consultancy services		Advertising and media related services		Project management services		Travel agency and related operations		Decoration and interior design services		Subtotal		MIDS		Securities broking services		Subtotal		Total	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014
	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*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment assets	**22,725**	25,419	**4,077**	13,479	**103,395**	120,498	**14,960**	19,096	**2,148**	958	**2,666**	406	**149,971**	179,856	**16,546**	91,622	**–**	–	**16,546**	91,622	**166,517**	271,478
Unallocated assets																					**118,971**	52,700
Total assets																					**285,488**	324,178
Segment liabilities	**301**	245	**–**	1	**7,895**	4,381	**2,014**	1,082	**2,031**	1,618	**1,908**	172	**14,149**	7,499	**6,186**	4,845	**–**	–	**6,186**	4,845	**20,335**	12,344
Unallocated liabilities																					**13,831**	11,760
Total liabilities																					**34,166**	24,104

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

– all assets are allocated to reportable segments other than available-for-sale investments, other unallocated head office and corporate 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 unallocated head office and corporate financial liabilities.

Other segment information

	Continuing operations														Discontinued operations									
	Property investments		Consultancy services		Advertising and media related services		Project management services		Travel agency and related operations		Decoration and interior design services		Subtotal		MIDS		Securities broking services		Subtotal		Unallocated		Total	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014
	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*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Interest expenses	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	(5)	**–**	(5)
Addition to non-current assets*	**–**	–	**–**	–	**(2,078)**	(576)	**–**	(47)	**–**	–	**(429)**	(106)	**(2,507)**	(729)	**(8)**	–	**(17)**	–	**(25)**	–	**(3,002)**	(842)	**(5,534)**	(1,571)
Amortisation of intangible assets	**–**	–	**(6,478)**	(6,479)	**–**	(84)	**(1,613)**	(1,242)	**–**	–	**–**	–	**(8,091)**	(7,805)	**(9,186)**	(15,114)	**(17)**	–	**(9,203)**	(15,114)	**–**	–	**(17,294)**	(22,919)
Depreciation of property, plant and equipment	**–**	–	**–**	–	**(462)**	(197)	**(29)**	(37)	**–**	–	**(71)**	(4)	**(562)**	(238)	**(81)**	(198)	**–**	–	**(81)**	(198)	**(2,013)**	(1,200)	**(2,656)**	(1,636)
Fair value changes on investment properties	**460**	440	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**460**	440	**–**	–	**–**	–	**–**	–	**–**	–	**460**	440
Impairment loss on available-for-sale investment	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**(6,000)**	–	**(6,000)**	–
Impairment loss recognised in respect of goodwill	**–**	–	**–**	–	**(14,802)**	–	**–**	–	**–**	–	**–**	–	**(14,802)**	–	**–**	–	**–**	–	**–**	–	**–**	–	**(14,802)**	–
Impairment loss recognised in respect of intangible assets	**–**	–	**(2,953)**	–	**–**	–	**–**	–	**–**	–	**–**	–	**(2,953)**	–	**(65,480)**	(53,622)	**–**	–	**(65,480)**	(53,622)	**–**	–	**(68,433)**	(53,622)
Written off of intangible assets	**–**	–	**–**	–	**–**	(55)	**–**	–	**–**	–	**–**	–	**–**	(55)	**–**	–	**–**	–	**–**	–	**–**	–	**–**	(55)

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 from continuing operations and information about its non-current assets by geographical location are detailed below:

	Revenue from external customers		**Non-current assets***	
	2015	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**18,829**	4,249	**12,719**	29,557
The PRC	**16,290**	21,432	**34,840**	124,322
Canada	**1,624**	1,775	**21,406**	24,083
Total	**36,743**	27,456	**68,965**	177,962

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

Information about major customers

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

	2015	2014
	HK$'000	*HK$'000*
Customer A[1]	**4,850**	–
Customer B[2]	**4,435**	–
Customer C[1]	**4,260**	–
Customer D[1]	**–**	11,461
Customer E[1]	**–**	47[3]
Customer F[1]	**–**	3,396

[1] Revenue from advertising and media related services
[2] Revenue from travel agency and related operations
[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.

