SHUN CHEONG Holdings Limited

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

Annual Report **2015**

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

CAO Jing *(Executive Chairman)*
ZHANG Shaohua *(Managing Director)*

Non-executive Director

MO Tianquan

Independent Non-executive Directors

YE Jianping
PALASCHUK Derek Myles
WU Jiahong (resigned on 16 May 2015)

AUDIT COMMITTEE

PALASCHUK Derek Myles *(Chairman)*
YE Jianping
WU Jiahong (resigned on 16 May 2015)

REMUNERATION COMMITTEE

WU Jiahong *(Chairman)* (resigned on 16 May 2015)
YE Jianping
CAO Jing

NOMINATION COMMITTEE

YE Jianping *(Chairman)*
PALASCHUK Derek Myles
CAO Jing

COMPANY SECRETARY

WANG Jing

PRINCIPAL BANKERS

DBS Bank (Hong Kong) Limited
The Bank of East Asia, Limited
Bank of China Limited, Beihai Branch

PRINCIPAL SHARE REGISTRARS AND TRANSFER OFFICE

Butterfield Fulcrum Group (Bermuda) Limited
26 Burnaby Street
Hamilton HM11
Bermuda

HONG KONG SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Shops 1712–1716
17th Floor, Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

REGISTERED OFFICE

Canon's Court
22 Victoria Street
Hamilton HM 12
Bermuda

PRINCIPAL PLACE OF BUSINESS

Suite 2302, Wing On Centre
111 Connaught Road Central
Hong Kong

AUDITORS

SHINEWING (HK) CPA Limited
43/F., Lee Garden One
33 Hysan Avenue
Causeway Bay, Hong Kong

STOCK CODE

SEHK 650

WEBSITE

http://www.irasia.com/listco/hk/shuncheong

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

EXECUTIVE DIRECTORS

Ms. Cao Jing — Executive Chairman

Ms. Cao, aged 48, was appointed as Executive Chairman of the Company on 2 May 2006. Prior to that, she had over 10 years of experience in architecting large-scale enterprise software, project management and leading development in various companies in the United States of America ("USA"). Ms. Cao holds a Bachelor's Degree in Automation Engineering from Tsinghua University, the People's Republic of China (the "PRC"), and a Master's Degree in Electrical Engineering from Wright State University, the USA. She is also a director of Upsky Enterprises Limited and the spouse of Mr. Mo Tianquan.

Mr. Zhang Shaohua — Managing Director

Mr. Zhang, aged 52, was appointed as an independent non-executive director of the Company on 16 September 2006. On 6 March 2008, Mr. Zhang was re-designated as the executive director and appointed as the managing director of the Company. He is an entrepreneur with over 20 years of experience in starting up, developing and managing businesses in various industry sectors. He is the founder of and has been the managing director of Beijing Beyondal Electric Co. Ltd. since 2003, a company which has a large market share in setting up internet data centre in the PRC. He has worked as the General Manager (China) for GE Digital Energy and in other companies in the areas of power quality and precision environmental control industry for many years. He holds a Bachelor's Degree in Science from the South China University of Technology and a Master's Degree in Business Administration from the Capital University of Economics and Business, the PRC.

NON-EXECUTIVE DIRECTOR

Mr. Mo Tianquan

Mr. Mo, aged 52, was appointed as a director of the Company on 2 May 2006. He has over 14 years of experience in the provision of on-line information and analysis on the trading, leasing, financing and valuation of real estate properties. He holds a Bachelor's Degree in Mechanical Engineering from South China University of Technology, a Master's Degree in Engineering from Tsinghua University, the PRC and a Degree of Master of Arts from Indiana University, the USA. He is a director and the executive chairman of SouFun Holdings Limited, a company whose shares are listed on the New York Stock Exchange conducting real estate internet business in the PRC. Mr. Mo is also a director of and has beneficial interests in all the issued share capital of Upsky Enterprises Limited, the ultimate holding company of the Company holding approximately 60.39% of the issued share capital of the Company as at the date of this annual report. He is the spouse of Ms. Cao Jing.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Prof. Ye Jianping

Prof. Ye, aged 54, was appointed as an independent non-executive director of the Company on 29 July 2006. He has been teaching in the Renmin University of China since 1985 and is the professor of the Department of Land and Real Estate Management of the Renmin University of China. He is also a council member of the China Land Science Society and the vice chairman of the China Institute of Real Estate Appraisers and Agents. He holds a Bachelor's Degree in Engineering from the Wuhan University, a Master's Degree in Economics and Doctorate in Management from the Renmin University of China. He is also a fellow member of The Royal Institute of Chartered Surveyors, a China Real Estate Appraiser and a China Land Appraiser.

Mr. Palaschuk Derek Myles

Mr. Palaschuk, aged 52, was appointed as an independent non-executive director of the Company on 25 February 2008. He was chief financial officer of Longtop Financial Technologies, a New York Stock Exchange listed company from September 2006 to May 2011. He was previously the chief financial officer of eLong Inc, a China-based Nasdaq-listed company, from April 2004 until July 2006. Prior to this, he worked with Sohu.com, a China-based Nasdaq-listed company, from July 2000 to March 2004 in various financial positions including chief financial officer. He also worked as an audit manager with PricewaterhouseCoopers in Hong Kong and Beijing. He holds a Bachelor of Commerce degree in accounting from the University of Saskatchewan, and an LLB from the University of British Columbia in Canada. He is also a Canadian Chartered Accountant.

Mr. Wu Jiahong

Mr. Wu, aged 49, was appointed as an independent non-executive director of the Company on 16 September 2013. Mr. Wu is currently also an executive director of Rosan Resources Holdings Limited (listed in Hong Kong) since 2006. He has over 15 years of experience in corporate finance and strategic management. Mr. Wu holds a Bachelor of Art diploma from the Beijing Foreign Studies University of Beijing, the PRC and a Master of Business Administration degree from the Georgetown University in the United States. Mr. Wu resigned on 16 May 2015.

CHAIRMAN'S STATEMENT

BUSINESS REVIEW

For the year ended 31 March 2015, the revenue of the Group's continuing operation, being the operation 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, increased by 18.4% to HK$143.7 million (2014: HK$121.4 million). Tackling the intensified market competition, the increase in revenue was mainly attributable to the improved occupancy rate in the hotel operation of the Nanning Hotel while the average room rate is decreased. The cost of sales has increased by 8% to HK$115.8 million (2014: HK$106.9 million). The Group's gross profit increased to HK$27.9 million for the current year (2014: HK$14.4 million).

Due to the unrealized loss of convertible bonds at fair value through profit or loss and the significant assets impairment loss occurred, the Group recorded a loss before tax from continuing operation of HK$234.9 million for the year ended 31 March 2015 as compared to the results of HK$197.8 million loss for the prior year. During the year, the Nanning Hotel reported an average room rate of HK$678 (2014: HK$757) and an average occupancy rate of 55.76% (2014: 39.4%).

BUSINESS PROSPECTS

According to the "12th Five-Year Plan for National Economic and Social Development*" (國民經濟和社會發展第十二個五年規劃綱要), it is the intention and policy of the government to further develop the tourism industry in the western China including Guangxi province.

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 in the following two or three years. From the national perspective, revenues of the overall hotel and catering segments decreased by 1% and 4% respectively as reported in some public domains. From the regional perspective, information from the local statistics bureau indicates that for the year of 2014, revenue of the overall hotel segment in Guangxi Province decreased by 2.4% and revenue of the overall hotel segment in Nanning city decreased by 2.96%.

The Board believes that although the hotel business faces challenges, the management team will put much more efforts to alleviate the negative impacts as stated above. For example, wholesale contracts have been signed with local clients to ensure the occupancy of the hotels and measures to control labor and other costs have been taken to offset the overall cost rising in China.

Cao Jing
Executive Chairman

Hong Kong
20 June 2015

* *For identification purpose only*

CORPORATE GOVERNANCE REPORT

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, the Remuneration Committee and the Nomination Committee which operate under the defined terms of reference and are required to report to the board of directors (the "Board") on a regular basis.

CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the Board, the Company had complied with the code provisions of the Code on Corporate Governance Practices (the "CG Code") contained 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 2015, except for code provisions A.1.1, A.4.1, A.4.2, B.1.3 and E.1.2, details of which are discussed in this report.

BOARD OF DIRECTORS

Composition and Role

The Board comprises:

Executive Directors	—	Ms. Cao Jing (Executive Chairman)
	—	Mr. Zhang Shaohua (Managing Director)
Non-executive Director	—	Mr. Mo Tianquan
Independent Non-executive Directors	—	Prof. Ye Jianping
	—	Mr. Palaschuk Derek Myles
	—	Mr. Wu Jiahong (Resigned on 16 May 2015)

The Board comprises two executive directors, one non-executive director and three independent non-executive directors. The biographical details of the directors are set out in the section "Directors' and Senior Management's Biographies" on page 3 of the annual report.

All directors are updated on governance and regulatory matters. The Company has also arranged appropriate director and officer liability insurance cover in respect of legal actions against its directors.

Members of the Board are collectively responsible for overseeing the business and affairs of the Group that aims to enhancing the Company's value for stakeholders. Roles of the Board include reviewing and guiding corporate strategies and policies; monitoring financial and operating performance; ensuring the integrity of the Group's accounting and financial reporting systems; and setting appropriate policies in managing risks of the Group while the day-to-day management is delegated to the executive directors and the management. The directors of the Company during the year and up to the date of this annual report are set out in the section "Directors" on page 3 of the annual report.

Except for Mr. Mo Tianquan and Ms. Cao Jing who are spouses, no director has any relationship (including financial, business, family or other material/relevant relationship) with any other directors of the Company.

BOARD OF DIRECTORS (continued)

The Board held four board meetings during the year. Due notice and board papers were given to all directors prior to the meeting in accordance with the Bye-laws of the Company. The attendance of each director is set out as follows:

Name of director	Number of meetings attended
Executive Directors	
Ms. Cao Jing *(Executive Chairman)*	4/4
Mr. Zhang Shaohua *(Managing Director)*	4/4
Non-executive Director	
Mr. Mo Tianquan	4/4
Independent Non-executive Directors	
Prof. Ye Jianping	4/4
Mr. Palaschuk Derek Myles	4/4
Mr. Wu Jiahong	4/4

CG Code provision A.1.1 stipulates that the Board should meet regularly and board meeting should be held at least four times a year at approximately quarterly intervals. During the year, four board meetings were held to review and discuss the annual and interim results together with other corporate matters and transactions happened during the year. Although the board meetings held during the year were not convened on a quarterly basis, the directors considered that sufficient meetings had been held to cover all aspects of the Company's business.

Draft minutes of board meetings are circulated to directors for comments and the signed minutes are kept by the company secretary. All directors can access to board papers and related materials.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The Chairman of the Company was Ms. Cao Jing and the Company did not have the position of Chief Executive Officer ("CEO"). The functions of CEO were performed by the Managing Director. The Managing Director of the Company was Mr. Zhang Shaohua. The roles of the Chairman and Managing Director were segregated and were not exercised by the same individual.

The executive directors and the management team of the Company, who are all experienced in hotel management and building related maintenance services, implement the decisions from the Board and make management proposals for the Board's consideration. The team assumes full accountability to the Board for all operations of the Group.

RE-ELECTION OF DIRECTORS

CG Code provision A.4.1 stipulates that non-executive directors should be appointed for a specific term and subject to re-election and that 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.

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.

According to 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 one-third) shall retire from office by rotation provided that the Executive Chairman and/or the Managing Director of the Company shall not be subject to retirement by rotation or be taken into account in determining the number of directors to retire in each year.

RE-ELECTION OF DIRECTORS (continued)

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 considered 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.

CONTINUOUS PROFESSIONAL DEVELOPMENT

Pursuant to Code Provision A.6.5, all Directors have participated in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the Board remains informed and relevant.

REMUNERATION COMMITTEE

As at the date of this report, the remuneration committee of the Company (the "Remuneration Committee") comprises three directors, of which Mr. Wu Jiahong (Chairman) and Professor Ye Jianping are independent non-executive directors and Ms. Cao Jing is an executive director. The Remuneration Committee is responsible for reviewing the Company's policy and structure for the remuneration of the executive directors and senior management and giving advices on the establishment of a formal and transparent procedure for developing policy on such remuneration. Mr. Wu resigned on 16 May 2015.

During the year, the Remuneration Committee held two meetings to review and discuss matters related to directors' fee and remuneration.

CG Code provision B.1.3 stipulates that the terms of reference of the Remuneration Committee should include, as a minimum, those specific duties as set out in the CG Code provisions. The Company has adopted the terms of reference for the Remuneration Committee on 21 December 2005, which were subsequently amended. Pursuant to the terms of reference for the Remuneration Committee, it is stipulated that the Remuneration Committee has the duty to "review" as opposed to "determine" the specific remuneration packages of executive directors and senior management.

