SHUN CHEONG HOLDINGS LIMITED
順昌集團有限公司*

(Incorporated in Bermuda with limited liability)
(Stock code: 650)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2016

The Board of Directors (the "Board") of Shun Cheong Holdings Limited (the "Company") is pleased to announce preliminary consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 March 2016.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2016

	Notes	**2016** **HK$'000**	2015 HK$'000 (Re-presented)
Continuing operation			
Revenue	*3*	**–**	–
Cost of sales		**–**	–
Gross profit		**–**	–
Other income	*4*	**195**	195
Administrative expenses		**(4,883)**	(1,395)
Fair value loss on equity investment at fair value through profit or loss		**(351)**	(7,209)
Finance costs	*5*	**(5,891)**	(5,269)
Loss on modifications of terms of convertible bond		**–**	(68,890)

* *For identification purposes only*

	Notes	2016 HK$'000	2015 HK$'000 (Re-presented)
Loss before tax		**(10,930)**	(82,568)
Income tax expense	6	**–**	–
Loss for the year from continuing operation	8	**(10,930)**	(82,568)
Discontinued operations			
Profit (loss) for the year from discontinued operations	7	**7,152**	(152,366)
Loss for the year		**(3,778)**	(234,934)
Other comprehensive income (expenses)			
Items that may be reclassified subsequently to profit or loss:			
Share of other comprehensive (expenses) income of joint ventures		**(245)**	450
Exchange difference arising on translation of foreign operations		**(3,497)**	954
Other comprehensive (expenses) income for the year		**(3,742)**	1,404
Total comprehensive expenses for the year		**(7,520)**	(233,530)
Profit (loss) for the year attributable to owners of the Company:			
— from continuing operation		**(10,930)**	(82,568)
— from discontinued operations		**7,269**	(151,452)
		(3,661)	(234,020)
Loss for the year attributable to non-controlling interest:			
— from continuing operation		**–**	–
— from discontinued operations		**(117)**	(914)
		(117)	(914)
Total loss for the year		**(3,778)**	(234,934)

	Notes	**2016** *HK$'000*	2015 *HK$'000* (Re-presented)
Total comprehensive income (expense) for the year attributable to owners of the Company:			
— from continuing operation		**(10,930)**	(82,568)
— from discontinued operations		**3,885**	(150,146)
		(7,045)	(232,714)
Total comprehensive expense for the year attributable to non-controlling interest:			
— from continuing operation		**–**	–
— from discontinued operations		**(475)**	(816)
		(475)	(816)
Total comprehensive expenses for the year		**(7,520)**	(233,530)
Loss per share			
From continuing and discontinued operations			
— Basic and diluted	*9*	**(HK1.05 cents)**	(HK67.38 cents)
From continuing operation			
— Basic and diluted	*9*	**(HK3.15 cents)**	(HK23.77 cents)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2016

	Notes	**2016** **HK$'000**	2015 *HK$'000*
Non-current assets			
Property, plant and equipment		**–**	327,506
Interests in joint ventures		**–**	88,728
		–	416,234
Current assets			
Inventories		**–**	2,425
Trade receivables	*10*	**–**	5,393
Prepayments, deposits and other receivables		**1,245**	6,330
Equity investment at fair value through profit or loss		**5,840**	6,191
Deposits placed with financial institutions		**97**	2,491
Bank balances and cash		**616**	15,188
		7,798	38,018
Assets classified as held for sale	*7*	**416,384**	–
		424,182	38,018
Current liabilities			
Trade payables	*11*	**–**	14,716
Other payables, accruals and deposits		**9,738**	79,566
Amounts due to related companies		**–**	7,678
Tax payables		**–**	5,401
Interest-bearing bank borrowings		**–**	77,767
		9,738	185,128
Liabilities directly associated with assets classified as held for sale	*7*	**417,218**	–
		426,956	185,128
Net current liabilities		**(2,774)**	(147,110)
Total assets less current liabilities		**(2,774)**	269,124

	Notes	**2016**	2015
		HK$'000	*HK$'000*
Non-current liabilities			
Amounts due to related companies		**–**	148,941
Convertible bond	*12*	**109,773**	105,082
Interest-bearing bank borrowings		**–**	120,128
Total non-current liabilities		**109,773**	374,151
Net liabilities		**(112,547)**	(105,027)
Capital and reserves			
Share capital		**3,473**	3,473
Reserves		**(122,928)**	(115,883)
Capital deficiency attributable to owners of the Company		**(119,455)**	(112,410)
Non-controlling interests		**6,908**	7,383
Capital deficiency		**(112,547)**	(105,027)

Notes:

1. BASIS OF PREPARATION OF CONSOLIDATION FINANCIAL STATEMENTS

In preparing the consolidated financial statements, the directors of the Company have given careful consideration to the following facts and circumstances:

(i) the Group incurred a consolidated net loss of approximately HK$3,778,000 for the year ended 31 March 2016;

(ii) the Group had recorded net current liabilities and net liabilities of approximately HK$2,774,000 and HK$112,547,000 as at 31 March 2016 respectively;

In view of above, the directors of the Company considered the Group has adequate cash flows to maintain the Group's operation:

(i) The Group's principal banker shall continue to provide continuing financing to the Group under the Group's existing available facilities; and

(ii) The Group shall implement cost-saving measures to maintain adequate cash flows for the Group's operations.

Accordingly, the directors of the Company are of the opinion that it is still appropriate to prepare the consolidated financial statements for the year ended 31 March 2016 on a going concern basis.

Should the Group be not able to continue to operate as a going concern, adjustments would be necessary to reclassify all non-current assets and liabilities as current assets and liabilities, write down the value of assets to their recoverable amounts and to provide for further liabilities which may arise. The consolidated financial statements have not incorporated any of these adjustments.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied the following new and revised HKFRSs, which include HKFRSs, Hong Kong Accounting Standards ("HKAS(s)"), amendments and Interpretations ("Int(s)"), issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Amendments to HKFRSs	Annual Improvements to HKFRSs 2010–2012 Cycle
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011–2013 Cycle
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions

Except as described below, the application of the 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.