	2015	2014
	HK$'000	*HK$'000*
Gross rental income from investment properties	**1,624**	1,775
Provision of consultancy services	**675**	902
Provision of advertising and media related services	**16,290**	19,849
Provision of project management services	**1,001**	1,685
Provision of travel agency services	**15,137**	3,015
Provision of decoration and interior design services	**2,016**	230
Total	**36,743**	27,456

7. OTHER INCOME AND GAINS

	2015	2014
	HK$'000	*HK$'000*
Bank interest income	**1**	2
Interest income on loan to an independent third party	**110**	–
Management fee income	**112**	–
Other income	**256**	122
Total	**479**	124

8. LOSS FROM OPERATIONS

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

	2015	2014
	HK$'000	*HK$'000*
Auditors' remuneration	**880**	880
Amortisation of intangible assets	**8,091**	7,805
Cost of sales	**28,266**	9,883
Depreciation of property, plant and equipment	**562**	238
Net foreign exchange loss	**127**	923
Gross rental income from investment property	**(1,624)**	(1,775)
Less: Direct operating expenses from investment property that generate rental income during the year	**1,075**	1,041
	(549)	(734)
Minimum lease payment under operating lease on premises	**2,430**	2,817
Share-based payment expenses in respect of consultancy services	**11,529**	12,814
Staff costs (including directors' remuneration)		
Salaries and allowances	**16,130**	10,843
Share-based payment expenses	**–**	1,500
Contribution to retirement benefits scheme	**680**	439
	16,810	12,782

9. FINANCE COSTS

	2015	2014
	HK$'000	*HK$'000*
Interest on bank loans wholly repayable within five years	**–**	5
Total	**–**	5

10. INCOME TAX EXPENSE

	2015	2014
	HK$'000	*HK$'000*
Current tax charged:		
PRC Enterprise Income Tax	**131**	4,489
	131	4,489
Deferred tax:		
Current year	**59**	77
Total tax charged	**190**	4,566

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

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:

From continuing and discontinued operations

	2015	2014
	HK$'000	*HK$'000*
Loss		
Loss attributable to owners of the Company for the purposes of basic and diluted loss per share	**(155,627)**	(113,528)

	2015	2014
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**526,913,861**	376,828,600

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 both years.

From continuing operations

	2015	2014
	HK$'000	*HK$'000*
Loss		
Loss attributable to owners of the Company for the purposes of basic and diluted loss per share	**(80,145)**	(42,190)

	2015	2014
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**526,913,861**	376,828,600

From discontinued operations

Basic and diluted loss per share for the discontinued operation is HK0.15 cents per share (2014: HK0.19 cents per share), based on the loss for the year from the discontinued operations of approximately HK$75,482,000 (2014: HK$71,338,000).

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

12. TRADE AND OTHER RECEIVABLES

	2015	2014
	HK$'000	*HK$'000*
Trade receivables *(Note (a))*	**15,433**	49,385
Deposits	**51,923**	33,345
Prepayments	**27,577**	5,060
Other receivables	**87,333**	52,611
Loan receivables	**4,080**	–
	186,346	140,401

Note:

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

	2015	2014
	HK$'000	*HK$'000*
0 – 30 days	**1,115**	16,280
31 – 60 days	**5,352**	–
61 – 90 days	**620**	1,842
Over 90 days	**8,346**	31,263
	15,433	49,385

13. TRADE AND OTHER PAYABLES

	2015	2014
	HK$'000	*HK$'000*
Trade payables *(Note (a))*	**6,453**	6,118
Accruals and other payables	**6,717**	7,818
Tenant deposits	**37**	42
Receipt in advance	**4,145**	65
Amounts due to key officer *(Note (b))*	**105**	121
Other non-income tax payable	**742**	2,152
	18,199	16,316

Notes:

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

	2015	2014
	HK$'000	*HK$'000*
0 – 30 days	**2,963**	222
31 – 60 days	**285**	969
61 – 90 days	**40**	–
Over 90 days	**3,165**	4,927
	6,453	6,118

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

14. DISCONTINUED OPERATIONS AND DISPOSAL GROUP HELD FOR SALE

(a) Discontinued operations

Plan to dispose of MIDS operations

On 13 March 2015 and 26 March 2015, the Group entered into two disposal agreements with purchaser A and purchaser B to dispose of the entire registered capital of 嘉鈦華數碼科技天津有限公司("嘉鈦華") and 天津市逸晨電子科技有限公司("逸晨"), wholly-owned subsidiaries of the Company, which carried out the Group's MIDS operations at a consideration of HK$11,000,000 and HK$1,000,000 respectively. The carrying amount of the related assets and liabilities are carried at the lower of carrying amount and their fair value less costs to sell and, accordingly, no impairment loss was recognised, neither when 嘉鈦華 and 逸晨 were reclassified as held for sale nor at the end of the reporting period. Details of the assets and liabilities of disposal group held for sale at 31 March 2015 are disclosed in note 14(b).