The remuneration of the executive directors and senior management of the Company is reviewed by the Remuneration Committee and recommended to the Board and the chairman of the Board respectively for determination, taking into account of market pay and individual performance. In the opinion of the directors, the current practice serves the same purpose as laid down by the CG Code.

Details of remuneration packages of the directors during the year are set out under the heading "Directors' Remuneration" on pages 61 to 62 of this annual report. Two committee meetings were held during the year and the attendance of each member is shown as follows:

Name of member	Number of meetings attended
Mr. Wu Jiahong *(Chairman)*	2/2
Ms. Cao Jing	2/2
Prof. Ye Jianping	2/2

AUDIT COMMITTEE

As at the date of this report, the audit committee of the Company (the "Audit Committee") comprises two independent non-executive directors, namely Mr. Palaschuk Derek Myles (Chairman) and Professor Ye Jianping. Mr. Wu Jiahong resigned on 16 May 2015.

AUDIT COMMITTEE (continued)

The terms of reference for the Audit Committee have been adopted in line with the CG Code. 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 Board considers that each of the Audit Committee members has broad commercial experience and that there is an appropriate balance of experiences and skills covering business, accounting and financial management disciplines on the Audit Committee. The composition and the membership of the Audit Committee comply with the requirement under Rule 3.21 of the Listing Rules.

During the year ended 31 March 2015, the Audit Committee reviewed the accounting principles and policies adopted by the Company and discussed with management the financial reporting matters, internal controls, the unaudited interim results for the six months ended 30 September 2014 and the annual results for the year ended 31 March 2014. The financial statements of the Company and of the Group for the year ended 31 March 2015 including the disclaimer of opinion in the auditor's report had been reviewed by the Audit Committee.

The Audit Committee met two times during the year and the attendance of each member is shown as below:

Name of member	Number of meetings attended
Mr. Palaschuk Derek Myles *(Chairman)*	2/2
Prof. Ye Jianping	2/2
Mr. Wu Jiahong	2/2

Draft minutes of the Audit Committee meetings are circulated to members of the Audit Committee for comments and the signed minutes are kept by the company secretary.

NOMINATION COMMITTEE

The nomination committee of the Company (the "Nomination Committee") comprises three directors, of which Professor Ye Jianping (Chairman) and Mr. Palaschuk Derek Myles are independent non-executive directors and Ms. Cao Jing is an executive director. The Nomination Committee shall meet when necessary to consider the appointment of directors.

Pursuant to the terms of reference, the Nomination Committee has the power from time to time and at any time to nominate any person as a director to fill a casual vacancy or as an addition to the Board. In assessing the nomination of new directors, the Nomination Committee has taken into consideration of the nominee's qualification, ability and potential contributions to the Company.

The Nomination Committee met two times during the year to consider the re-election of directors at the Company's annual general meeting and the appointment of a director. The attendance of the Nomination Committee meetings is shown below:

Name of member	Number of meetings attended
Prof. Ye Jianping *(Chairman)*	2/2
Ms. Cao Jing	2/2
Mr. Palaschuk Derek Myles	2/2

AUDITORS' REMUNERATION

For the year ended 31 March 2015, services provided to the Group by SHINEWING, the existing auditors of the Company, and the respective fees paid and payable were:

Services rendered	Fees HK$'000
Audit services	612

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.

All directors have confirmed that they have complied with the required standard set out in the Model Code throughout the year ended 31 March 2015.

INTERNAL CONTROL

The Board has overall responsibilities for maintaining the Group's systems of internal control and reviewing their effectiveness. The internal control systems of the Group are designed to provide reasonable assurance to minimise risk of failure in operational systems, and to assist in the achievement of the Group's goals. The systems are also structured to safeguard the Group's assets, to ensure the maintenance of proper accounting records and compliance with applicable laws, rules and regulations.

The Audit Committee has the final authority to review and approve the annual audit plan and all major changes to the plan. In addition, special reviews may also be performed on areas of concern identified by management or the Audit Committee from time to time.

In respect of the year ended 31 March 2015, the Board and the Audit Committee conducted annual review of the effectiveness of the internal control system of the Group covering the finance, operational and compliance controls and risk management functions. Based on the review, the Board considered that the Group's internal control systems were effective and adequate for its present requirements.

ACCOUNTABILITY AND AUDIT

The directors acknowledge their responsibility for overseeing the preparation of financial statements for each financial period with a view to ensuring such financial statements give a true and fair view of the state of affairs of the Group and of the results and cash flows for that period. The Company's financial statements are prepared in accordance with all relevant statutory requirements and applicable accounting standards. The directors are responsible for ensuring that appropriate accounting policies are selected and applied consistently; and that judgments and estimates made are prudent and reasonable. The statement of the external auditors of the Company, Messrs. SHINEWING, with regard to their reporting responsibilities on the Company's financial statements is set out in the Independent Auditor's Report on pages 18 and 19 of this annual report.

COMMUNICATION WITH SHAREHOLDERS

The code provision E.1.2 of the CG Code stipulates that the chairman of the Board should attend the annual general meeting of the Company. The chairman did not attend the 2014 annual general meeting due to other business engagement. Another director of the Company had chaired the 2014 annual general meeting and answered questions from the shareholders.

The Company communicates with the shareholders of the Company through the publication of annual and interim reports, press announcements and circulars. The annual general meeting also provides a useful and convenient forum for shareholders to exchange views with the Board, and with each other. At the annual general meeting, the chairperson of the annual general meeting and chairman/member/duly appointed delegate of the Audit Committee, the Remuneration Committee and the Nomination Committee are available to answer the questions raised by shareholders.

The directors present their report and the audited financial statements of the Company and the Group for the year ended 31 March 2015. And there is no significant change in the Company's constitutional documents during the year.

REPORT OF THE DIRECTORS

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. During the year, the principal activities of its subsidiaries consisted of hotel and restaurant operations in the People's Republic of China. Details of the principal subsidiaries and their activities are set out in note 38 to the consolidated financial statements.

RESULTS AND DIVIDENDS

The Group's loss for the year ended 31 March 2015 and the state of affairs of the Company and the Group at that date are set out in the consolidated financial statements on pages 20 to 84.

The directors do not recommend the payment of any dividend in respect of the year (2014: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Liquidity and financial resources

The Group's cash and bank balances are mostly in Hong Kong dollars and Renminbi. As at 31 March 2015, the Group had unpledged cash and bank deposit balances of approximately HK$15.2 million (2014: HK$42.8 million). As at 31 March 2015, the Group had outstanding interest-bearing bank borrowings of HK$197.9 million (2014: HK$234.8 million). The gearing ratio of the Group which represented the total interest-bearing bank borrowings to the total assets was 43.6% (2014: 36.5%).

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 2015, the hotel properties held with an aggregate carrying amount of approximately HK$272.6 million (2014: HK$283.0 million) were pledged to a bank to secure banking facilities granted to the Group.

Employees and remuneration policy

The Group employed approximately 496 employees as at 31 March 2015 (2014: 540). 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.

REPORT OF THE DIRECTORS

SUMMARY OF FINANCIAL INFORMATION

A summary of the published results, assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the audited financial statements and restated and reclassified as appropriate for consistent presentation, is set out below:

RESULTS

	Year ended 31 March				
	2015	2014	2013	2012	2011
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
CONTINUING OPERATION					
REVENUE	**143,695**	121,384	157,908	163,345	144,684
(Loss)/profit for the year from a continuing operation	**(234,934)**	(197,773)	(25,249)	(9,429)	135
DISCONTINUED OPERATION					
Profit/(loss) for the year from a discontinued operation	**–**	–	–	–	749
(LOSS)/PROFIT FOR THE YEAR	**(234,934)**	(197,773)	(25,249)	(9,429)	884
(Loss)/profit attributable to:					
Owners of the parent	**(234,020)**	(197,298)	(24,667)	(9,067)	1,647
Non-controlling interests	**(914)**	(475)	(582)	(362)	(763)
	(234,934)	(197,773)	(25,249)	(9,429)	884

ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS

	As at 31 March				
	2015	2014	2013	2012	2011
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
TOTAL ASSETS	**454,252**	643,581	643,076	698,445	623,088
TOTAL LIABILITIES	**(559,279)**	(635,228)	(436,265)	(479,708)	(415,838)
NON-CONTROLLING INTERESTS	**(7,383)**	(8,199)	(8,683)	(9,109)	–
	(112,410)	154	198,128	209,628	207,250

The information set out above does not form part of the audited financial statements.

REPORT OF THE DIRECTORS

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Company and the Group during the year are set out in note 17 to the consolidated financial statements.

SHARE CAPITAL AND CONVERTIBLE BONDS

Details of movements in the Company's share capital during the year are set out in note 31 to the consolidated financial statements. Details of the movements in the convertible bonds of the Company during the year are set out in note 29 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-laws or the laws in Bermuda, which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SHARES

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed shares during the year.

RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in note 32 to the consolidated financial statements and in the consolidated statement of changes in equity, respectively.

DISTRIBUTABLE RESERVES

Under the laws of Bermuda the Company has no reserve available for distribution to shareholders as at 31 March 2015.

MAJOR CUSTOMERS AND SUPPLIERS

In the year under review, both the sales to the Group's five largest customers and the purchases from the Group's five largest suppliers accounted for less than 30% of the total sales and purchases for the year respectively.

DIRECTORS

The directors of the Company during the year and up to the date of this report were:

Executive directors:

Cao Jing
Zhang Shaohua

Non-executive director:

Mo Tianquan

Independent non-executive directors:

Ye Jianping
Palaschuk Derek Myles
Wu Jiahong

In accordance with the Company's Bye-laws, Prof. Jianping Ye will retire and, being eligible, offer himself for re-election at the forthcoming annual general meeting.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the directors of the Company and the senior management of the Group are set out on page 3 of the annual report.

DIRECTORS' SERVICE CONTRACTS

No director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company or any of its subsidiaries which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

REMUNERATION POLICY

The Company's remuneration policy is built upon the principle of providing an equitable, motivating and market-competitive remuneration package that can stimulate and drive staff at all levels to work towards achieving the Group's strategic objectives.

The remuneration of the directors of the Company is reviewed by the Remuneration Committee, having regard to directors' duties, responsibilities, the Group's operating results and comparable market statistics.

Details of the directors' remuneration and the five highest paid individuals in the Group are set out in note 14 to the consolidated financial statements.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Save as disclosed in note 35 to the consolidated financial statements and in the section headed "Connected transactions" below, no director had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company, its holding company, or any of its subsidiaries was a party during the year.

CONNECTED TRANSACTIONS

In addition to the related party information disclosed elsewhere in the consolidated financial statements, the following is a summary of significant related party transactions entered into in the ordinary course of business between the Group and its related parties during the years ended 31 March 2015 and 2014.

(a) Related parties' transactions

Name of related party	Relationship	Nature of transactions	2015 HK$'000	2014 HK$'000
Tanisca	Related parties in which certain directors of the Company have beneficial interests	Interest paid on the convertible bond	**1,200**	1,200

Note: Interest expense on the convertible bond was paid and payable to Tanisca, the holder of the convertible bond, at 1% per annum. Tanisca is wholly owned by Mr. Mo Tianquan, who is a non-executive director and is also interested in approximately 60.39% of the total issued share capital of the Company as at 31 March 2014. Mr. Mo Tianquan was thus a connected person (as defined under the Listing Rules) of the Company and the issue of the Bond constituted a connected transaction for the Company under Chapter 14A of the Listing Rules. Details of the transaction and the terms of the Bond were disclosed in note 29 to the consolidated financial statements.

CONNECTED TRANSACTIONS (continued)

(b) Other arrangements of related parties' transactions

(i) On 30 September 2011 (the US time), the Group acquired in aggregate 25,000 shares in SouFun Holdings Limited ("SouFun") at the aggregate consideration of US$284,410 (approximately equivalent to HK$2,218,000) through various on-market transactions on the New York Stock Exchange. The equity interests acquired represented approximately 0.03% of the total issued share capital of SouFun as at the date of acquisition.

As Mr. Mo Tianquan is the substantial shareholder and director of SouFun, beneficially holding approximately 32.4% in the total issued share capital of SouFun, and is also a non-executive director, a substantial shareholder and the ultimate beneficial owner of the Company, SouFun is regarded as a connected person of the Company and hence the acquisition is considered as a connected transaction for the Company under Chapter 14A of the Listing Rules. And the Company confirms it has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

The Group's investment in SouFun is accounted for as an equity investment at fair value through profit or loss, further details of which are included in note 22 to the consolidated financial statements.