Annual Improvements to HKFRSs 2010–2012 Cycle

The Annual Improvements to HKFRSs 2010–2012 Cycle include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 2 (i) change the definitions of 'vesting condition' and 'market condition'; and (ii) add definitions for 'performance condition' and 'service condition' which were previously included within the definition of 'vesting condition'. The amendments to HKFRS 2 are effective for share-based payment transactions for which the grant date is on or after 1 July 2014.

The amendments to HKFRS 3 clarify that contingent consideration that is classified as an asset or a liability should be measured at fair value at each reporting date, irrespective of whether the contingent consideration is a financial instrument within the scope of HKFRS 9 or HKAS 39 or a non-financial asset or liability. Changes in fair value (other than measurement period adjustments) should be recognised in profit and loss. The amendments to HKFRS 3 are effective for business combinations for which the acquisition date is on or after 1 July 2014.

The amendments to HKFRS 8 (i) require an entity to disclose the judgements made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have 'similar economic characteristics'; and (ii) clarify that a reconciliation of the total of the reportable segments' assets to the entity's assets should only be provided if the segment assets are regularly provided to the chief operating decision-maker.

The amendments to the basis for conclusions of HKFRS 13 clarify that the issue of HKFRS 13 and consequential amendments to HKAS 39 and HKFRS 9 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting, if the effect of discounting is immaterial.

The amendments to HKAS 16 and HKAS 38 remove perceived inconsistencies in the accounting for accumulated depreciation/amortisation when an item of plant and equipment or an intangible asset is revalued. The amended standards clarify that the gross carrying amount is adjusted in a manner consistent with the revaluation of the carrying amount of the asset and that accumulated depreciation/amortisation is the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.

The amendments to HKAS 24 clarify that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. Consequently, the reporting entity should disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components of such compensation is not required.

The directors of the Company consider that the application of the amendments to HKFRSs 2010–2012 Cycle has had no material impact in the Group's consolidated financial statements.

Annual Improvements to HKFRSs 2011–2013 Cycle

The Annual Improvements to HKFRSs 2011–2013 Cycle include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 3 clarify that the standard does not apply to the accounting for the formation of all types of joint arrangement in the financial statements of the joint arrangement itself.

The amendments to HKFRS 13 clarify that the scope of the portfolio exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis includes all contracts that are within the scope of, and accounted for in accordance with, HKAS 39 or HKFRS 9, even if those contracts do not meet the definitions of financial assets or financial liabilities within HKAS 32.

The amendments to HKAS 40 clarify that HKAS 40 and HKFRS 3 are not mutually exclusive and application of both standards may be required. Consequently, an entity acquiring investment property must determine whether:

(a) the property meets the definition of investment property in terms of HKAS 40; and

(b) the transaction meets the definition of a business combination under HKFRS 3.

The amendments are applied prospectively. The directors of the Company consider that the application of the amendments to HKFRSs 2011–2013 Cycle has had no material impact in the Group's consolidated financial statements.

New and revised HKFRSs in issue but not yet effective

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

HKFRS 9 (2014)	Financial Instruments[3]
HKFRS 15	Revenue from Contracts with Customers[3]
HKFRS 16	Leases[4]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012–2014 Cycle[1]
Amendments to HKAS 1	Disclosure Initiative[1]
Amendments to HKAS 7	Disclosure Initiative[2]
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses[2]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptance Methods of Depreciation and Amortisation[1]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[1]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[5]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception[1]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[1]
Amendments to HKFRS 15	Clarification to HKFRS 15[3]

1 Effective for annual period beginning on or after 1 January 2016.
2 Effective for annual period beginning on or after 1 January 2017.
3 Effective for annual periods beginning on or after 1 January 2018.
4 Effective for annual periods beginning on or after 1 January 2019.
5 Effective date not yet been determined.

The directors of the Company anticipate that, except as described below, the application of other new and revised HKFRSs will have no material impact on the results and the financial position of the Group.

HKFRS 9 (2014) Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 was amended in 2010 and includes the requirements for the classification and measurement of financial liabilities and for derecognition. In 2013, HKFRS 9 was further amended to bring into effect a substantial overhaul of hedge accounting that will allow entities to better reflect their risk management activities in the financial statements. A finalised version of HKFRS 9 was issued in 2014 to incorporate all the requirements of HKFRS 9 that were issued in previous years with limited amendments to the classification and measurement by introducing a "fair value through other comprehensive income" ("FVTOCI") measurement category for certain financial assets. The finalised version of HKFRS 9 also introduces an "expected credit loss" model for impairment assessments.

Key requirements of HKFRS 9 (2014) are described as follows:

- All recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent 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 (2014), 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 designed as at fair value through profit or loss ("FVTPL"), HKFRS 9 (2014) 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 FVTPL was presented in profit or loss.

- In the aspect of impairment assessments, the impairment requirements relating to the accounting for an entity's expected credit losses on its financial assets and commitments to extend credit were added. Those requirements eliminate the threshold that was in HKAS 39 for the recognition of credit losses. Under the impairment approach in HKFRS 9 (2014), it is no longer necessary for a credit event to have occurred before credit losses are recognised. Instead, expected credit losses and changes in those expected credit losses should always be accounted for. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition and, consequently, more timely information is provided about expected credit losses.

- HKFRS 9 (2014) introduces a new model which is more closely aligns hedge accounting with risk management activities undertaken by companies when hedging their financial and non-financial risk exposures. As a principle-based approach, HKFRS 9 (2014) looks at whether a risk component can be identified and measured and does not distinguish between financial items and non-financial items. The new model also enables an entity to use information produced internally for risk management purposes as a basis for hedge accounting. Under HKAS 39, it is necessary to exhibit eligibility and compliance with the requirements in HKAS 39 using metrics that are designed solely for accounting purposes. The new model also includes eligibility criteria but these are based on an economic assessment of the strength of the hedging relationship. This can be determined using risk management data. This should reduce the costs of implementation compared with those for HKAS 39 hedge accounting because it reduces the amount of analysis that is required to be undertaken only for accounting purposes.

HKFRS 9 (2014) will become effective for annual periods beginning on or after 1 January 2018 with early application permitted.

The directors of the Company anticipate that the adoption of HKFRS 9 (2014) in the future may have significant impact on 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

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. Thus, HKFRS 15 introduces a model that applies to contracts with customers, featuring a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised. The five steps are as follows:

(i) Identify the contract with the customer;

(ii) Identify the performance obligations in the contract;

(iii) Determine the transaction price;

(iv) Allocate the transaction price to the performance obligations; and

(v) Recognise revenue when (or as) the entity satisfies a performance obligation.