嘉鈦華 and 逸晨 carried out all of the Group's MIDS operations. The disposal of the Group's MIDS business is to streamline the Group's operations in the PRC.

Analysis of loss for the year from MIDS operations

The results of the discontinued operations, (i.e MIDS operations business) are included in the loss for the year are set out below. The comparative loss and cash flows from discontinued operations have been re-presented to include those operations classified as discontinued in the current year.

	2015	2014
	HK$'000	*HK$'000*
Loss for the year from MIDS operations		
Turnover	**–**	4,002
Cost of sales	**–**	(3,038)
Gross profit	**–**	964
Other income and gains	**–**	17
Administrative expenses	**(10,733)**	(18,697)
Impairment loss recognised in respect of intangible assets	**(65,480)**	(53,622)
Loss before taxation	**(76,213)**	(71,338)
Income tax expense	**–**	–
	(76,213)	(71,338)
Loss for the year from MIDS operations include the following:		
Amortisation of intangible assets	**9,186**	15,114
Depreciation of property, plant and equipment	**81**	198
Cash flows from MIDS operations		
Net cash outflows from operating activities	**(634)**	(7,766)
Net cash outflows from investing activities	**(8)**	(47)
Net cash inflows from financing activities	**782**	7,288

Disposal of securities broking services

On 17 December 2014, the Group entered into a disposal agreement with a purchaser to dispose of the entire issued share capital of Eastmoney International Securities Limited (formerly known as BWC Securities Limited) ("Eastmoney"), which carried out all of the Group's securities broking services operations. The disposal of the Group's securities broking services business is to realign the Group's strategic direction in the area of financial services. The disposal was completed on 31 March 2015, on which date control of the securities broking services operations was passed to the purchaser.

Analysis of loss for the year from discontinued operations

The results of the discontinued operations (i.e. securities broking services business) included in the loss for the year are set out below. As securities broking services business was acquired during the year, no comparative loss and cash flows have been presented.

	2015 ***HK$'000***
Profit for the year from securities broking services operations	
Turnover	**100**
Cost of sales	**–**
Gross profit	**100**
Other income and gains	**24**
Administrative expenses	**(396)**
Gain on disposal of a subsidiary	**1,003**
Profit before taxation	**731**
Income tax expense	**–**
	731
Profit for the year from securities and broking services operations include the following:	
Amortisation of intangible assets	**17**
Cash flows from securities broking services operations	
Net cash inflows from operating activities	**871**

Plan to dispose of project management services operations

On 23 March 2015, the Group entered into a disposal agreement with a purchaser to dispose of the entire registered capital of 廣州迅置通信息科技有限公司 ("廣州迅置通"), a wholly-owned subsidiary of the Company, which carried out all of the Group's project management services operations at a consideration of HK$8,000,000. The disposal of the Group's project management services operations is to streamline the Group's operations in the PRC. The disposal has not been completed as at the date of the annual report. The carrying amount of related assets and liabilities are carried at the lower of carrying amount and their fair value less costs to sell and, accordingly, no impairment loss was recognised, neither when 廣州迅置通 was reclassified as held for sale nor at the end of the reporting period.