(ii) As detailed in note 18 to the consolidated financial statements, the Group had an investment in 廣西普凱興業酒店有限公司 ("興業酒店") during the two years ended 31 March 2014, Mr. Mo Tianquan, a non-executive director, a substantial shareholder and the ultimate beneficial owner of the Company, also is a substantial shareholder and beneficial owner of 北京普凱世傑投資諮詢有限公司, the joint venture partner of 興業酒店.

(iii) Corporate guarantee was provided by the ultimate holding company of the Company to support the Group financially and operationally as a going concern whom agree to provide additional funding of maximum RMB65,000,000 (approximately HK$81,185,000) which is non-repayable within one year to the Group to meet in full its financial obligation as and when they fall due within the next twelve months from the year ended 31 March 2013.

(c) Compensation of key management personnel

The remunerations of directors and other members of key management during the year were as follows:

	2015 **HK$'000**	2014 HK$'000
Short-term benefits	**1,134**	1,150

The remunerations of directors and key management were determined by the remuneration committee having regard to the performance of individuals and market trends.

REPORT OF THE DIRECTORS

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

At 31 March 2015, the interests and short positions of the directors of the Company in the shares and underlying shares of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), were as follows:

(A) Long positions in ordinary shares of the Company:

Name of director	Nature of interest	Number of ordinary shares beneficially owned	Percentage of the Company's issued share capital
Mo Tianquan	Corporate	209,753,409 *(Note 1)*	60.39
Cao Jing	Family	209,753,409 *(Note 2)*	60.39

Note 1: These shares are held by Upsky Enterprises Limited, a company in which Mr. Mo Tianquan is a director and a sole shareholder.

Note 2: Ms. Cao Jing is interested in the shares held by Upsky Enterprises Limited by virtue of her marital relationship with Mr. Mo Tianquan.

(B) Long positions in convertible bonds of the Company:

Name of director	Nature of interest	Number of underlying shares
Mo Tianquan	Corporate	324,763,193 *(Note 1)*
Cao Jing	Family	324,763,193 *(Note 2)*

Note 1: The underlying shares represented the new shares to be issued upon full conversion of HK$120,000,000 convertible bonds held by Tanisca Investments Limited, a company wholly-owned by Mr. Mo Tianquan, at a conversion price of HK$0.3695 per share issued by the Company on 28 March 2008.

Note 2: Ms. Cao Jing is interested in the underlying shares held by Tanisca Investments Limited by virtue of her marital relationship with Mr. Mo Tianquan.

Save as disclosed above, as at 31 March 2015, none of the directors of the Company had registered an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the section headed "Directors' interests and short positions in shares and underlying shares" above, at no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any directors or their respective spouse or minor children, or were any such rights exercised by them; or was the Company, its holding company, or any of its subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSON'S INTERESTS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 March 2015, the following interests in the issued share capital and underlying shares of the Company were recorded in the register of interests required to be kept by the Company under Section 336 of the SFO:

(A) Long position in ordinary shares of the Company:

Name of shareholder	Capacity and nature of interest	Number of ordinary shares beneficially owned	Percentage of the Company's issued share capital
Upsky Enterprises Limited	Directly beneficially owned	209,753,409	60.39

(B) Long position in convertible bonds of the Company:

Name	Capacity and nature of interest	Number of underlying shares
Tanisca Investments Limited	Directly beneficially owned	324,763,193 *(Note 1)*

Note 1: The underlying shares represented the new shares to be issued upon full conversion of HK$120,000,000 convertible bonds held by Tanisca Investments Limited at a conversion price of HK$0.3695 per share issued by the Company on 28 March 2008.

Save as disclosed above, as at 31 March 2015, no person, other than the directors of the Company, whose interests are set out in the section "Directors' interests and short positions in shares and underlying shares" above, had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

DIRECTORS' INTERESTS IN A COMPETING BUSINESS

The Board noted that Mr. Mo Tianquan, a non-executive director of the Company, has been interested in the 北海銀灘一號項目 (literally translated as Beihai Yintan Project No. 1) (the "Yintan Project"), a hotel project located in Beihai city, Guangxi Zhuang Autonomous Region, the PRC, which is similar to the business of the Group in Guangxi Wharton. However the Board further noted that Guangxi Wharton and the Yintan Project are located in different cities as well as in different styles. Guangxi Wharton is located in Nanning, the capital of Guangxi Zhuang Autonomous Region inland and is a five-star business hotel. The Yintan Project is located in Beihai city which is the major seashore tourism area and is a five-star resort hotel. Taking into account of the strong territoriality in the nature of hotel business, the Board considers that the Yintan Project is not competitive to the Group's business in Guangxi Wharton. Accordingly, the Board is of the view that none of the directors of the Company or their respective associates has an interest in any business apart from the Group's businesses which competes or may compete, either directly or indirectly, with the Group's businesses during the year and up to the date of this report.

CONFIRMATION OF INDEPENDENCE

The Company has received from each of the independent non-executive directors an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules and considers all the independent non-executive directors to be independent.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the directors, at least 25% of the Company's total issued share capital was held by the public as at the date of this annual report.

AUDITORS

SHINEWING will retire at the forthcoming annual general meeting of the Company and, being eligible, offer itself for re-appointment. A resolution for the re-appointment of SHINEWING as auditor of the Company will be proposed at the forthcoming annual general meeting of the Company.

ON BEHALF OF THE BOARD

Cao Jing
Executive Chairman

Hong Kong
20 June 2015

INDEPENDENT AUDITOR'S REPORT

信永中和
ShineWing

SHINEWING (HK) CPA Limited
43/F., Lee Garden One
33 Hysan Avenue
Causeway Bay, Hong Kong

TO THE MEMBERS OF SHUN CHEONG HOLDINGS LIMITED
(Incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Shun Cheong Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 20 to 84, which comprise the consolidated statement of financial position as at 31 March 2015, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors of the Company determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Except for the inability to obtain sufficient appropriate audit evidence as described in the "Basis for Disclaimer of Opinion" paragraph, we conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements are free from material misstatement. However, because of the matter described in the "Basis for Disclaimer of Opinion" paragraph, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

INDEPENDENT AUDITOR'S REPORT

BASIS FOR DISCLAIMER OF OPINION

Material uncertainty relating to the going concern basis

The Group had net current liabilities of approximately HK$147,110,000 and net liabilities of approximately HK$105,027,000 as at 31 March 2015 and the Group incurred a loss for the year of approximately HK$234,934,000 for the year ended 31 March 2015.

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, the 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 compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

SHINEWING (HK) CPA Limited
Certified Public Accountants
Wong Chuen Fai
Practising Certificate Number: P05589

Hong Kong
20 June 2015

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2015

	Notes	2015 HK$'000	2014 HK$'000
Revenue	*8*	**143,695**	121,384
Cost of sales		**(115,825)**	(106,938)
Gross profit		**27,870**	14,446
Other income	*10*	**2,570**	2,775
Administrative expenses		**(36,854)**	(25,287)
Other operating expenses		**(2,866)**	(2,882)
Impairment loss recognised in respect of property, plant and equipment		**(120,865)**	–
Provision for litigation	*27*	**–**	(166,780)
Fair value (loss) gain on equity investment at fair value through profit or loss		**(7,209)**	8,131
Finance costs	*11*	**(23,432)**	(23,372)
Gain on deregistration of a subsidiary	*34*	**–**	119
Loss on modifications of terms of convertible bond		**(68,890)**	–
Share of results of joint ventures		**(5,258)**	(4,923)
Loss before tax		**(234,934)**	(197,773)
Income tax expense	*12*	**–**	–
Loss for the year	*13*	**(234,934)**	(197,773)
Other comprehensive income (expenses)			
Items that may be reclassified subsequently to profit or loss:			
Share of other comprehensive income (expenses) of joint ventures		**450**	(144)
Release of translation reserve upon deregistration of a foreign subsidiary	*34*	**–**	(119)
Exchange difference arising on translation of foreign operations		**954**	(73)
Other comprehensive income (expenses) for the year		**1,404**	(336)
Total comprehensive expenses for the year		**(233,530)**	(198,109)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2015

	Note	2015 HK$'000	2014 HK$'000
Loss for the year attributable to:			
Owners of the Company		**(234,020)**	(197,298)
Non-controlling interests		**(914)**	(475)
		(234,934)	(197,773)
Total comprehensive expenses attributable to:			
Owners of the Company		**(232,714)**	(197,625)
Non-controlling interests		**(816)**	(484)
		(233,530)	(198,109)
Loss per share			
— Basic and diluted	*16*	**(HK67.38 cents)**	(HK 56.80 cents)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2015

	Notes	**2015** **HK$'000**	2014 HK$'000
Non-current assets			
Property, plant and equipment	*17*	**327,506**	477,508
Interests in joint ventures	*18*	**88,728**	93,536
		416,234	571,044
Current assets			
Inventories	*19*	**2,425**	2,219
Trade receivables	*20*	**5,393**	5,236
Prepayments, deposits and other receivables	*21*	**6,330**	6,563
Equity investment at fair value through profit or loss	*22*	**6,191**	13,400
Deposits placed with financial institutions	*23*	**2,491**	2,326
Bank balances and cash	*24*	**15,188**	42,793
		38,018	72,537
Current liabilities			
Trade payables	*25*	**14,716**	13,572
Other payables, accruals and deposits	*26*	**79,566**	90,066
Provision for litigation	*27*	**–**	166,606
Amounts due to related companies	*28*	**7,678**	924
Tax payables		**5,401**	5,335
Convertible bond	*29*	**–**	112,991
Interest-bearing bank borrowings	*30*	**77,767**	76,814
		185,128	466,308
Net current liabilities		**(147,110)**	(393,771)
Total assets less current liabilities		**269,124**	177,273
Non-current liabilities			
Amounts due to related companies	*28*	**148,941**	10,921
Convertible bond	*29*	**105,082**	–
Interest-bearing bank borrowings	*30*	**120,128**	157,999
Total non-current liabilities		**374,151**	168,920
Net (liabilities) assets		**(105,027)**	8,353

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2015

	Note	**2015** **HK$'000**	2014 HK$'000
Capital and reserves			
Share capital	*31*	**3,473**	3,473
Reserves		**(115,883)**	(3,319)
(Capital deficiency) equity attributable to owners of the Company		**(112,410)**	154
Non-controlling interests		**7,383**	8,199
(Capital deficiency) total equity		**(105,027)**	8,353

The consolidated financial statements on pages 20 to 84 were approved and authorised for issue by the board of directors on 20 June 2015 and are signed on its behalf by:

Ms. Cao Jing
Director

Mr. Zhang Shaohua
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2015

	Equity attributable to owners of the Company										
	Share Capital HK$'000	Share Premium HK$'000	Contributed surplus HK$'000 *(Note a)*	Equity component of convertible bond HK$'000	Capital redemptions reserve HK$'000 *(Note b)*	Exchange fluctuation reserve HK$'000 *(Note c)*	Other reserve HK$'000 *(Note d)*	Accumulated losses HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 April 2013	3,473	119,068	46,909	52,225	132	22,854	1,362	(47,895)	198,128	8,683	206,811
Loss for the year	–	–	–	–	–	–	–	(197,298)	(197,298)	(475)	(197,773)
Other comprehensive expense											
Share of other comprehensive expenses of joint ventures	–	–	–	–	–	(144)	–	–	(144)	–	(144)
Release of translation reserve upon deregistration of a foreign subsidiary *(note 34)*	–	–	–	–	–	(119)	–	–	(119)	–	(119)
Exchange difference arising on translation of foreign operations	–	–	–	–	–	(64)	–	–	(64)	(9)	(73)
Total other comprehensive expenses for the year	–	–	–	–	–	(327)	–	–	(327)	(9)	(336)
Total comprehensive expenses for the year	–	–	–	–	–	(327)	–	(197,298)	(197,625)	(484)	(198,109)
Imputed interest released on non-current amount due to related companies	–	–	–	–	–	–	(349)	–	(349)	–	(349)
At 31 March 2014	3,473	119,068	46,909	52,225	132	22,527	1,013	(245,193)	154	8,199	8,353

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2015

	(Capital deficiency) equity attributable to owners of the Company										
	Share Capital HK$'000	Share Premium HK$'000	Contributed surplus HK$'000 *(Note a)*	Equity component of convertible bond HK$'000	Capital redemptions reserve HK$'000 *(Note b)*	Exchange fluctuation reserve HK$'000 *(Note c)*	Other reserve HK$'000 *(Note d)*	Accumulated losses HK$'000	Total HK$'000	Non-controlling interests HK$'000	(Capital deficiency) total equity HK$'000
At 1 April 2014	3,473	119,068	46,909	52,225	132	22,527	1,013	(245,193)	154	8,199	8,353
Loss for the year	–	–	–	–	–	–	–	(234,020)	(234,020)	(914)	(234,934)
Other comprehensive income											
Share of other comprehensive income of joint ventures	–	–	–	–	–	450	–	–	450	–	450
Exchange difference arising on translation of foreign operations	–	–	–	–	–	856	–	–	856	98	954
Total other comprehensive income for the year	–	–	–	–	–	1,306	–	–	1,306	98	1,404
Total comprehensive income (expenses) for the year	–	–	–	–	–	1,306	–	(234,020)	(232,714)	(816)	(233,530)
Deemed capital contribution	–	–	–	–	–	–	39,283	–	39,283	–	39,283
Derecognition upon modification of terms of convertible bond	–	–	–	(52,225)	–	–	–	–	(52,225)	–	(52,225)
Recognition upon modification of terms of convertible bond	–	–	–	133,092	–	–	–	–	133,092	–	133,092
At 31 March 2015	3,473	119,068	46,909	133,092	132	23,833	40,296	(479,213)	(112,410)	7,383	(105,027)

Notes:

(a) The contributed surplus of the Group represents the excess of the nominal value of the subsidiaries' shares acquired over the nominal value of the Company's shares issued in exchange at the time of the Group's capital reorganisation in 2006. Under the Companies Law of the Bermuda, the contributed surplus is distributable under certain specific circumstances.