HKFRS 15 also introduces extensive qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows 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.

HKFRS 15 will become effective for annual periods beginning on or after 1 January 2018 with early application permitted. 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.

HKFRS 16 Leases

HKFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessors and lessees.

In respect of the lessee accounting, the standard introduces a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases with the lease term of more than 12 months, unless the underlying asset has a low value.

At the commencement date of the lease, the lessee is required to recognise a right-of-use asset at cost, which consists of the amount of the initial measurement of the lease liability, plus any lease payments made to the lessor at or before the commencement date less any lease incentives received, the initial estimate of restoration costs and any initial direct costs incurred by the lessee. A lease liability is initially recognised at the present value of the lease payments that are not paid at that date.

Subsequently, the right-of-use asset is measured at cost less any accumulated depreciation and any accumulated impairment losses, and adjusted for any remeasurement of the lease liability. Lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payment made, and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. Depreciation and impairment expenses, if any, on the right-of-use asset will be charged to profit or loss following the requirements of HKAS 16 Property, Plant and Equipment, while interest accrual on lease liability will be charged to profit or loss.

In respect of the lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

HKFRS 16 will supersede the current lease standards including HKAS 17 Leases and the related Interpretations when it becomes effective.

HKFRS 16 will be effective for annual periods beginning on or after 1 January 2019 with early application permitted provided that the entity has applied HKFRS 15 Revenue from Contracts with Customers at or before the date of initial application of HKFRS 16. The directors of the Company are in the process of assessing their impact on the consolidated financial statements of these requirements. However, it is not practicable to provide a reasonable estimate of the effect until the Group performs a detailed review.

Annual Improvements to HKFRSs 2012–2014 Cycle

The Annual Improvements to HKFRSs 2012–2014 Cycle include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 5 clarify that changing from one of the disposal methods (i.e. disposal through sale or disposal through distribution to owners) to the other should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is therefore no interruption of the application of the requirements in HKFRS 5. Besides, the amendments also clarify that changing the disposal method does not change the date of classification.

The amendments to HKFRS 7 clarify that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance for continuing involvement in HKFRS 7 in order to assess whether the additional disclosures for any continuing involvement in a transferred asset that is derecognised in its entirety are required. Besides, the amendments to HKFRS 7 also clarify that disclosures in relation to offsetting financial assets and financial liabilities are not required in the condensed interim financial report, unless the disclosures provide a significant update to the information reported in the most recent annual report.

The amendments to HKAS 19 clarify that the market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used.

HKAS 34 requires entities to disclose information in the notes to the interim financial statements ‘if not disclosed elsewhere in the interim financial report’. The amendments to HKAS 34 clarify that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report. The other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time. If users do not have access to the other information in this manner, then the interim financial report is incomplete.

The directors of the Company do not anticipate that the application of the amendments included in the Annual Improvements to HKFRSs 2012–2014 Cycle will have a material effect on the Group's consolidated financial statements.

Amendments to HKAS 16 and HKAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments to HKAS 16 prohibit the use of revenue-based depreciation methods for plant and equipment under HKAS 16. The amendments to HKAS 38 introduce a rebuttable presumption that the use of revenue-based amortisation methods for intangible assets is inappropriate. This presumption can be rebutted only in the following limited circumstances:

(i) when the intangible asset is expressed as a measure of revenue;

(ii) when a high correlation between revenue and the consumption of the economic benefits of the intangible assets could be demonstrated.

The amendments to HKAS 16 and HKAS 38 will become effective for financial statements with annual periods beginning on or after 1 January 2016. Earlier application is permitted. The amendments should be applied prospectively.

As the Group use straight-line method for depreciation of plant and equipment, the directors of the Company do not anticipate that the application of the amendments to HKAS 16 and HKAS 38 will have a material impact on the Group's consolidated financial statements.

Amendments to HKAS 1 Disclosure Initiative

The amendments clarify that companies should use professional judgement in determining what information as well as where and in what order information is presented in the financial statements. Specifically, an entity should decide, taking into consideration all relevant facts and circumstances, how it aggregates information in the financial statements, which include the notes. An entity does not require to provide a specific disclosure required by a HKFRS if the information resulting from that disclosure is not material. This is the case even if the HKFRS contain a list of specific requirements or describe them as minimum requirements.

Besides, the amendments provide some additional requirements for presenting additional line items, headings and subtotals when their presentation is relevant to an understanding of the entity's financial position and financial performance respectively. Entities, in which they have investments in associates or joint ventures, are required to present the share of other comprehensive income of associates and joint ventures accounted for using the equity method, separated into the share of items that (i) will not be reclassified subsequently to profit or loss; and (ii) will be reclassified subsequently to profit or loss when specific conditions are met.

Furthermore, the amendments clarify that:

(i) an entity should consider the effect on the understandability and comparability of its financial statements when determining the order of the notes; and

(ii) significant accounting policies are not required to be disclosed in one note, but instead can be included with related information in other notes.

The amendments will become effective for financial statements with annual periods beginning on or after 1 January 2016. Earlier application is permitted.

The directors of the Company anticipate that the application of Amendments to HKAS 1 in the future may have a material impact on the disclosures made in the Group's consolidated financial statements.

3. REVENUE AND SEGMENT INFORMATION

The Company did not generate any revenue from continuing operation during the year (2015: Nil).

Information reported to the board of directors of the Group, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on types of services provided.

Hotel business segment was discontinued during the year ended 31 March 2016. The segment information reported below does not include any amounts for these discontinued operations, which is described in more details in note 7.

Accordingly, the Group's reportable and operating segments under HKFRS 8 are as follows:

Corporate and others — investment in equity investment at fair value through profit or loss, corporate income, expense items, corporate assets and liabilities

(a) Segment revenue and results

The following is an analysis of the Group's revenue and results for continuing operation by reportable and operating segment for the years ended 31 March:

Continuing operation

	Corporate and others		**Total**	
	2016	2015	**2016**	2015
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
				(Re-presented)
Revenue	**–**	–	**–**	–
Other revenue	**195**	195	**195**	195
Segment revenue	**195**	195	**195**	195
Segment loss	**(5,036)**	(8,409)	**(5,036)**	(8,409)
Unallocated Finance costs			**(5,894)**	(5,269)
Unallocated Loss on modifications of terms of convertible bond			**–**	(68,890)
Loss before tax			**(10,930)**	(82,568)

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment loss represents the loss from earned by each segment without allocation of finance costs and loss on modifications of terms of convertible bond. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.