Assets of disposal group held for sale at 31 March 2015

	嘉鈦華 and 逸晨 *HK$'000*	廣州迅置通 *HK$'000*	Total *HK$'000*
Property, plant and equipment	**45**	**–**	**45**
Intangible assets	**1,563**	**556**	**2,119**
Trade and other receivables	**14,910**	**8,821**	**23,731**
Bank balances and cash	**28**	**2**	**30**
	16,546	**9,379**	**25,925**
Liability of disposal group classified as held for sale at 31 March 2015			
Trade and other payables	**(6,186)**	**(2,014)**	**(8,200)**
	(6,186)	**(2,014)**	**(8,200)**
Net assets of disposal group classified as held for sale at 31 March 2015	**10,360**	**7,365**	**17,725**

FINAL DIVIDEND

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

MANAGEMENT DISCUSSION AND ANALYSIS

Business Overview

Provision of Medical Information Digitalisation System

Within the National Health and Family Planning Commission ("NHFPC") Statistical Information Center 2015 working priorities, which include promoting the utilisation of residents' health card; improving national-level platform with key information systems; strengthening information security standards and information and IT support for national health statistics, all have emphasis on data security on the electronic information stored on these healthcare information platform involving personal and sensitive data. The construction, maintenance and storage of such electronic data must met healthcare data securities standards stipulated by the NHFPC and the entities supplying these healthcare information systems must possess appropriate qualifications and conform to these safety measure. Moreover, to ensure information securities requirements are being complied with, some electronic computer equipment manufactured by international renowned companies are no longer on the list of approved equipment available for procurement by the PRC authorities. While these tightened policies and measures are essential in the national security prospective, the provision of healthcare information systems by foreign companies are practically cannibalized. Given that further development in this business is no longer viable and the segment did not generate revenue for the year, provisions were made to the intangible assets and the available-for-sale investment related to this segment and the Group is in the process of disposing the operating companies in the PRC. As such the operation relating to the provision of medical information digitalisation systems is classified as discontinued operation for financial statement purposes.

On 13 March 2015, a wholly-owned subsidiary of the Company entered into a disposal agreement with the purchaser, pursuant to which the purchaser has agreed to acquire and the vendor has agreed to dispose of the sale shares, representing the entire registered capital of 嘉鈦華數碼科技（天津）有限公司 (Jia Tai Hua Digital Technology (Tianjin) Company Limited[#]) at a consideration of HK$11,000,000. The target is principally engaged in the radio-frequency identification (RFID), development and assignment and consultation of biological monitoring technology, wholesaling and retailing of electronic equipment, mechanical equipment and accessories. Upon completion, the target will cease to be a subsidiary of the Company.

During the year under review, the revenue contributed by such segment was HK$Nil (2014: HK$4.0 million).

Property Investments

During the year under review, the revenue contributed by such segment was HK$1.6 million (2014: HK$1.8 million) and was mainly derived from the leasing of an investment property located in Canada.

Provision of Consultancy Services

The landscape of the mobile telecommunication technology is revolutionised by the introduction of smartphone with internet and apps capabilities and has become the main stream equipment in mobile communications. The growth of mobile data usage in Hong Kong have doubled in the past three years; the number of 4G LTE subscriber doubled during the last 12 months and the SMS sent by mobile subscriber dropped to the same level as ten years ago are all indicators that a new chapter has begun and the Group is contemplating the future direction for this business segment.

During the year under review, the revenue contributed by such segment was HK$0.7 million (2014: HK$0.9 million).

Advertising and Media Related Services

With operations expanding to the Hangzhou area, advertising campaigns covering product roadshows, press release events, recruitment fairs, event planning for shopping malls and real estate exhibitions are gaining momentum. The prospects of advertising and media related services business remains steady. On the other hand, as the mobile data services have come more available and affordable in Asia-pacific countries, tourists visiting foreign countries can access travel information right from their finger tips and the reliance on printed media have gradually reduced in the past years, evident by the closure of several printed media and periodicals with a long history ceasing to circulate physical copies. The results of the travel books business are also affected by the same climate and provisions were made to the goodwill relating to advertising and media related services segment.