(b) The capital redemption reserve represented the nominal value of the shares repurchased by the Company.

(c) The exchange fluctuation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations.

(d) Other reserve represents a contribution from related companies resulting from the balances of interest-free loans as described in note 28 to the consolidated financial statements, being the difference between the loan principal and the fair value of their liability component calculated upon initial recognition.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2015

	2015 HK$'000	2014 HK$'000
OPERATING ACTIVITIES		
Loss before tax	**(234,934)**	(197,773)
Adjustments for:		
Finance costs	**23,432**	23,372
Bank interest income	**(71)**	(50)
Share of results of joint ventures	**5,258**	4,923
Depreciation of property, plant and equipment	**38,996**	38,237
Impairment loss recognised on other receivables	**1,173**	1,574
Impairment loss recognised on trade receivables	**1,193**	1,165
Impairment loss recognised on property, plant and equipment	**120,865**	–
Reversal of impairment loss recognised on trade receivables in prior years	**(680)**	(1,337)
Gain on deregistration of a subsidiary	**–**	(119)
Loss on modifications of terms of convertible bond	**68,890**	–
Government grants received	**–**	(418)
Gain on disposal of property, plant and equipment	**–**	(1)
Loss on written off of property, plant and equipment	**5**	352
Fair value loss (gain) on equity investment at fair value through profit or loss	**7,209**	(8,131)
Dividend income from an equity investment at fair value through profit or loss	**(195)**	(186)
Operating cash flows before movements in working capital	**31,141**	(138,392)
(Increase) decrease in inventories	**(176)**	284
(Increase) decrease in trade receivables	**(604)**	1,378
Increase in prepayments, deposits and other receivables	**(11,734)**	(319)
Increase in trade payables	**950**	85
(Decrease) increase in other payables, accruals and deposits	**(892)**	27,696
(Decrease) increase in provision	**(166,606)**	166,780
Net cash (used in) from operating activities	**(147,921)**	57,512
INVESTING ACTIVITIES		
Interest received	**71**	50
Purchases of property, plant and equipment	**(4,843)**	(29,013)
Proceeds from disposal of property, plant and equipment	**–**	1
Placement of deposits with financial institution	**(165)**	(186)
Dividend received from an equity investment at fair value through profit or loss	**195**	186
Net cash used in investing activities	**(4,742)**	(28,962)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2015

	2015 HK$'000	2014 HK$'000
FINANCING ACTIVITIES		
Advance from (repayment to) related companies	**181,550**	(83)
Government grants received	**–**	418
Interest paid	**(16,856)**	(16,839)
Repayment of bank borrowings	**(77,767)**	(39,384)
New bank borrowings raised	**37,935**	37,590
Net cash from (used in) financing activities	**124,862**	(18,298)
Net (decrease) increase in cash and cash equivalents	**(27,801)**	10,252
Cash and cash equivalents at beginning of year	**42,793**	32,739
Effect of foreign exchange rate changes	**196**	(198)
Cash and cash equivalents at end of year	**15,188**	42,793
Cash and cash equivalents at end of year, represented by		
Bank balances and cash	**15,078**	42,683
Non-pledged time deposits with original maturity of less than three months when acquired	**110**	110
	15,188	42,793

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

1. GENERAL

Shun Cheong Holdings Limited (the "Company") was incorporated in Bermuda as an exempted company with limited liability and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The Company's registered office is located at Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda and its head office and principal place of business is located at Suite 2302, Wing On Centre, 111 Connaught Road Central, Hong Kong.

In the opinion of the directors of the Company, the immediate and ultimate holding company of the Company is Upsky Enterprises Limited ("Upsky"), incorporated in the British Virgin Islands and Mr. Mo Tianquan is the ultimate beneficial owner of Upsky.

The consolidated financial statements are presented in Hong Kong dollars ("HK$") which is the same as the functional currency of the Company while the functional currency of a principal subsidiary of the Company operated in the People's Republic of China (the "PRC"), 廣西沃頓國際大酒店有限公司 ("沃頓酒店"), is Renminbi ("RMB").

The principal activity of the Company is investment holding. The principal activities of the Company's principal subsidiaries are set out in note 38.

2. 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$234,934,000 for the year ended 31 March 2015;

(ii) the Group had recorded net current liabilities and net liabilities of approximately HK$147,110,000 and HK$105,027,000 as at 31 March 2015 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;

(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 2015 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.

3. 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 HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting
HK (IFRS Interpretations Committee) ("HK(IFRIC)")-Int 21	Levies

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

The Group has applied amendments to HKFRS 10, HKFRS 12 and HKAS 27 Investment Entities for the first time in the current year. The amendments to HKFRS 10 define an investment entity and introduce an exception to consolidating subsidiaries for an investment entity, except where the subsidiaries provide services that relate to the investment entity's investment activities. Under the amendments to HKFRS 10, an investment entity is required to measure its interests in subsidiaries at fair value through profit or loss.

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

- obtain funds from one or more investors for the purpose of providing them with professional investment management services;
- commit to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
- measure and evaluate performance of substantially all of its investments on a fair value basis.

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

As the Company is not an investment entity, the directors of the Company consider that the application of the amendments has had no impact on the disclosures or the amounts recognised in the Group's consolidated financial statements.

Amendments to HKAS 32 Offsetting Financial Assets and Financial Liabilities

The Group has applied amendments to HKAS 32 Offsetting Financial Assets and Financial Liabilities for the first time in the current year. The amendments to HKAS 32 clarify existing application issues relating to the offset of financial assets and financial liabilities requirements. Specifically, the amendments clarify the meaning of "currently has a legally enforceable right of set-off" and "simultaneous realisation and settlement".

The amendments have been applied retrospectively. As the Group does not have any financial assets and financial liabilities that qualify for offset, the application of the amendments has had no impact on the disclosures or on the amounts recognised in the Group's consolidated financial statements.

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

Amendments to HKAS 36 Recoverable Amount Disclosures for Non-Financial Assets

The Group has applied amendments to HKAS 36 Recoverable Amount Disclosures for Non-Financial Assets for the first time in the current year. The amendments to HKAS 36 require disclosures on additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposal. If the recoverable amount is fair value less costs of disposal, an entity shall disclose the level of the fair value hierarchy within which the fair value measurement of the asset or cash generating unit is categorised in its entirety. The Group is required to make additional disclosures for Level 2 and Level 3 of the fair value hierarchy:

- a description of the valuation techniques used to measure the fair value less costs of disposals. If there is any change in valuation techniques, the fact and the reason should also be disclosed;
- each key assumption on which management has based its determination of fair value less costs of disposal; and
- the discount rates used in the current and previous measurement if fair value less costs of disposal is measured using a present value technique.

The amendments have been applied retrospectively. The directors of the Company consider that the application of the amendments to HKAS 36 has had no material impact on the disclosures in the Group's consolidated financial statements.

Amendments to HKAS 39 Novation of Derivatives and Continuation of Hedge Accounting

The Group has applied amendments to HKAS 39 Novation of Derivatives and Continuation of Hedge Accounting for the first time in the current year. The amendments to HKAS 39 introduce an exception to the requirements for the discontinuation of hedge accounting in HKAS 39 if specific conditions are met. The amendments to HKAS 39 state that the novation of a hedging instrument is not be considered an expiration or termination if the novation (a) is required by laws or regulations; (b) results in a central counterparty or an entity acting in a similar capacity becoming the new counterparty to each of the parties to the novated derivative and (c) does not result in changes to the terms of the original over-the-counter derivatives other than the changes directly attributable to the novation. For all other novations outside the scope of the exemption, an entity should assess if they meet the derecognition criteria and the conditions for continuation of hedge accounting.

The amendments have been applied retrospectively. As the Group does not have any derivatives that are subject to novation, the application of the amendments has had no impact on the disclosures or on the amounts recognised in the Group's consolidated financial statements.

HK(IFRIC)-Int 21 Levies

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

HK(IFRIC)-Int 21 has been applied retrospectively. The application of this Interpretation has had no material impact on the disclosures or on the amounts recognised in the Group's consolidated financial statements.

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

Part 9 of Hong Kong Companies Ordinance (Cap. 622)

In addition, the annual report requirements of Part 9 "Accounts and Audit" of the Hong Kong Companies Ordinance (Cap. 622) come into operation during the financial year. As a result, there are changes to presentation and disclosures of certain information in the consolidated financial statements.

New and revised HKFRSs issued but not yet effective

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

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

1 Effective for annual periods beginning on or after 1 July 2014.
2 Effective for annual periods beginning on or after 1 January 2016.
3 Effective for annual periods beginning on or after 1 January 2017.
4 Effective for annual periods beginning on or after 1 January 2018.

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

HKFRS 9 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.

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

New and revised HKFRSs issued but not yet effective (continued)

HKFRS 9 Financial Instruments (continued)

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 are required 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 values at the end of subsequent reporting 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 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 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 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 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.

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

New and revised HKFRSs issued but not yet effective (continued)

HKFRS 9 Financial Instruments (continued)

HKFRS 9 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 in the future may have significant impact on amounts reported in respect of the Group's financial assets and financial liabilities and 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

HKFRS 15 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. 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:

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.

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 be effective for annual periods beginning on or after 1 January 2017 with early application permitted. The directors of the Company anticipate no material effect on the Group. 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.

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.

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

New and revised HKFRSs issued but not yet effective (continued)

Annual Improvements to HKFRSs 2010–2012 Cycle (continued)

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 property, 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 do not anticipate that the application of the amendments included in the Annual Improvements to HKFRSs 2010–2012 Cycle will have a material effect on 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 directors of the Company do not anticipate that the application of the amendments included in the Annual Improvements to HKFRSs 2011–2013 Cycle will have a material effect on the Group's consolidated financial statements.

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

New and revised HKFRSs issued but not yet effective (continued)

Annual Improvement 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 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 19 Defined Benefit Plans — Employee Contributions

The amendments to HKAS 19 simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. Specifically, contributions that are linked to services are attributed to periods of services as a negative benefit. The amendments to HKAS 19 specifies that such negative benefit are attributed in the same way as the gross benefit, i.e. attribute to periods of services under the plan's contribution formula or on a straight-line basis.

Besides, the amendments also states that if the contributions are independent of the number of years of employee service, such contributions may be recognised as a reduction of the service cost as they fall due.

The amendments to HKAS 19 will become effective for annual periods beginning on or after 1 July 2014 with early application permitted.

The directors of the Company anticipate that the application of the amendments to HKAS 19 will have no material impact to the Group.

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

New and revised HKFRSs issued but not yet effective (continued)

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.

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

The amendments establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset. The amendments clarify that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The amendments also clarify that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances.

The amendments are effective for annual periods beginning on or after 1 January 2016 with early application permitted. The directors of the Company anticipate that the application of the amendments will have no material impact on the consolidated financial statements.

Amendments to HKAS 27 Equity Method in Separate Financial Statements

The amendments to HKAS 27 allow an entity to apply the equity method to account for its investments in subsidiaries, joint ventures and associates in its separate financial statements. As a result of the amendments, the entity can choose to account for these investments either:

(i) at cost;

(ii) in accordance with HKFRS 9 (or HKAS 39); or

(iii) using the equity method as described in HKAS 28.

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

New and revised HKFRSs issued but not yet effective (continued)

Amendments to HKAS 27 Equity Method in Separate Financial Statements (continued)

The amendments to HKAS 27 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 retrospectively.

The directors of the Company anticipate that the application of HKAS 27 in the future may not have a material impact on the amounts reported and disclosures made in the financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance .

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values, as explained in the accounting policies set out 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.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation (continued)

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.

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

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.