(b) Segment assets and liabilities

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

Continuing operation

	Hotel business		Corporate and others		Total	
	2016	2015	**2016**	2015	**2016**	2015
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
ASSETS						
Segment and consolidated assets	**–**	433,871	**7,798**	20,381	**7,798**	454,252
Total segment assets					**7,798**	454,252
Assets relating to discontinued operations/ assets classified as held for sale					**416,384**	–
Consolidated assets					**424,182**	454,252
LIABILITIES						
Segment liabilities	**–**	87,713	**9,738**	6,569	**9,738**	94,282
Unallocated liabilities					**109,773**	464,997
Total segment liabilities					**119,511**	559,279
Liabilities relating to discontinued operations/ liabilities classified with assets classified as held for sale					**417,218**	–
Consolidated liabilities					**536,729**	559,279

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

- all assets are allocated to reportable and operating segments.
- all liabilities are allocated to reportable and operating segments other than tax payables, interest-bearing bank borrowings, amounts due to related companies and convertible bond.

(c) Other segment information

Continuing operation

	Corporate and others		Total	
	2016	2015	**2016**	2015
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Amounts included in the measure of segment profit or loss or segment assets:				
Depreciation of property, plant and equipment	**3**	4	**3**	4
Fair value gain on equity investment at fair value through profit or loss	**351**	7,209	**351**	7,209
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or loss or segment assets:				
Finance cost	**5,891**	5,269	**5,891**	5,269

(d) Geographical segment

The Group operates in two principal geographical areas: the PRC (country of domicile) and Hong Kong.

Information about the Group's non-current assets is presented based on the geographical location of the assets as detailed below:

	Non-current assets	
	As at	As at
	2016	2015
	HK$'000	*HK$'000*
The PRC	**–**	416,231
Hong Kong	**–**	3

(e) Information about major customers

During the year, none of the Group's turnover was derived from transactions with individual external customers contributing over 10 per cent of the Group's turnover (2015: nil).

4. OTHER INCOME

	2016	2015
	HK$'000	*HK$'000*
		(Re-presented)
Dividend income from equity investment at FVTPL	**195**	195

5. FINANCE COSTS

	2016	2015
	HK$'000	*HK$'000*
		(Re-presented)
Effective interest expense on convertible bond *(note 12)*	**5,891**	5,269

6. INCOME TAX EXPENSE

	2016	2015
	HK$'000	*HK$'000*
		(Re-presented)
Continuing operation		
Current tax:		
Hong Kong Profits Tax	**–**	–
Deferred tax	**–**	–
	–	–

Pursuant to the rules and regulations of the Bermuda, the Company is not subject to any income tax in the Bermuda.

Hong Kong Profits Tax is calculated at 16.5% (2015: 16.5%) of the assessable profits for the year. No provision for Hong Kong Profits Tax has been made in the consolidated financial statements as the Group did not generate any assessable profit arising from Hong Kong for both years.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiary is 25% for both years. No provision of EIT has been made as the Group did not have any assessable profits subject to EIT Law for the year ended 31 March 2016 (2015: Nil).

The tax expense for the year can be reconciled to the loss before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2016	2015
	HK$'000	*HK$'000*
		(Re-presented)
Continuing operation		
Loss before tax	**(10,930)**	(82,568)
Tax at the domestic income tax rate at 16.5% (2015: 16.5%) *(note)*	**(1,803)**	(13,623)
Tax effect of income not taxable	**(32)**	(32)
Tax effect of expenses not deductible	**1,835**	13,655
Tax expense for the year	**–**	–

Note: The domestic tax rate (which is the Hong Kong Profits Tax rate) in the jurisdiction where the operation of the Group is substantially based is used.

7. DISCONTINUED OPERATIONS/DISPOSAL GROUP HELD FOR SALE

On 22 June 2015, the Company entered into the sale and purchase agreement (as amended on 23 October 2015, 20 November 2015, 28 January 2016, 23 March 2016 and 28 June 2016) for the disposal of entire equity interest in Aykens Holdings Limited ("Aykens"), Hopland Enterprises Limited ("Hopland") and their respective subsidiaries (collectively referred to as the "Divestment Group") to Upsky Enterprises Limited ("Upsky") (the "Divestment"), the immediate and ultimate holding company of the Company. The assets and liabilities attributable to the business, which are expected to be sold within twelve months, have been classified as a disposal group held for sale and are presented separately in the consolidated statement of financial position (see below). The net proceeds of disposal are expected to exceed the net carrying amount of the relevant assets and liabilities and accordingly, no impairment loss has been recognised.

The results of the Divestment Group are presented in this consolidated financial statement as a discontinued operation. The comparative information has been restated to present the results of the hotel business as discontinued operation to conform with the current period presentation.

The results of the hotel business for the years were as follows:

	2016 *HK$'000*	2015 *HK$'000*
Revenue	**138,293**	143,695
Cost of sales	**(85,122)**	(115,825)
Gross profit	**53,171**	27,870
Other income	**2,518**	2,375
Administrative expenses	**(25,500)**	(34,378)
Other operating expenses	**(1,770)**	(2,866)
Impairment loss recognised in respect of property, plant and equipment	**–**	(120,865)
Finance costs	**(20,016)**	(19,244)
Share of results of joint ventures	**(1,251)**	(5,258)
Profit (loss) before tax	**7,152**	(152,366)
Income tax expense	**–**	–
Profit (loss) for the year from discontinued operation (attributed to owners of the company)	**7,152**	(152,366)

Loss for the year from discontinued operation has been arrived at after charging (crediting):