The provision of advertising and media related services are located in the PRC by three subsidiaries of the Company, of which 上海中騰廣告有限公司 (Shanghai Zhong Teng Advertisement Company Limited[#], “Zhongteng”) and 上海思璇廣告有限公司 (Shanghai Si Xuan Advertisement Company Limited[#], “Sixuan”) were controlled by contractual arrangements and details and reasons for the contractual arrangements are disclosed in the Company’s announcements dated 20 February 2012 and 3 May 2012. The structured contracts for Zhongteng were unwind during the year ended 31 March 2015 and the Group is reviewing the contractual arrangements for Sixuan and will consider unwinding the structured contracts when the conditions for a foreign-funded advertising enterprise are met (i.e. the investor should have been established and operated for more than three years). Risks associated with the contractual arrangements includes the PRC Government may determine that the structured contracts are not in compliance with applicable PRC laws, rules, regulations or policies; the structured contracts may not provide control as effective as direct ownership and the Group may not be able to recover or reclaim any or all of the related interest in the event of breach of contractual terms by the PRC company and its PRC shareholders; the structured contracts may be subject to scrutiny of the PRC tax authorities and additional tax may be imposed. The Group continues to monitor and arrange annual reviews of the contractual arrangements to mitigate the above risks.

During the year under review, the revenue contributed by such segment was HK$16.3 million (2014: HK$19.8 million).

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

Provision of Project Management Services

Under the domination of smartphones in the market, the Education Institution Internal Security Control System ("EIISCS") is now transformed into a social network communication platform for the educational market. In view of the change of market dynamics, the Group is renegotiating on the cooperation arrangements with the technology provider to determine the future course of action.

During the year under review, the revenue contributed by such segment was HK$1.0 million (2014: HK$1.7 million).

Travel Agency and Related Operations

The weakening of currencies against US dollars provided ample opportunities for leisure travelers in the Asia-pacific region and the travel agency and related operations business is enjoying the economic benefits brought by such opportunities. On the other hand the flourish of online travel agency continues to challenge future developments as the costs behind automated online platforms are low compared with tradition brick-and-mortar travel agencies.

During the year under review, the revenue contributed by such segment was HK$15.1 million (2014: HK$3.0 million).

Decoration and Interior Design Services

A subsidiary of the Company is engaging in a medium size decoration and interior design project in the new territories area. The profitability with the overall industry depends on the ability to bring in new projects and delivering the results within the agreed timeframe.

During the year under review, the revenue contributed by such segment was HK$2.0 million (2014: HK$0.2 million).

Provision of Securities Broking Services

On 29 January 2014, a wholly-owned subsidiary of the Company entered into an agreement with the vendor, pursuant to which the purchaser has conditionally agreed to acquire and the vendor has conditionally agreed to dispose the sale shares, representing the entire issued share capital of Eastmoney at a consideration of HK$11,685,000, subject to adjustment. The target is principally engaged in the provision of Type 1 (Dealing in securities) regulated activity under the SFO. The transaction was completed on 17 October 2014 and the target became an indirect wholly-owned subsidiary of the Company, and its financial results were consolidated into the Group's financial accounts.

On 17 December 2014, a wholly-owned subsidiary of the company entered into the disposal agreement with the purchaser, pursuant to which the purchaser has conditionally agreed to acquire and the vendor has conditionally agreed to dispose the sale shares, representing the entire issued share capital of Eastmoney at an aggregate consideration of HK$3,500,000 plus the net asset value as at the date of completion. The transaction was completed on 31 March 2015 and the target ceased to be a subsidiary of the Company and its financial results was reclassified as discontinued operations in the Group's financial accounts for the year ended 31 March 2015.

During the year under review, the revenue contributed by such segment was HK$0.1 million (2014: HK$Nil).

Financial Review

For the year under review, the turnover from continuing operations of the Group was approximately HK$36.7 million (2014: HK$27.5 million), of which approximately HK$1.6 million (2014: HK$1.8 million) was generated from the leasing of investment properties located in Canada, approximately HK$16.3 million (2014: HK$19.8 million) was generated from provision of advertising and media related services, approximately HK$0.7 million (2014: HK$0.9 million) was generated from provision of consultancy services, approximately HK$1.0 million (2014: HK$1.7 million) was generated from provision of project management services, approximately HK$15.1 million (2014: HK$3.0 million) was generated from travel agency and related operations and approximately HK$2.0 million (2014: HK$0.2 million) was generated from decoration and interior design services, representing an increase of approximately 33.8% as compared with the year ended 31 March 2014. Other revenue amounted to approximately HK$0.5 million, an increase of approximately 3.9 times over the prior year.

Administrative expenses increased by 23.1% to approximately HK$67.3 million from HK$54.7 million in prior year. Such increase was mainly attributed to increases in the amortisation of intangible assets of approximately HK$8.1 million (2014: HK$7.8 million); staff costs to approximately HK$16.8 million (2014: HK$25.6 million) and consultancy expenses to approximately HK$6.8 million (2014: HK$2.8 million).