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

Investment in subsidiaries

Investments in subsidiaries are stated at cost less any identified impairment loss on the statement of financial position of the Company.

Interests in joint ventures

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of joint ventures used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, interests in joint ventures are initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the joint ventures. When the Group's share of losses of a joint venture exceeds its interest in that joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint ventures.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Interests in joint ventures (continued)

The requirements of HKAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's interests in joint ventures. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be a joint venture, or when the investment (or a portion thereof) is classified as held for sale. When the Group retains an interest in the former joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with HKAS 39. The difference between the carrying amount of the joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the joint venture is included in the determination of the gain or loss on disposal of the joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that joint venture on the same basis as would be required if that joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

Where a group entity transacts with a joint venture of the Group, profits and losses resulting from the transactions with the joint venture are recognised in the Group's consolidated financial statements only to the extent of interest in the joint venture that are not related to the Group.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for services rendered in the normal course of business, net of sales related taxes.

Revenue from food and beverage sales is recognised when the services are rendered.

Sales of goods are recognised when the Group has delivered products to the customer, the customer has accepted the products and collectibility of the related receivables is reasonably assured.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Dividend income from investments including financial assets at fair value through profit or loss is recognised when the shareholders' rights to receive payment have been established (provided that it is probable that the economic benefits will flow to the Group and the amount of the revenue can be measured reliably).

Property, plant and equipment

Property, plant and equipment including leasehold land (classified as finance lease) and buildings held for use in the production or supply of services, or for administrative purposes are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment less their estimated residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment (continued)

Property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease.

Leasehold land and building for own use

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire lease is classified as an operating lease. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property, plant and equipment.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing at the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. HK$) using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the year, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of exchange fluctuation reserve (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Retirement benefit costs

Payments to defined contribution retirement benefit plans including state-managed retirement benefit schemes and Mandatory Provident Fund Scheme are recognised as an expense when employees have rendered service entitling them to the contributions.

Short term employee benefits

Short term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past services provided by the employee and the obligation can be estimated reliably.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from loss before tax as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation (continued)

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the first-in, first-out method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

Cash and cash equivalents

Bank balances and cash in the consolidated statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less. For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of bank balances and cash as defined above.

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets

The Group's financial assets are classified into one of the two categories, including loans and receivables and financial assets at fair value through profit or loss. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade receivables, deposits and other receivables, deposits placed with financial institutions and bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss on financial assets below).

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss ("FVTPL") has two subcategories, including financial assets held for trading and those designated as at FVTPL on initial recognition.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or

- on initial recognition, it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or

- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Financial assets at fair value through profit or loss (continued)

Financial assets at FVTPL are measured at fair value, with changes in fair value arising from remeasurement recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial assets and is included in the other income line item in the consolidated statement of profit or loss and other comprehensive income. Fair value is determined in the manner described in note 7.

Impairment loss on financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of trade receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, an impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables and other receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade receivable or other receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial liabilities and equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Other financial liabilities

Other financial liabilities including trade payables, other payables, accruals, amounts due to related companies, convertible bond and interest-bearing bank borrowings are subsequently measured at amortised cost, using the effective interest method.

Convertible bond containing liability and equity components

Convertible bond issued by the Group that contain both the liability and conversion option components are classified separately into respective items on initial recognition in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. Conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is classified as an equity instrument.

On initial recognition, the fair value of the liability component is determined using the prevailing market interest of similar non-convertible debts. The difference between the gross proceeds of the issue of the convertible bond and the fair value assigned to the liability component, representing the conversion option for the holder to convert the bond into equity, is included in equity (Equity component of convertible bond).

In subsequent periods, the liability component of the convertible bond is carried at amortised cost using the effective interest method. The equity component, representing the option to convert the liability component into ordinary shares of the Company, will remain in equity component of convertible bond until the embedded option is exercised (in which case the balance stated in equity component of convertible bond will be transferred to share premium). Where the option remains unexercised at the expiry date, the balance stated in equity component of convertible bond will be released to the accumulated losses. No gain or loss is recognised in profit or loss upon conversion or expiration of the option.

Transaction costs that relate to the issue of the convertible bond are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are charged directly to equity. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the period of the convertible bond using the effective interest method.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

The Group derecognised financial liabilities when, and only when, the Group's obligation is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Impairment losses on tangible assets

At the end of the reporting period, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit (CGU) to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGUs, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or a CGU) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a CGU) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a CGU) in prior years. A reversal of an impairment loss is recognised as income immediately in profit or loss.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 4, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities, revenue and expenses reported and disclosures made in the consolidated financial statements. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Critical judgements in applying the entity's accounting policies

The following are the critical judgements, apart from those involving estimation (see below), that the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised and disclosures made in the consolidated financial statements.

Going concern and liquidity

As explained in note 2, the consolidated financial statements have been prepared on a going concern basis and do not include any adjustments relating to the carrying amounts and reclassification of assets and liabilities that might be necessary should the Group fail to continue as a going concern since the directors of the Company are satisfied that the liquidity of the Group can be maintained in the coming year taking into the considerations as detailed in note 2. The directors of the Company also believe that the Group will have sufficient working capital to meet its financial obligations when they fall due within the next twelve months from the end of the reporting period.

Legal title of buildings

As detailed in note 17, certain of the Group's buildings have not been granted legal title from the relevant government authorities. Although the Group has not obtained the relevant legal title as at 31 March 2015, the directors of the Company had recognised the buildings on the grounds that they expected the legal title to be obtained in the near future with no major difficulties and the Group in substance were controlling these buildings.

Classification of joint ventures

As detailed in note 18, the Group's management exercises its critical judgement when determining whether the Group has share of control over an entity by evaluating the terms of the contractual arrangement signed by the Group and the shareholder of the joint ventures ("Shareholders' Agreement"). The directors of the Company consider that the Group is able to influence the operations of the joint ventures regarding the unanimous consent of all the parties sharing control which is required for resolution of important strategic financing and operation decisions under the Shareholders' Agreement.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Useful lives of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives, after taking into account their estimated residual value. The determination of the useful lives and residual values involve management's estimation based on experience about economic useful lives of the assets and by making reference to market prices of similar assets. The Group assesses annually the residual value and the useful life of the property, plant and equipment and if the expectation differs from the original estimate, such a difference may impact the depreciation in the period and the estimate will be changed in the future period.

Estimated impairment of property, plant and equipment

As at 31 March 2015, the carrying amount of the property, plant and equipment was approximately HK$327,506,000, net of accumulated impairment of approximately HK$120,865,000 (2014: HK$477,508,000, net of impairment of nil.) Determining whether property, plant and equipment are impaired requires an estimation of the recoverable amount of the property, plant and equipment. Such estimation was based on certain assumptions, which are subject to uncertainty and might materially differ from the actual results. Impairment loss of HK$120,865,000 (2014: Nil) has been recognised during the year ended 31 March 2014 as detailed set out in Note 17.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Key sources of estimation uncertainty (continued)

Estimated impairment of interests in joint ventures

The Group regularly reviews interests in joint ventures for impairment based on both quantitative and qualitative criteria. Such analysis typically includes various estimates and assumptions, e.g. the financial health, cash flow projections and future prospects of the companies. No impairment loss of interests in joint ventures were recognised for both years and the carrying amount of interests in joint ventures as at 31 March 2015 is approximately HK$88,728,000 (2014: HK$93,536,000).

Valuation of liability component of convertible bond

The fair values of liability component of convertible bond that are not traded in an active market are estimated by management based on the valuation performed by independent valuer. The fair values of liability component of convertible bond are valued using binomial model based on assumptions supported, where possible, by observable market prices or rates. The fair value of the liability component of convertible bond immediately following the modification, was approximately HK$102,024,000. Further details are given in note 29.

Estimated impairment of trade receivables

The management of the Group performs ongoing credit evaluations of receivables and adjusts credit limits based on payment history and the customer's current credit-worthiness, as determined by the review of their current credit information. The Group continuously monitors collections and payments from trade receivables and maintains a provision for estimated credit losses based upon its historical experience. As at 31 March 2015, the carrying amount of trade receivables is approximately HK$5,393,000 (net of allowance for doubtful debts of approximately HK$15,648,000) (2014: carrying amount of approximately HK$5,236,000 (net of allowance for doubtful debts of approximately HK$14,948,000)).

Estimated impairment of other receivables

When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows. Where the actual future cash flows are less than expected, a material impairment loss may arise. At 31 March 2015, the carrying amount of other receivables is approximately HK$6,330,000 (net of allowance for doubtful debts of HK$2,866,000) (2014: HK$6,563,000, (net of allowance for doubtful debts of HK$1,693,000)).

Income tax

The Group is subject to income taxes in Hong Kong and the PRC. There are certain calculations for which the ultimate tax determination may be uncertain. The Group recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

6. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategies remain unchanged from prior year.

The capital structure of the Group consists of net debt, which includes the convertible bond disclosed in note 29, interest-bearing bank borrowings disclosed in note 30, net of cash and cash equivalents and capital deficiency attributable to owners of the Company, comprising issued share capital and reserves.

6. CAPITAL RISK MANAGEMENT (continued)

The directors of the Company review the capital structure periodically. As part of this review, the directors of the Company monitors capital risk using a gearing ratio, which is defined as interest-bearing debts divided by total assets. The gearing ratios as at 31 March 2015 and 2014 are as follows:

	2015 HK$'000	2014 HK$'000
Interest-bearing debts:		
— Interest-bearing bank borrowings	**197,895**	234,813
— Amounts due to related companies	**148,941**	–
— Convertible bond	**105,082**	112,991
	451,918	347,804
Total assets	**454,252**	643,581
Gearing ratio	**99%**	54%

7. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2015 HK$'000	2014 HK$'000
Financial assets		
Equity investment at fair value through profit or loss	**6,191**	13,400
Loans and receivables (including cash and cash equivalents)	**27,863**	54,318
	34,054	67,718
Financial liabilities		
Financial liabilities at amortised cost	**506,063**	390,387

(b) Financial risk management objectives and policies

The Group's major financial instruments include trade receivables, deposits and other receivables, equity investment at fair value through profit or loss, deposits placed with financial institutions, bank balances and cash, trade payables, other payables, accruals, amounts due to related companies, convertible bond and interest-bearing bank borrowings. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risks (currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

Currency risk

The Group operates mainly in the PRC and HK, transactions, assets and liabilities denominated in currencies other than the functional currency of the group companies are minimal and therefore the directors of the Company considers the foreign exchange risk is minimal.

7. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Market risk (continued)

Currency risk (continued)

The Group is mainly expose to currency risk arise from US$. The Group believes that the pegged rate between the US$ and the HK$ will be materially unaffected by any changes in the value of US$ against other currencies. In this respect, the Group considers its exposure to foreign currency risk in respect of HK$ to be minimal.

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to amounts due to related companies, fixed-rate short term deposits, convertible bond and fixed-rate bank borrowings. Details of the Group's short term deposits, amounts due to related companies, convertible bond and interest-bearing bank borrowings are disclosed in notes 24, 28, 29 and 30 respectively.

The Group is also exposed to cash flow interest rate risk in relation to variable-rate interest-bearing bank borrowings as disclosed in note 30. The Group currently does not have an interest rate hedging policy. However, the director's of the Company monitors interest rate exposure and will consider other necessary actions when significant interest rate exposure is anticipated.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for interest-bearing bank borrowings and deposit at the end of the reporting period. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. A 50 basis points (2014: 50 basis points) increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's post-tax loss for the year ended 31 March 2015 would increase/decrease by approximately HK$543,000 (2014: HK$577,000). This is mainly attributable to the Group's exposure to interest rates on its variable-rate interest-bearing bank borrowings and deposit.

Other price risk

The Group is exposed to equity price risk through its investments in listed equity securities. The Group's equity price risk is mainly concentrated on equity instruments operating in information technology industry sector quoted in the New York Stock Exchange. In addition, the Group currently does not have any hedging policy and will consider hedging the risk exposure should the need arise.

The sensitivity analyses below have been determined based on the exposure to equity price risks at the reporting date.

If the price of the respective equity instruments had been 5% (2014: 5%) higher/lower, post-tax loss for the year ended 31 March 2015 would decrease/increase by approximately HK$232,000 (2014: HK$503,000) as a result of the changes in fair value of equity investment at fair value through profit or loss.

The Group's sensitivity to equity investment at fair value through profit or loss has not changed significantly from the prior year.

7. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Credit risk

As at 31 March 2015, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

The Group's credit risk is primarily attributable to cash and cash equivalents, trade receivables, deposit and other receivables. Management has policies in place and the exposures to these credit risks are monitored on an ongoing basis.