	2016 *HK$'000*	2015 *HK$'000*
Staff costs		
— Salaries and related staff costs	**34,850**	26,541
— Retirement benefits scheme contributions	**4,620**	3,794
	39,470	30,335
Depreciation of property, plant and equipment	**6,507**	38,996
Auditor's remuneration	**31**	31
Minimum lease payment under operating leases of offices properties	**–**	28
Loss on written off of property, plant and equipment	**60**	5
Litigation claim	**–**	9,257
Impairment loss recognised on trade receivables (included in other operating expenses)	**1,668**	1,193
Impairment loss recognised on other receivables (included in other operating expenses)	**–**	1,173
Bank interest income	**42**	71
Reversal of impairment loss on trade receivables (included in other income)	**(1,309)**	(680)

	2016	2015
	HK$'000	*HK$'000*
Net cash generated from (used in) operating activities	**47,932**	(147,911)
Net cash used in investing activities	**(2,633)**	(4,772)
Net cash (used in) generated from financing activities	**(47,425)**	127,059

The major classes of assets and liabilities of the Divestment Group as at 31 March 2016, which have been presented separately in the consolidated statement of financial position, are as follows:

	2016
	HK$'000
Property, plant and equipment	305,754
Interests in joint ventures	87,232
Inventories	2,196
Trade receivables	5,774
Prepayments, deposits and other receivables	3,598
Bank balances and cash	11,830
Total assets classified as held for sale	416,384
Trade payables	15,787
Other payables, accruals and deposits	77,697
Amounts due to related companies	168,298
Tax payables	5,136
Interest-bearing bank borrowings	150,300
Total liabilities associated with assets classified as held for sale	417,218

8. LOSS FOR THE YEAR

The Group's loss for the year has been arrived at after charging:

Continuing operation

	2016	2015
	HK$'000	*HK$'000*
		(Re-presented)
Directors' and chief executive's emoluments	**1,112**	1,134
Staff costs, excluding directors' and chief executive emoluments		
— Salaries and related staff costs	**290**	284
— Retirement benefits scheme contributions	**14**	14
	304	298
Auditor's remuneration	**835**	709

9. LOSS PER SHARE

From continuing and discontinued operations

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

	2016	2015
	HK$'000	*HK$'000*
		(Re-presented)
Loss		
Loss for the purpose of basic loss per share		
Loss for the year attributable to the owners of the Company	**(3,661)**	(234,020)
Effect of dilutive potential ordinary shares:		
Interest on convertible bond	**5,891**	5,269
Profit (Loss) for the purpose of diluted loss per share	**2,230**	(228,751)

	2016	2015
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic loss per share	**347,326**	347,326
Effect of dilutive potential ordinary shares		
Convertible bond	**324,763**	324,763
Weighted average number of ordinary shares for the purpose of diluted loss per share	**672,089**	672,089

	2016	2015
Basic and diluted loss per share (in HK cents)	**(1.05)**	(67.38)

For the years ended 31 March 2016 and 2015, because the diluted loss per share decreased when taking into account of the convertible bond, the convertible bond had an anti-dilutive effect on the basic loss per share for the year and were ignored in the calculation of diluted loss per share. Therefore, diluted loss per share amounts are based on the loss for the year attributable to owners of the Company of approximately HK$3,661,000 (2015: HK$234,020,000), and the weighted average number of ordinary shares of approximately 347,326,000 (2015: 347,326,000) in issue during the year.

From continuing operation

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

Loss figures are calculated as follows:

	2016	2015
	HK$'000	*HK$'000*
		(Re-presented)
Loss for the year attributable to owners of the Company	**(3,661)**	(234,020)
Less:		
Profit (loss) for the year from discontinued operations	**7,269**	(151,452)
Loss for the purpose of loss per share from continuing operation	**(10,930)**	(82,568)
Effect of dilutive potential ordinary shares from interest on convertible bonds	**5,891**	5,269
Loss for the purpose of diluted loss per share	**(5,039)**	(77,299)

The denominators detailed above for both basic and diluted loss per share.

Diluted loss per share was same as the basic loss per share for the year ended 31 March 2016, as the effect of the Company's outstanding convertible bond would result in a decrease in loss per share for the year ended 31 March 2016.

From discontinued operations

Basic earnings per share for the discontinued operation is HK2.09 cents per share (2015: loss per share HK43.61 cents per share) and diluted earnings per share for the discontinued operation is HK1.96 cents per share (2015: loss per share HK43.61 cents per share), based on the profit (2015: loss) for the year from the discontinued operation of approximately HK$13,160,000 (2015: HK$146,183,000) and the denominators detailed above for basic and diluted loss per share.

10. TRADE RECEIVABLES

	2016	2015
	HK$'000	*HK$'000*
Trade receivables	**–**	21,041
Less: allowance for doubtful debts	**–**	(15,648)
	–	5,393

Settlement of trade receivables is in accordance with the terms specified in the contracts governing the relevant transactions. The Group allows credit period ranging from cash on delivery of services to 60 days. A longer credit period is granted to a few customers with long business relationship with the Group and with strong financial positions. The Group does not hold any collateral over these balances.

(a) The following is an aged analysis of trade receivables net of allowance for doubtful debts based on the invoice dates at the end of the reporting period which approximated the respective revenue recognition dates:

	2016	2015
	HK$'000	*HK$'000*
Within 30 days	**–**	3,951
31 days–60 days	**–**	746
61 days–90 days	**–**	10
Over 90 days	**–**	686
	–	5,393

(b) Movements in the allowance for doubtful debts during the year are as follows:

	2016	2015
	HK$'000	*HK$'000*
At 1 April	**15,648**	14,948
Impairment loss recognised on receivables	**1,668**	1,193
Reversal of impairment loss recognised on receivables	**(1,309)**	(680)
Exchange realignment	**(775)**	187
Reclassification of assets held for sale *(note 7)*	**(15,232)**	–
At 31 March	**–**	15,648

Included in the allowance for doubtful debts are individually impaired trade receivables with an aggregate balance of nil (2015: HK$15,648,000) which have either been placed under liquidation or in severe financial difficulties. Impairment loss of HK$1,668,000 (2015: HK$1,193,000) has been recognised during the year ended 31 March 2016 accordingly.

(c) As at 31 March 2016, no trade receivables (2015: HK$695,000) of the Group were past due as at the reporting date but not impaired. The ageing analysis of these past due but not impaired receivables based on credit terms is as follows:

	2016	2015
	HK$'000	*HK$'000*
Less than 30 days past due	**–**	2
31 to 90 days past due	**–**	117
Over 90 days past due	**–**	576
	–	695

Trade receivables that were neither past due nor impaired related to a large number of diversified customers for whom there was no recent history of default. Trade receivables that were past due but not impaired were related to a number of individual customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances that are still considered fully recoverable.