Finance costs decreased to HK$Nil (2014: HK$5,000). The Company, after cancellation of convertible bonds has no financial borrowings or debts.

The operations relating to the provision of medical information digitalization system and securities broking services are classified as discontinued operation for financial statements purpose. The revenue and the loss of the discontinued operation is approximately HK$0.1 million (2014: HK$4.0 million) and HK$75.5 million (2014: HK$71.3 million) respectively.

Loss attributable to owners of the Company was approximately HK$155.6 million (2014: HK$113.5 million). The change was mainly attributed to increases of impairment losses recognised in respect of: available-for-sale investments of approximately HK$6.0 million (2014: HK$Nil); goodwill of approximately HK$14.8 million (2014: HK$Nil); intangible assets of approximately HK$3.0 million (2014: HK$Nil) and the amortisation of intangible assets of approximately HK$8.1 million (2014: HK$7.8 million).

Future Plans

On 15 April 2015 the Company entered into a disposal agreement with the purchaser, pursuant to which the purchaser has agreed to acquire and the Company has agreed to dispose the sale share, representing the entire issued share capital of the Grandeur Concord Limited, and the sale loan at an aggregate consideration of HK$20,000,000. The target group is principally engaged as a lessor of an investment property located in Canada for rental income. Upon completion, the target will cease to be a subsidiary of the Company.

Liquidity and Financial Resources

At 31 March 2015, the Group had total assets of approximately HK$285.5 million (2014: HK$324.2 million), including net cash and bank balances of approximately HK$4.3 million (2014: HK$5.8 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 2015 as compared with that at 31 March 2014.

During the year ended 31 March 2015, certain option holders exercised their option rights to subscribe for an aggregate of 3,980,000 shares at HK$0.73 per share; an aggregate of 9,960,000 shares at HK$0.51 per share; and an aggregate of 3,260,000 shares at HK$0.19 per share. The net proceeds from the exercise of option rights amounted to approximately HK$8.6 million.

On 30 April 2014, the vendor, the Company and the placing agent entered into the top-up placing and subscription 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 30,000,000 placing shares at a placing price of HK$0.81 per top-up placing share. The placing of 30,000,000 top-up placing shares was completed on 13 May 2014.

On 30 June 2014, 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 47,000,000 placing shares at a placing price of HK$0.40 per placing share. The placing was completed on 16 July 2014.

On 25 September 2014, the vendor, the Company and the placing agent entered into the top-up placing and subscription 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 60,000,000 placing shares at a placing price of HK$0.50 per top-up placing share. The placing of 60,000,000 top-up placing shares was completed on 8 October 2014.

On 3 December 2014, the vendor, the Company and the placing agent entered into the top-up placing and subscription 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 39,600,000 placing shares at a placing price of HK$0.50 per top-up placing share. The placing of 39,600,000 top-up placing shares was completed on 16 December 2014.

Gearing Ratio

The gearing ratio, expressed as a percentage of total liabilities over total assets, was 12.0% (2014: 7.4%). The change in gearing ratio was mainly attributed to a reduced value of intangible assets after substantial impairment during the year.

Charge on the Group Assets

As at 31 March 2015, the Group did not have any charge on its assets (2014: the Group has pledged its investment property located in Canada with a fair value of approximately HK$21.4 million to secure banking facilities).

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 2015, the Group, as a lessor, had operating lease commitments of approximately HK$1.3 million (2014: HK$2.9 million) and as a lessee, had operating lease commitment of approximately HK$7.1 million (2014: HK$1.8 million).

Contingent Liabilities

At 31 March 2015, the Group had no contingent liabilities (2014: HK$Nil).

Employee

At 31 March 2015, the Group had 48 employees (2014: 33). 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 2015, 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 2015.

Purchase, Sale or Redemption of Shares

During the year ended 31 March 2015, 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 2015 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 2015.

Terms of Non-executive Directors

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 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 2015.

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

Hong Kong, 29 June 2015

As at the date of this announcement, the Board comprises two executive directors, namely Mr. Lien Wai Hung and Mr. Wei Shu Jun 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.