In respect of hotel operations, the Group has certain concentration of credit risk in view of its customers. 9% (2014: 19%) and 22% (2014: 48%) of the total trade receivables were due from the Group's largest customer and the five largest customers respectively. It has policies in place to ensure that sale of rooms to corporate customers are made to customers with an appropriate credit history. Sales to walk-in customers are made by credit cards or cash.

The Group's concentration of credit risk by geographical locations is mainly in PRC, which accounted for 100% (2014: 100%) of the total trade receivable as at 31 March 2015.

Cash and bank deposits are mainly placed in major domestic banks with good credit ratings. Rental deposits are mainly paid to domestic private entities who are currently leasing the office premises to the Group. The Group's credit risk is primarily attributable to its trade and other receivables. Management monitors each individual trade debt on an ongoing basis and the Group's exposure to bad debts is not significant. The Group has no significant concentration of credit risk, with the exposure spreading over a large number of counterparties and customers. Further quantitative data in respect of the Group's exposure to credit risk arising from trade and other receivables are disclosed in notes 20 and 21 to the financial statements.

Liquidity risk

At 31 March 2015, the Group had net current liabilities and net liabilities of approximately HK$147,110,000 and HK$105,027,000, respectively and the Group had incurred loss of approximately HK$234,934,000 for the year ended 31 March 2015. As explained in note 2 to the consolidated financial statements, the management has taken several measures and arrangements to improve the financial position of the Group and after taking into account the Proposed Plans, the Board considers that the Group will have sufficient working capital to finance its operations and to pay its financial obligations as and when they fall due at least next twelve months.

The consolidated financial statements have been prepared on a going concern basis. The Group relies on bank borrowings and amounts due to related companies as a significant source of liquidity. Details of which are set out in note 30.

Prudent liquidity risk management includes maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, the Group aims to maintain a reasonable level of cash and cash equivalents and flexibility in funding by keeping committed credit lines available.

Due to the capital intensive nature of the Group's business, the Group ensures that it maintains sufficient cash and additional funding to meet its liquidity requirements. The Group finances its working capital requirements through a combination of funds generated from operations, interest-bearing bank borrowings and amounts due to related companies. The directors of the Company believe that the Group will have sufficient working capital to meet its financial obligations when they fall due within the next twelve months from the end of the reporting period. Details of which are set out in note 2.

7. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Liquidity risk (continued)

Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets (e.g., trade receivables) and projected cash flows from operations.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The maturity dates for non-derivative financial liabilities are based on the agreed repayment dates.

The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curve at the end of the reporting period.

	On demand or within 1 year HK$'000	**1 to 5 years HK$'000**	**Total undiscounted cash flows HK$'000**	**Carrying amount HK$'000**
At 31 March 2015				
Trade payables	**14,716**	**–**	**14,716**	**14,716**
Other payables and accruals	**31,751**	**–**	**31,751**	**31,751**
Amounts due to related companies	**9,006**	**193,787**	**202,793**	**156,619**
Interest-bearing bank borrowings	**90,467**	**135,864**	**226,331**	**197,895**
Convertible bond	**1,200**	**122,500**	**123,700**	**105,082**
	147,140	**452,151**	**599,291**	**506,063**

	On demand or within 1 year HK$'000	1 to 5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount HK$'000
At 31 March 2014				
Trade payables	13,572	–	13,572	13,572
Other payables and accruals	17,166	–	17,166	17,166
Amounts due to related companies	924	11,934	12,858	11,845
Interest-bearing bank borrowings	91,614	183,933	275,547	234,813
Convertible bond	121,200	–	121,200	112,991
	244,476	195,867	440,343	390,387

The amounts included above for variable interest rate instruments for non-derivative financial liabilities are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

7. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Liquidity risk (continued)

The following table details the Group's expected maturity for some of its non-derivative financial assets. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Group's liquidity risk management as the liquidity is managed on a net asset and liability basis.

	Less than 1 year HK$'000	Total undiscounted cash flows HK$'000	Carrying amount HK$'000
At 31 March 2015			
Trade receivables	5,393	5,393	5,393
Deposits and other receivables	4,791	4,791	4,791
Deposits placed with financial institution	2,491	2,491	2,491
Equity investment at fair value through profit or loss	6,191	6,191	6,191
Bank balances and cash	15,188	15,188	15,188
	34,054	34,054	34,054

	Less than 1 year HK$'000	Total undiscounted cash flows HK$'000	Carrying amount HK$'000
At 31 March 2014			
Trade receivables	5,236	5,236	5,236
Deposits and other receivables	3,963	3,963	3,963
Deposits placed with financial institution	2,326	2,326	2,326
Equity investment at fair value through profit or loss	13,400	13,400	13,400
Bank balances and cash	42,793	42,793	42,793
	67,718	67,718	67,718

7. FINANCIAL INSTRUMENTS (continued)

(c) Fair value measurements recognised of financial instruments

The Group's financial asset at FVTPL is measured at fair value at the end of each reporting period. The following table gives information about how the fair value of the financial asset is determined.

Financial asset	Fair value as at 2015	Fair value as at 2014	Fair value hierarchy	Valuation technique(s) and key input(s)
Held-for-trading non-derivative financial assets classified as financial assets at fair value through profit or loss in the consolidated statement of financial position (see note 22)	Listed securities in the New York Stock Exchange: — Technology: US$793,750 (equivalent to HK$6,191,000)	Listed securities in the New York Stock Exchange: — Technology: US$1,710,500 (equivalent to HK$13,400,000)	Level 1	Quoted bid prices in an active market.

Except as detailed in the following table, the directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values:

Financial liabilities

	2015		2014	
	Carrying amount HK$'000	**Fair value HK$'000**	Carrying amount HK$'000	Fair value HK$'000
Liability component of convertible bond (see note 29)	**105,082,000**	**105,082,000**	106,458,000	106,458,000

The fair value of the liability component of convertible bond as at 31 March 2015 and 2014 is under level 3 category and was determined by the directors of the Company with reference to the valuation performed by independent professional valuers. The fair values of the convertible bonds were 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.

There were no transfers between levels of fair value hierarchy in the current year and prior year.

8. REVENUE

Revenue represents the fair value of the consideration received and receivable from outside customers during the year. An analysis of the Group's revenue for the year is as follows:

	2015 HK$'000	2014 HK$'000
Hotel business	**143,695**	121,384

9. SEGMENT INFORMATION

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.

For management purposes, the Group is currently organised into two major operating segments which are the same as the reportable segments of the group: hotel business and corporate and others.

The two reportable and operating segments are as follows:

Hotel business — hotel and restaurant operations in the PRC

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 by reportable and operating segments for the years ended 31 March:

	Hotel business		Corporate and others		Total	
	2015	2014	**2015**	2014	**2015**	2014
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Revenue						
Sales to external customers	**143,695**	121,384	**–**	–	**143,695**	121,384
Other revenue	**1,336**	2,582	**1,234**	193	**2,570**	2,775
Segment revenue	**145,031**	123,966	**1,234**	193	**146,265**	124,159
Segment (loss) profit	**(122,292)**	(12,771)	**(10,763)**	5,031	**(133,055)**	(7,740)
Finance costs					**(23,432)**	(23,372)
Provision for litigation					**–**	(166,780)
Litigation claim					**(9,557)**	–
Gain on deregistration of a subsidiary					**–**	119
Loss on modifications of terms of convertible bond					**(68,890)**	–
Loss before tax					**(234,934)**	(197,773)

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 4. Segment (loss) profit represents the (loss from) profit earned by each segment without allocation of finance costs, provision for litigation, litigation claim, gain on deregistration of a subsidiary 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.

9. SEGMENT INFORMATION (continued)

(b) Segment assets and liabilities

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

	Hotel business		Corporate and others		Total	
	2015	2014	**2015**	2014	**2015**	2014
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
ASSETS						
Segment and consolidated assets	**433,871**	611,140	**20,381**	32,441	**454,252**	643,581
LIABILITIES						
Segment liabilities	**87,713**	99,235	**6,569**	4,403	**94,282**	103,638
Unallocated liabilities					**464,997**	531,590
Consolidated liabilities					**559,279**	635,228

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, provision for litigation, amounts due to related companies and convertible bond.

9. SEGMENT INFORMATION (continued)

(c) Other segment information

	Hotel business		Corporate and others		Total	
	2015	2014	**2015**	2014	**2015**	2014
	HK$'000	HK$'000	**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	**38,992**	38,233	**4**	4	**38,996**	38,237
Fair value loss (gain) on equity investment at fair value through profit or loss	**–**	–	**7,209**	(8,131)	**7,209**	(8,131)
Capital expenditure	**4,844**	29,013	**–**	–	**4,844**	29,013
Impairment loss recognised on other receivables	**1,173**	1,574	**–**	–	**1,173**	1,574
Impairment loss recognised on trade receivables	**1,193**	1,165	**–**	–	**1,193**	1,165
Impairment loss recognised on property, plant and equipment	**120,865**	–	**–**	–	**120,865**	–
Reversal of impairment loss recognised on trade receivables in prior years	**(680)**	(1,337)	**–**	–	**(680)**	(1,337)
Government grants	**–**	(418)	**–**	–	**–**	(418)
Bank interest income	**(65)**	(50)	**(6)**	–	**(71)**	(50)
Interests in joint ventures	**88,728**	93,536	**–**	–	**88,728**	93,536
Share of results of joint ventures	**5,258**	4,923	**–**	–	**5,258**	4,923
Loss on written off of property, plant and equipment	**5**	352	**–**	–	**5**	352
Gain on disposal of property, plant and equipment	**–**	(1)	**–**	–	**–**	(1)
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or loss or segment assets:						
Income tax expense	**–**	–	**–**	–	**–**	–
Finance cost	**16,377**	15,639	**7,055**	7,733	**23,432**	23,372

9. SEGMENT INFORMATION (continued)

(d) Geographical segment

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

Information about the Group's revenue from external customers is presented based on the location of the operations and information about its non-current assets is presented based on the geographical location of the assets as detailed below:

	Revenue from external customers		Non-current assets	
	For the year ended 2015 HK$'000	For the year ended 2014 HK$'000	**As at 2015 HK$'000**	As at 2014 HK$'000
The PRC	**143,695**	121,384	**416,231**	571,037
Hong Kong	**–**	–	**3**	7

(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 (2014: nil).

10. OTHER INCOME

	2015 HK$'000	2014 HK$'000
Bank interest income	**71**	50
Dividend income from equity investment at FVTPL	**195**	186
Government grants	**–**	418
Exchange gain	**1,032**	–
Reversal of impairment loss recognised on trade receivables in prior years	**680**	1,337
Other	**592**	784
	2,570	2,775

Note: Government grants in respect of encouragement of development of the Group were recognised at the time the Group fulfilled the relevant granting conditions.

11. FINANCE COSTS

	2015 HK$'000	2014 HK$'000
Interest on bank borrowings	**15,656**	15,639
Imputed Interest on amounts due to related companies	**2,507**	–
Effective interest expense on convertible bond *(note 29)*	**5,269**	7,733
	23,432	23,372

12. INCOME TAX EXPENSE

	2015 **HK$'000**	2014 HK$'000
Current tax:		
PRC Enterprise Income Tax	**–**	–
Deferred tax *(note 33)*	**–**	–
	–	–

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

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 2015 (2014: 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:

	2015 **HK$'000**	2014 HK$'000
Loss before tax	**(234,934)**	(197,773)
Tax at the domestic income tax rate at 25% (2014: 25%) *(note)*	**(58,734)**	(49,444)
Tax effect of income not taxable	**(495)**	(182)
Tax effect of expenses not deductible	**55,163**	43,057
Tax effect of share of results of joint ventures	**1,315**	1,231
Tax effect of tax loss not recognised	**2,751**	5,338
Tax expense for the year	**–**	–

Details of deferred tax are set out in note 33.

Note: The domestic tax rate (which is the People's Republic of China on EIT rate) in the jurisdiction where the operation of the Group is substantially based is used.