11. TRADE PAYABLES

Ageing analysis of the Group's trade payables at the end of the reporting period presented based on the invoice dates is as follows:

	2016	2015
	HK$'000	*HK$'000*
Within 30 days	**–**	2,207
31 days–60 days	**–**	3,464
Over 60 days	**–**	9,045
Trade payables	**–**	14,716

The credit period on purchases of goods ranges from cash on delivery to 90 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit time frame.

12. CONVERTIBLE BOND

On 28 March 2008, the Company issued a five-year, 1% convertible bond with nominal value of HK$120,000,000 (the "Bond") to Tanisca Investment Limited ("Tanisca"). Interest is payable half year in arrears. The Bond is convertible at any time from the first anniversary of the issue date to the maturity date of 28 March 2013, at the holder's option, into 200,000,000 ordinary shares of the Company at an initial conversion price of HK$0.6 per share, subject to adjustments in certain events. The Bond may be redeemed at the option of the Company in whole or in part, upon written confirmation obtained from the bondholder in accordance with the terms of the Bond, or by the bondholder under certain circumstances. Unless previously redeemed, purchased and cancelled or converted, all the outstanding Bond will be converted into ordinary shares of the Company on the maturity date.

On 12 June 2008, the Company, by a right issue, allotted and issued 208,395,600 ordinary shares of HK$0.01 each at the price HK$0.5 per share. As a result, the conversion price of the Bond was adjusted from HK$0.6 per share to HK$0.3695 per share, and the number of shares falling to be issued upon full conversion of the Bond was adjusted from 200,000,000 to 324,763,193 shares.

On 28 March 2013, the Group has entered into a deed of amendment ("Deed of Amendment") with Tanisca to extend the maturity date of the Bond of principal amount of HK$120,000,000 from 28 March 2013 to 28 March 2015. The conversion price remained at HK$0.3695 per share and if any of the Bond has not been converted subsequently, it shall be redeemed on the extended maturity date on 28 March 2015. On 20 May 2013, the shareholders have duly passed the Deed of Amendment in special general meeting.

On 3 June 2014, the Group has entered into a deed of amendment (the "2nd Amendment") with the holder of the Bond to extend the maturity date of the Bond of principal amount of HK$120,000,000 from 28 March 2015 to 30 April 2018. The conversion price remained at HK$0.3695 per share and if any of the Bond has not been converted subsequently, it shall be redeemed on the extended maturity date on 30 April 2018 ("modification"). On 29 June 2014, the shareholders have duly passed the 2nd Amendment in special general meeting.

The fair value of the liability component of the Bond was estimated at the issuance date by the directors of the Company with reference to the valuation performed by independent professional valuers. The fair value of the debt portion of the convertible bond is determined by discounted cash flow using the inputs including estimated cash flows over the remaining terms of the convertible bond and discount rate that reflect the credit risk of the Company. The discount rate of the Bond was 5.53% (2015: 5.53%) per annum. The residual amount was assigned as the equity component of the Bond and is included in shareholders' equity.

The modification resulted in the extinguishment of the financial liability of the Bond and the recognition of its new financial liability and equity components. The fair value of the new liability immediately following the modification was approximately HK$102,024,000. The financial liability was determined using a discount rate of 5.53% (2015: 5.53%).

The Bond has been split as to the liability and equity components, as follows:

	Liability component *HK$'000*	**Equity component** *HK$'000*	**Total** *HK$'000*
At 1 April 2015	112,991	52,225	165,216
Interest expenses *(note 5)*	5,269	–	5,269
Derecognition of original liability/equity component	(114,002)	(52,225)	(166,227)
Recognition of new liability/equity component upon modification	102,024	133,092	235,116
Interest paid	(1,200)	–	(1,200)
At 31 March 2015 and 1 April 2015	105,082	133,092	238,174
Interest expenses *(note 5)*	5,891	–	5,891
Interest paid	(1,200)	–	(1,200)
At 31 March 2016	109,773	133,092	242,865

Note:

The fair value of the convertible bond was valued by using the Binomial Tree Model. The fair value of the debt portion of the convertible bond is determined by discounted cash flow using the inputs including estimated cash flows over the remaining terms of the convertible bond and discount rate that reflect the credit risk of the Company. The residual amount, representing the value of the equity conversion component, is included in the equity component of convertible bond under equity attributable to the owners of the Company.

The liability component of convertible bond is classified under non-current liabilities.

13. OPERATING LEASES COMMITMENTS

The Group as lessee

The Group leases various offices properties under non-cancellable operating lease agreements. At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2016	2015
	HK$'000	*HK$'000*
Within one year	**1,149**	1,126
In the second to fifth year inclusive	**1,484**	2,633
	2,633	3,759

Leases are negotiated for an average term of five years (2015: five years) and rentals are fixed during the lease period.

14. CAPITAL COMMITMENT

	2016	2015
	HK$'000	*HK$'000*
Contracted but not provided for:		
— Acquisition of the entire equity capital of Xilin Gol League Hongbo Mining Development Co., Ltd. (the "PRC Target")	**682,000**	–

The Company has entered into an acquisition agreement with an independent third party on 22 June 2015 (as amended on 20 November 2015, 28 January 2016, 23 March 2016 and 28 June 2016) pursuant to which, the Company conditionally agreed to acquire from the Shanghai Hongbo Investment & Management (Group) Co., Ltd and Shanghai Lida Investment Management Company Limited (the "Target Sellers") the entire equity interests in the Xilin Gol League Hongbo Mining Development Co., Ltd. at a consideration of RMB558,880,000 (equivalent to approximately HK$682,000,000).

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

1. *Discontinued operation*

   The Divestment Group was mainly engaged in the hotel and restaurant operations of the Guangxi Wharton International Hotel Limited* (廣西沃頓國際大酒店有限公司) (the "Nanning Hotel") located in Guangxi Province, the PRC. For the year ended 31 March 2016, although the Average Daily Rate of the Nanning Hotel was in general still lower than the previous levels, the occupancy rate has slightly increased by 3% to 59% (2015: 56%). The net income of the Divestment Group increased from a net loss to a net profit of HK$7.2 million (2015: net loss of HK$152.4 million) as a result of (i) the decrease in cost of sales due to keen competition; (ii) the cease of depreciation on assets of the Divestment Group since the date of the Divestment Agreement; and (iii) an impairment were incurred during year 2015.

2. *Continuing operation*

   The continuing operation is investment holding and does not have any business in substance. During the period under review, the Divestment Group is still part of the Group's business. The Divestment is conditional upon the fulfillment or waiver (if applicable) of many conditions precedent and may or may not be completed as contemplated. The higher amount in the net losses of the Group in the year ended 31 March 2015 was primarily due to a finance cost of HK$68.9 million incurred as a result of the modification of terms of the convertible bonds.

BUSINESS PROSPECT

The Company's management believes that due to the slowdown of the overall national economic growth and the further implementation of the anti-corruption campaign, a much smaller revenue increase or even decrease in the hotel industry was observed in 2014 and is anticipated to continue. It is also stated that the management team will put in additional efforts to alleviate the negative impacts. According to the Company's management, the Divestment Group has faced and is expected to continue to face in the foreseeable future considerable headwind as regards to its hotel business, given the unstable economic outlook in the PRC and government spending policies, as well as challenges relating to increasing operational costs, leading to uncertainty as to future performance of the Divestment Group. On 22 June 2015, the Company entered into various agreements (as amended on 23 October 2015, 20 November 2015, 28 January 2016, 23 March 2016 and 28 June 2016) in respect of the Proposed Transactions (as defined under the paragraph headed "Event after the reporting period"), including the disposal by the Company of its entire equity interests in the Divestment Group. Upon completion of the Proposed Transactions, the Group will no longer be engaged in the hotel and restaurant business carried on through the Divestment Group, and will be principally engaged in a new business, namely the exploration, development and production of crude oil carried out by the PRC Target. Further details of the Proposed Transactions are set out in the announcement dated 28 October 2015 jointly published by the Company and Titan Gas Technology Investment Limited and in the Company's announcement dated 20 November 2015 and the circular of the Company dated 29 June 2016.

* *For identification purposes only*

FINANCIAL REVIEW

Liquidity and financial resources

The Group's cash and bank balances are mostly in Hong Kong dollars and Renminbi. As at 31 March 2016, the Group had unpledged cash and bank deposit balances of approximately HK$12.4 million, including the cash & bank balance classified as held for sale (31 March 2015: HK$15.2 million). As at 31 March 2016, except for the outstanding interest-bearing bank borrowings of approximately HK$150.3 million classified as held for sale, the Group had no outstanding interest-bearing bank borrowings (31 March 2015: HK$197.9 million). The gearing ratio of the Group which represented the total interest-bearing debt to the total assets was 26% (31 March 2015: 99%).

Treasury and funding policy

The assets and liabilities of the Group are mainly denominated in Hong Kong dollars and Renminbi. The Group's bank borrowing is on a floating rate at the prime lending rate of the People's Bank of China. Taking into account of the expected cash flows of the Group's operations and cash and investment in marketable securities currently in hand, the Group expects that it will have sufficient working capital for its financial liabilities as they fall due. As the main operation of the Group is in the PRC, the Group has minimal exposure to foreign exchange fluctuation in Renminbi.

Pledge of assets

As at 31 March 2016, the hotel properties held with an aggregate carrying amount of approximately HK$253.3 million (31 March 2015: HK$272.6 million) were mortgaged to a bank to secure banking facilities granted to the Group.

Employees and remuneration policies

The Group employed 516 employees as at 31 March 2016 (31 March 2015:496). Remuneration is determined by reference to market terms and the qualifications and experience of the staff concerned. Salaries are reviewed annually depending on individual merits. The Group also provides other benefits including retirement benefit scheme, medical insurance and educational subsidies to all eligible staff.

EXTRACT FROM THE INDEPENDENT AUDITORS' REPORT

Basis of Disclaimer of Opinion

Material uncertainty relating to the going concern basis

The Group had net current liabilities of approximately HK$2,774,000 and net liabilities of approximately HK$112,547,000 as at 31 March 2016 and the Group incurred a loss for the year of approximately HK$3,778, 000 for the year ended 31 March 2016.

As explained in the basis of preparation set out in note 2 to the consolidated financial statements, the consolidated financial statements have been prepared by the directors of the Company on a going concern basis, the validity of which depends upon the successful implementation and outcome of the measures to be undertaken by the Group as described in note 2 to the consolidated financial statements. However, we are unable to obtain sufficient appropriate audit evidence regarding the continuing provision of financing by the Group's principal banker to the Group, successful implementation and outcome of the measures and therefore on the appropriateness of the use of the going concern assumption adopted for the preparation of the consolidated financial statements. In view of the extent of the material uncertainties relating to the successful implementation and outcome of the measures to be undertaken by the Group as mentioned above which might cast a significant doubt on the Group's ability to continue as a going concern, we have disclaimed our audit opinion on the consolidated financial statements.

Should the Group be not able to continue its business as a going concern, adjustments would be necessary to reclassify all non-current assets and liabilities as current assets and liabilities, write down the value of assets to their recoverable amounts and to provide for further liabilities which may arise. The consolidated financial statements have not incorporated any of these adjustments.

Disclaimer of Opinion

Because of the significance of the matters described in the "Basis for Disclaimer of Opinion" paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the consolidated financial statements. In all other respects, in our opinion the consolidated financial statements have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

FINAL DIVIDEND

The directors of the Company do not recommend the payment of any dividend in respect of the year (2015: nil).

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the year ended 31 March 2016, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities.

CORPORATE GOVERNANCE

The Company is committed to achieving high standards of corporate governance that properly protect and promote the interests of its shareholders. The monitoring and assessment of certain governance matters are allocated to three committees: the audit committee ("Audit Committee"), the remuneration committee ("Remuneration Committee) and the nomination committee ("Nomination Committee") of the Company which operate under the defined terms of reference and are required to report to the Board on a regular basis.