13. LOSS FOR THE YEAR

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

	2015 **HK$'000**	2014 HK$'000
Directors' and chief executive's emoluments *(note 14)*	**1,134**	1,150
Retirement benefit scheme contributions (excluding contributions for directors and chief executive)	**3,808**	4,657
Other staff costs	**27,959**	26,132
Total employee benefit expenses	**32,901**	31,939
Depreciation of property, plant and equipment	**38,996**	38,237
Auditor's remuneration	**740**	612
Minimum lease payment under operating leases of offices properties	**302**	468
Loss on written off of property, plant and equipment	**5**	352
Litigation claim	**9,557**	–
Impairment loss recognised on trade receivables (included in other operating expenses)	**1,193**	1,165
Impairment loss recognised on other receivables (included in other operating expenses)	**1,173**	1,574

14. DIRECTORS' AND CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS

(a) Directors' and chief executive's emoluments

The emoluments paid or payable to each of the 6 (2014: 7) directors and the chief executive were as follows:

	Executive directors		Non-executive director	Independent non-executive directors				
	Ms. Cao Jing HK$'000	Mr. Zhang Shaohua HK$'000 *(Note a)*	Mr. Mo Tianquan HK$'000	Mr. Ye Jianping HK$'000	Mr. Palaschuk Derek Myles HK$'000	Mr. Deng Wei HK$'000 *(Note c)*	Mr. Wu Jiahong HK$'000 *(Note b)*	Total HK$'000
For the year ended 31 March 2015								
Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiary undertaking								
Fees	**–**	**105**	**630**	**105**	**189**	**–**	**105**	**1,134**
Other emoluments:								
Salaries and other benefits	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Retirement benefit scheme contributions	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total emoluments	**–**	**105**	**630**	**105**	**189**	**–**	**105**	**1,134**
For the year ended 31 March 2014								
Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiary undertaking								
Fees	–	104	623	104	187	62	70	1,150
Other emoluments:								
Salaries and other benefits	–	–	–	–	–	–	–	–
Retirement benefit scheme contributions	–	–	–	–	–	–	–	–
Total emoluments	–	104	623	104	187	62	70	1,150

Note a: Mr. Zhang Shaohua is also the chief executive of the Company for the year ended 31 March 2014 and 2015 and his emoluments disclosed above include those for services rendered by him the as the chief executive.

Note b: Mr. Wu Jiahong was appointed on 16 September 2013 and resigned as independent non-executive director after the end of the reporting period on 16 May 2015.

14. DIRECTORS' AND CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (continued)

(a) Directors' and chief executive's emoluments (continued)

Note c: Mr. Deng Wei has been resigned as independent non-executive director on 8 November 2013.

Note d: No other emoluments paid or receivable for directors' other services in connection with the management of the affairs of the Company or its subsidiary undertaking, retirement benefit and compensation for early termination of the appointment for loss of office for the years ended 31 March 2015 and 31 March 2014.

None of the directors and the chief executive waived or agreed to waive any emoluments paid by the Group during the years ended 31 March 2015 and 31 March 2014.

(b) Employees' emoluments

The five highest paid individuals of the Group included two (2014: two) directors of the Company, details of whose emoluments are set out in (a) above. The emoluments of the remaining three (2014: three) individuals are as follows:

	2015 HK$'000	2014 HK$'000
Salaries and other benefits	**746**	748
Retirement benefit scheme contributions	**11**	11
	757	759

The emoluments of the remaining three (2014: three) individuals were within the following bands:

	2015 Number of employees	2014 Number of employees
Nil–HK$1,000,000	**3**	3

During the years ended 31 March 2015 and 31 March 2014, no emoluments were paid or payable by the Group to any of the directors or the chief executive of the Company or the five highest paid individuals (including directors and employees) as an inducement to join or upon joining the Group or as compensation for loss of office.

15. DIVIDEND

No dividend was paid or proposed during the years ended 31 March 2015 and 31 March 2014, nor has any dividend been proposed since the end of the reporting period.

16. LOSS PER SHARE

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

	2015 HK$'000	2014 HK$'000
Loss		
Loss for the purpose of basic loss per share		
Loss for the year attributable to the owners of the Company	**(234,020)**	(197,298)
Effect of dilutive potential ordinary shares:		
Interest on convertible bond	**5,269**	7,733
Loss for the purpose of diluted loss per share	**(228,751)**	(189,565)

	2015 '000	2014 '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

	2015	2014
Basic and diluted loss per share *(in HK cents)*	**(67.38)**	(56.80)

For the year ended 31 March 2015 and 2014, because the diluted loss per share amount 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$234,020,000 (2014: HK$197,298,000), and the weighted average number of ordinary shares of approximately 347,326,000 (2014: 347,326,000) in issue during the year.

17. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings HK$'000	Machinery and equipment HK$'000	Furniture and office equipment HK$'000	Motor vehicles HK$'000	Leasehold improvement HK$'000	Total HK$'000
Cost						
At 1 April 2013	412,680	131,490	78,061	5,074	201,294	828,599
Exchange realignment	(389)	(138)	(92)	(5)	(226)	(850)
Additions	–	1,893	10,628	4	16,488	29,013
Written off	–	(746)	(550)	(8)	–	(1,304)
Disposals	–	–	–	(188)	–	(188)
As at 31 March 2014 and 1 April 2014	412,291	132,499	88,047	4,877	217,556	855,270
Exchange realignment	6,309	1,636	946	100	1,184	10,175
Additions	–	368	844	–	3,631	4,843
Written off	–	(4)	(30)	(19)	–	(53)
At 31 March 2015	418,600	134,499	89,807	4,958	222,371	870,235
Accumulated depreciation						
At 1 April 2013	117,729	100,014	53,810	2,612	66,893	341,058
Exchange realignment	(135)	(112)	(59)	(3)	(84)	(393)
Charge for the year	11,703	8,512	3,049	664	14,309	38,237
Written off	–	(677)	(268)	(7)	–	(952)
Eliminated on disposals	–	–	–	(188)	–	(188)
At 31 March 2014 and 1 April 2014	129,297	107,737	56,532	3,078	81,118	377,762
Exchange realignment	1,941	1,018	257	41	1,897	5,154
Charge for the year	14,771	6,825	5,554	597	11,249	38,996
Impairment loss recognised	–	13,206	19,191	–	88,468	120,865
Written off	–	(4)	(27)	(17)	–	(48)
At 31 March 2015	146,009	128,782	81,507	3,699	182,732	542,729
Carrying values						
At 31 March 2015	272,591	5,717	8,300	1,259	39,639	327,506
At 31 March 2014	282,994	24,762	31,515	1,799	136,438	477,508

17. PROPERTY, PLANT AND EQUIPMENT (continued)

The above items of property, plant and equipment are depreciated on a straight-line basis, after taking into account their estimated residual values, over their estimated useful lives as follows:

Land and buildings	2% to 3%
Machinery and equipment	6% to 20%
Furniture and office equipment	9% to 30%
Motor vehicles	18% to 24%
Leasehold improvement	5 years or over the lease terms, whichever is shorter

The Group has pledged land and buildings with a net carrying value of approximately HK$272,591,000 (2014: HK$282,994,000) to secure interest-bearing bank borrowings granted to the Group. Details were stated in note 30.

At the end of reporting period, the Group is in the process of obtaining the building ownership certificate for staff quarter locating in the PRC with carrying amount of approximately HK$3,996,000 (2014: HK$4,096,000). The directors of the Company confirmed that although the subsidiary has not yet obtained the building ownership certificate of the staff quarter, the ownership of staff quarter vested with the subsidiary.

During the year ended 31 March 2015, as a result of the continuous decline in the performance of the Group, the Group carried out a review of the recoverable amount of the Group's property, plant and equipment. The review led to the recognition of impairment losses on machinery and equipments of approximately HK$12,891,000 (2014: Nil), furniture and office equipment of approximately HK$18,742,000 (2014: Nil), and leasehold improvement of approximately 89,519,000 (2014: Nil), which have been recognised in consolidated statement of profit or loss and other comprehensive income. The discount rate in measuring the amounts of value in use is 8.5% (2014: Nil).

18. INTERESTS IN JOINT VENTURES

	2015 **HK$'000**	2014 HK$'000
Cost of investment in joint ventures — unlisted	**32,841**	32,841
Share of post acquisition loss and other comprehensive expenses	**(9,672)**	(4,864)
Advance to a joint venture	**65,559**	65,559
	88,728	93,536

The advance to a joint venture is unsecured, interest-free and repayable on demand. In the opinion of the directors, the advance is considered as quasi-equity investments in the joint venture.

18. INTERESTS IN JOINT VENTURES (continued)

At 31 March 2015 and 2014, the Group had interests in the following joint ventures:

Name of entities	Form of business structure	Place of incorporation and operation	Particulars of registered capital	Percentage of ownership interest and voting rights held by the Group 2015	2014	Principal Activities
廣西普凱興業酒店投資有限公司 ("興業酒店") *(Note b)*	Domestic equity joint venture	PRC	RMB50,360,000	**26.7%**	26.7%	Investment holding
北海海興房地產開發有限公司 ("北海海興") *(Note a & b)*	Wholly-owned domestic enterprise	PRC	RMB10,000,000	**26.7%**	26.7%	Inactive

Notes:

(a) 北海海興 is a wholly owned subsidiary of 興業酒店. The interests in joint ventures are indirectly held by the Company.

(b) Since unanimous consent of all the parties sharing control is required for resolution of important strategic financing and operating decisions, the investment was classified as joint venture even though the Group has a 26.7% voting interest.

The summarised financial information below represents amounts shown in the 興業酒店 and its subsidiary's financial statements which is material to the group and are accounted for using equity method and are prepared in accordance with HKFRSs.

	2015 HK$'000	2014 HK$'000
Current assets	**6,350**	5,397
Non-current assets	**601,975**	611,278
Current liabilities	**(268,649)**	(262,092)
Non-current liabilities	**(252,900)**	(249,800)
Net assets	**86,776**	104,783

The above amounts of assets and liabilities include the following:

	2015 HK$'000	2014 HK$'000
Cash and cash equivalents	**1,278**	2,175
Current financial liabilities (excluding trade and other payables and provisions)	**–**	–
Non-current financial liabilities (excluding trade and other payables and provisions)	**252,900**	249,800

18. INTERESTS IN JOINT VENTURES (continued)

	2015 HK$'000	2014 HK$'000
Revenue	**2,469**	–
Loss for the year	**(19,692)**	(18,439)
Other comprehensive income (expense) for the year	**1,685**	(539)
Total comprehensive expense for the year	**(18,007)**	(18,978)

The above loss for the year includes the following:

	2015 HK$'000	2014 HK$'000
Depreciation	**17,357**	17,197
Interest income	**–**	–
Interest expenses	**–**	–
Income tax expenses	**–**	–

Reconciliation of the above summarised financial information to the carrying amount of the interests in the joint ventures recognised in the consolidated financial statements:

	2015 HK$'000	2014 HK$'000
Net assets of 興業酒店 and its subsidiary	**86,776**	104,783
Proportion of the Group's interests in 興業酒店 and its subsidiary	**26.7%**	26.7%
Carrying amount of the Group's interests in 興業酒店 and its subsidiary	**23,169**	27,977

19. INVENTORIES

	2015 HK$'000	2014 HK$'000
Raw materials	**688**	530
Low-valued consumables	**1,335**	1,207
Consumables	**402**	482
	2,425	2,219

20. TRADE RECEIVABLES

	2015 HK$'000	2014 HK$'000
Trade receivables	**21,041**	20,184
Less: allowance for doubtful debts	**(15,648)**	(14,948)
	5,393	5,236

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:

	2015 HK$'000	2014 HK$'000
Within 30 days	**3,951**	2,793
31 days–60 days	**746**	1,323
61 days–90 days	**10**	68
Over 90 days	**686**	1,052
	5,393	5,236

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

	2015 HK$'000	2014 HK$'000
At 1 April	**14,948**	15,136
Impairment loss recognised on receivables	**1,193**	1,165
Reversal of impairment loss recognised on receivables	**(680)**	(1,337)
Exchange realignment	**187**	(16)
At 31 March	**15,648**	14,948

Included in the allowance for doubtful debts are individually impaired trade receivables with an aggregate balance of approximately HK$15,648,000 (2014: HK$14,948,000) which were in severe financial difficulties. Impairment loss of approximately HK$1,193,000 (2014: HK$1,165,000) has been recognised during the year ended 31 March 2015 accordingly.

20. TRADE RECEIVABLES (continued)

(c) As at 31 March 2015, approximately HK$695,000 (2014: HK$1,120,000) of the Group's trade receivables 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:

	2015 HK$'000	2014 HK$'000
Less than 30 days past due	**2**	17
31 to 90 days past due	**117**	136
Over 90 days past due	**576**	967
	695	1,120

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.

21. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2015 HK$'000	2014 HK$'000
Prepayments	**1,539**	2,600
Deposits and other receivables	**4,791**	3,963
	6,330	6,563

The above assets are neither past due nor impaired. The financial assets included in the above balances relate to receivables for which there was no recent history of default.

Movements in the allowance for doubtful debts of other receivables during the year are as follows:

	2015 HK$'000	2014 HK$'000
At 1 April	**1,693**	119
Impairment loss recognised on other receivables	**1,173**	1,574
At 31 March	**2,866**	1,693

Included in the allowance for doubtful debts are individually impaired other receivables with an aggregate balance of approximately HK$2,866,000 (2014: HK$1,693,000) which were in severe financial difficulties. Impairment loss of approximately HK$1,173,000 (2014: HK$1,574,000) has been recognised during the year ended 31 March 2015 accordingly.