Ability to continue as a going concern

The Group incurred a consolidated net loss of approximately HK$3,778,000 for the year ended 31 March 2016; and the Group had recorded net current liabilities and net liabilities of approximately HK$2,774,000 and HK$112,547,000 as at 31 March 2016 respectively (see Note 2 to the consolidated financial statements incorporated in the annual report for the year ended 31 March 2016 to be sent to shareholders of the Company for more detailed information). However, the directors of the Company believed the Group has adequate cash flows to maintain the Group's operation for the following reasons:

(i) The Group's principal banker will continue to provide financing to the Group under the Group's existing available facilities; and

(ii) the Group shall implement cost-saving measures to maintain adequate cash flows for the Group's operations.

Compliance with the Corporate Governance Code

In the opinion of the Board, the Company had complied with the applicable code provisions of the Corporate Governance Code (the "CG Code"), as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the year ended 31 March 2016, except that:

1. CG Code provision A.4.1 stipulates that non-executive directors should be appointed for a specific term and subject to re-election. All the existing non-executive directors of the Company do not have a specific term of appointment but are subject to retirement by rotation and re-election at the Company's annual general meeting in accordance with the Bye-laws of the Company. As such, the Board considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those in the CG Code.

2. CG Code provision A.4.2 stipulates that every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. The Board will ensure the retirement of each director, other than those hold office as Executive Chairman or Managing Director, by rotation at least once every three years in order to comply with the CG Code. The Board presently considers that the continuity of office of the Executive Chairman and the Managing Director provides the Group a strong and consistent leadership and is of great importance to the smooth operations of the Group. As a result, the Board concurred that the Executive Chairman and the Managing Director need not be subject to retirement by rotation.

3. CG Code provision E.1.2 stipulates that the chairman of the Board should attend the annual general meeting of the Company. The chairman did not attend the annual general meeting held on 19 August 2015 (the "AGM") due to other business engagement. Another director of the Company had chaired the AGM and answered questions from the shareholders together with chairman/member/duly appointed delegate of the Audit Committee, the Remuneration Committee and the Nomination Committee. In the opinion of the directors, the Company had provided a useful, effective and convenient forum for shareholders to exchange views with the Board and with each other, and had served the same purpose as laid down by CG Code.

Directors' securities transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its own code of conduct for dealing in securities of the Company by the director of the Company. Having made specific enquiries to all the directors of the Company, all directors of the Company have confirmed that they have complied with the required standard set out in the Model Code throughout the year ended 31 March 2016.

Audit Committee

The Audit Committee comprises three directors, all of which are independent non-executive directors, namely Mr. Palaschuk Derek Myles (Chairman), Professor Ye Jianping and Professor Chen Zhiwu. Regular meetings have been held by the Audit Committee since establishment and it meets at least twice each year to review and supervise the Group's financial reporting process and internal control. The Audit Committee has reviewed the consolidated annual results of the Group for the year ended 31 March 2016.

EVENT AFTER THE REPORTING PERIOD

On 22 June 2015, the Company entered into several agreements (the "Proposed Transactions") as follow:

a. A subscription agreement (as amended on 23 October 2015, 20 November 2015, 28 January 2016, 23 March 2016 and 28 June 2016) with several independent subscribers (the "Subscribers"), pursuant to which the Subscribers have conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, a total of 4,017,323,774 new shares (the "Subscription Shares"), comprising (i) 1,269,414,575 ordinary subscription shares, (ii) 1,373,954,600 tranche 1 preferred shares under the tranche 1 preferred shares subscription; and (iii) 1,373,954,599 tranche 2 preferred shares, at the subscription price of HK$0.6696 per Subscription Share;

b. An acquisition agreement (as amended on 20 November 2015, 28 January 2016, 23 March 2016 and 28 June 2016) with the Target Sellers and the PRC Target, pursuant to which the Company conditionally agreed to acquire from the Target Sellers the entire equity interests in the PRC Target at a consideration of RMB558,880,000 (equivalent to approximately HK$682 million);

c. A CN Subscription Agreement (as amended on 20 November 2015, 28 January 2016, 23 March 2016 and 28 June 2016) as issuer with League Way Ltd. (as subscriber) and Titan Gas Technology Investment Limited (as guarantor), pursuant to which League Way Ltd. conditionally agreed to subscribe for, and the Company conditionally agreed to issue, a convertible promissory note with an aggregate principal amount of HK$250,000,000; and

d. A divestment agreement (as amended on 23 October 2015, 20 November 2015, 28 January 2016, 23 March 2016 and 28 June 2016) with Upsky (as purchaser), pursuant to which the Company conditionally agreed to sell, and Upsky conditionally agreed to purchase, 100% of the issued and outstanding share capital of the Divestment Group, the aggregate amount of the net account receivable owed by the Divestment Group to the Company and the shares of SouFun held by the Company at the initial consideration of HK$1,652,995 which shall be subject to adjustment as set out in the divestment agreement.

Completion of the Proposed Transactions is subject to the fulfilment of a number of conditions precedent as stated in the abovementioned agreements. Details of the Proposed Transactions, the conditions precedent and the adjustments to the consideration for the Divestment and the estimated financial effect of the Divestment are set out in the announcements of the Company dated 28 October 2015, 20 November 2015, 28 January 2016, 23 March 2016, 4 May 2016 and 28 June 2016 and the circular of the Company dated 29 June 2016.

On 28 June 2016, the Company entered an option deed with Titan Gas Technology Investment Limited ("Grantor"), pursuant to which the Grantor has granted the option to the Company to sell its entire equity interest in the PRC Target to the Grantor. Details are set out in the announcement of the Company dated 28 June 2016.

PUBLICATION OF RESULTS ANNOUNCEMENT

The results announcement is published on the website of The Stock Exchange of Hong Kong Limited at http://www.hkex.com.hk and the Company's website at http://www.irasia.com/listco/hk/shuncheong. The annual report will be despatched to the shareholders of the Company and will be published on the above websites in due course.

By Order of the Board
Shun Cheong Holdings Limited
Cao Jing
Executive Chairman

Hong Kong, 30 June 2016

As at the date hereof, the Board comprises six directors, of whom two are executive directors, namely Ms. Cao Jing (executive chairman) and Mr. Zhang Shaohua (managing director), one is non-executive director, namely Mr. Mo Tianquan, and three are independent non-executive directors, namely Prof. Ye Jianping, Mr. Palaschuk Derek Myles and Prof. Chen Zhiwu.