22. EQUITY INVESTMENT AT FAIR VALUE THROUGH PROFIT OR LOSS

	2015 HK$'000	2014 HK$'000
Listed securities		
— Equity securities listed in The New York Stock Exchange	**6,191**	13,400

The above equity investment at 31 March 2015 and 2014 was, upon initial recognition, recognised by the Group as financial assets at fair value through profit or loss.

23. DEPOSIT PLACED WITH FINANCIAL INSTITUTION

The deposit placed with financial institution is for the purpose of securities trading. The deposit does not carry any interest (2014: carry interest at market rates which range from 0.001% to 0.05% per annum).

24. BANK BALANCES AND CASH

Bank balances carry interest at market rates which range from 0.001% to 0.35% (2014: 0.001% to 0.50%) per annum. As at 31 March 2015, the fixed interest rate on bank deposits with initial terms ranging from one month to three months were 0.01% (2014: 0.01%) per annum.

At 31 March 2015, the Group's bank balances and cash denominated in RMB amounted to approximately RMB4,061,000, equivalent to approximately HK$5,136,000 (2014: approximately RMB23,139,000, equivalent to approximately HK$28,900,000). Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sales and Payment of Foreign Exchange Regulations.

The Group's bank balances and cash that are denominated in currencies other than the functional currencies of the relevant group entities are set out below:

	2015 HK$'000	2014 HK$'000
US$	**9,392**	13,186

25. 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:

	2015 HK$'000	2014 HK$'000
Within 30 days	**2,207**	2,497
31 days–60 days	**3,464**	2,308
Over 60 days	**9,045**	8,767
Trade payables	**14,716**	13,572

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.

26. OTHER PAYABLES, ACCRUALS AND DEPOSITS

	2015 HK$'000	2014 HK$'000
Deposits received	**40,476**	49,757
Other payables	**33,609**	35,631
Accruals	**5,481**	4,678
	79,566	90,066

27. PROVISION

	2015 HK$'000	2014 HK$'000
Analysed for reporting purposes as:		
Current liabilities	**–**	166,606

The litigation proceedings represented the ex-shareholder of a subsidiary of the Group (the "Ex-shareholder") commenced proceedings against the subsidiary in relation to a contractual dispute. As set out in the announcement of the Company on 18 December 2014, the final judgment of the legal proceeding was delivered and the subsidiary, Open Land Holdings Limited (the "Subsidiary"), was ordered to settle compensation of approximately RMB139,314,000 (approximately HK$176,163,000) to the Ex-shareholder. Provision of RMB133,392,000 (approximately HK$166,606,000) was made as of 31 March 2014 and was reversed to setoff the litigation settlement paid during the year. Details of the litigation are set out in note 39 to the consolidated financial statements.

28. AMOUNTS DUE TO RELATED COMPANIES

	Nominal interest rate (%)	Maturity	Original currency (USD'000)	2015 HK$'000	2014 HK$'000
Non-current portion	Fixed rate at 1%	January 2020	8,636	**66,968**	–
(note (i))	Fixed rate at 1%	December 2019	9,117	**70,692**	–
	Interest free	March 2017	–	**11,281**	11,010
				148,941	11,010
Current portion	Interest free	Repayable on demand	–	**7,678**	924
				156,619	11,934

28. AMOUNTS DUE TO RELATED COMPANIES (continued)

Note:

(i) During the year, the Group received interest bearing advances from the related companies amounted to US$22,550,000 (equivalent to approximately HK$174,857,000) bearing interest at 1% per annum (2014:Nil) to be repayable in full within five years and interest free advances amounted to HK$6,693,000 repayable on demand.

The fair values of the liability components of the amounts due to related companies were estimated at the inception date using an equivalent market interest rate for a similar loan. The Group recalculates the carrying amount by computing the present value of estimated future cash flows at effective interest rate of 6.39% (2014: Nil). The residual amounts were assigned as the equity components of the amounts due to related companies and are included in shareholder's equity as deemed capital contribution from the related companies. These related companies are ultimately held by Mr. Mo Tianquan ("Mr. Mo"), a non-executive director of the Company. Mr. Mo is also interested in approximately 60.39% of the total issued share capital of the Company as at 31 March 2015 and he is also a beneficial owner of these related companies. During the year, the Group recognised a deemed capital contribution in equity of HK$39,283,000 (2014: Nil) due to fair value adjustment on initial recognition of further advances from the related companies in current year.

29. 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 ("modification"). 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 Deed of 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% (2014: 6.84%) per annum. The residual amount was assigned as the equity component of the Bond and is included in shareholders' equity.

29. CONVERTIBLE BOND (continued)

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% (2014: 6.84%).

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 2013	106,458	52,225	158,683
Interest expenses *(note 11)*	7,733	–	7,733
Interest paid	(1,200)	–	(1,200)
At 31 March 2014 and 1 April 2014	112,991	52,225	165,216
Interest expenses *(note 11)*	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	**105,082**	**133,092**	**238,174**

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.

30. INTEREST-BEARING BANK BORROWINGS

	Effective interest rate (%)	Maturity	2015 HK$'000	2014 HK$'000
Unsecured bank loan	Fixed rate at 5.86% (2014: 5%)	March 2016 (2014: March 2015)	**37,935**	37,470
Secured bank loan	Floating rate at the prime lending rate of the People's Bank of China	February 2019	**159,960**	197,343
			197,895	234,813

30. INTEREST-BEARING BANK BORROWINGS (continued)

	2015 HK$'000	2014 HK$'000
Carrying amount repayable*:		
Within one year	**77,767**	76,814
More than one year, but not exceeding two years	**39,832**	39,344
More than two years but not more than five years	**80,296**	118,655
Total secured interest-bearing bank borrowings	**197,895**	234,813
Less: Amounts due within one year shown under current liabilities	**(77,767)**	(76,814)
Amounts shown under non-current liabilities	**120,128**	157,999

* The amounts due are based on scheduled repayment dates as set out in the loan agreements.

The ranges of effective interest rates (which are also equal to contracted interest rates) on the Group's unsecured and secured bank loan are ranged from 5.86% to 6.55% (2014: 5% to 6.55%) per annum.

During the year, the Group has obtained new loan in the amount of approximately HK$37,935,000 (2014: HK$37,470,000). The loans bear interest at fixed rate and will be repayable in March 2016. The proceeds were used to finance the working capital.

The interest-bearing bank borrowings is secured by the pledge of the Group's land and buildings situated in PRC with a carrying value of approximately HK$272,591,000 (2014: HK$282,994,000) (note 17).

31. SHARE CAPITAL

	Number of shares '000	Share capital HK$'000
Ordinary shares of HK$0.01 each		
Authorised:		
At 1 April 2013, 31 March 2014, 1 April 2014 and 31 March 2015	8,000,000	80,000
Issued and fully paid:		
At 1 April 2013, 31 March 2014, 1 April 2014 and 31 March 2015	347,326	3,473

32. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2015 HK$'000	2014 HK$'000
Non-current assets		
Property, plant and equipment	**3**	6
Interests in subsidiaries *(note a)*	**2,271**	88,830
	2,274	88,836
Current assets		
Deposits placed with financial institutions	**2,491**	2,326
Prepayments, deposits and other receivables	**730**	971
Equity investment at fair value through profit or loss	**6,191**	13,400
Bank balances and cash	**586**	2,762
	9,998	19,459
Current liabilities		
Other payables and accruals	**6,562**	4,337
Convertible bond	**–**	112,991
	6,562	117,328
Net current assets (liabilities)	**3,436**	(97,869)
Total assets less current liabilities	**5,710**	(9,033)
Non-current liability		
Convertible bond	**105,082**	–
Net liabilities	**(99,372)**	(9,033)
Capital and reserves		
Share capital	**3,473**	3,473
Reserves *(note b)*	**(102,845)**	(12,506)
Capital deficiency	**(99,372)**	(9,033)

32. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

Note a:

	2015 HK$'000	2014 HK$'000
Unlisted shares, at cost	**2**	2
Amounts due from subsidiaries	**257,513**	255,434
	257,515	255,436
Less: Impairment loss recognised on amounts due from subsidiaries	**(255,244)**	(166,606)
	2,271	88,830

The amounts due from subsidiaries were unsecured, non-interest bearing and had no fixed terms of repayment.

Note b:

	Share premium HK$'000	Contributed surplus HK$'000 *(note i)*	Capital redemption reserve HK$'000	Equity component of convertible bond HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 April 2013	119,068	60,918	132	52,225	(77,589)	154,754
Loss for the year and total comprehensive expense for the year	–	–	–	–	(167,260)	(167,260)
At 31 March 2014 and 1 April 2014	119,068	60,918	132	52,225	(244,849)	(12,506)
Loss for the year and total comprehensive expense for the year	–	–	–	–	(171,206)	(171,206)
Recognition upon modification of terms of convertible bond	–	–	–	133,092	–	133,092
Derecognition upon modification of terms of convertible bond	–	–	–	(52,225)	–	(52,225)
At 31 March 2015	**119,068**	**60,918**	**132**	**133,092**	**(416,055)**	**(102,845)**

Note i: The contributed surplus of the Company represents the excess of the nominal value of the subsidiaries' shares acquired over the nominal value of the Company's shares issued in exchange at the time of the Company's capital reorganisation in 2006. Under the Companies Law of the Bermuda and the Companies Act 1981 of Bermuda (as amended), the contributed surplus is distributable under certain specific circumstances.

33. DEFERRED TAXATION

At the end of the reporting period, the Group did not recognise tax losses of approximately HK$39,090,000 (2014: HK$28,085,000) due to the unpredictability of future profit streams. Tax loss amounting to HK$39,090,000 (2014: HK$28,085,000) will expire within five years.

Under the Enterprise Income Tax (the "EIT") Law of PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. No deferred taxation has been recognised in respect of these temporary differences attributable to accumulated profits of the PRC subsidiaries since the PRC subsidiaries recorded accumulated losses during the years ended 31 March 2015 and 31 March 2014.

As at 31 March 2015, the aggregate amount of temporary differences associated with investments in joint ventures for which deferred tax liabilities have not been recognised amounting to approximately HK$10,512,000 (2014: HK$5,254,000), as the directors consider that the timing of reversal of the related temporary differences can be controlled and the temporary differences will not reverse in the foreseeable future.

34. DEREGISTRATION OF A SUBSIDIARY

During the year ended 31 March 2014, the Group deregistered a wholly-owned subsidiary 廣西沃頓物業服務有限公司.

Net assets of the deregistered subsidiary at its respective date of deregistration were as follows:

	Total HK$'000
Net assets disposed of:	
Net assets	–
Release of exchange translation reserve	(119)
Gain on deregistration	(119)
Net cash outflow arising on deregistration Bank balances and cash	–

The deregistered subsidiary did not have significant contribution to the Group's revenue, loss and cash flow for the year ended 31 March 2014.

35. RELATED PARTY TRANSACTIONS

In addition to the related party information disclosed elsewhere in the consolidated financial statements, the following is a summary of significant related party transactions entered into in the ordinary course of business between the Group and its related parties during the years ended 31 March 2015 and 2014.

(a) Related parties' transactions

Name of related party	Relationship	Nature of transactions	**2015 HK$'000**	2014 HK$'000
Tanisca	Related parties in which certain directors of the Company have beneficial interests	Interest paid on the convertible bond *(note (i))*	**1,200**	1,200
Upsky International Holdings Limited	Related parties in which certain directors of the Company have beneficial interests	Actual interest paid on amounts due to related companies *(note (ii))*	**15**	–
Media Partner Technology Limited	Related parties in which certain directors of the Company have beneficial interests	Actual interest paid on amounts due to related companies *(note (ii))*	**153**	–
Next Decade Investment Limited	Related parties in which certain directors of the Company have beneficial interests	Actual interest paid on amounts due to related companies *(note (ii))*	**253**	–

(i) Interest expense on the convertible bond was paid to Tanisca at 1% per annum. Tanisca is wholly owned by Mr. Mo, who is a non-executive director and is also interested in approximately 60.39 % of the total issued share capital of the Company as at 31 March 2015. Mr. Mo was thus a connected person (as defined under the Listing Rules) of the Company and the issue of the Bond constituted a connected transaction for the Company under Chapter 14A of the Listing Rules. Details of the transaction and the terms of the Bond were disclosed in note 29.

(ii) Interest expenses on the amounts due to related companies were paid at 1% per annum. Mr. Mo is also a director of and has beneficial interests in all the issued share capital of these companies. Details of the transaction were disclosed in note 28.

35. RELATED PARTY TRANSACTIONS (continued)

(b) Other arrangements of related parties' transactions

(i) On 30 September 2011 (the US time), the Group acquired in aggregate 25,000 shares in SouFun Holdings Limited ("SouFun") at the aggregate consideration of US$284,410 (approximately equivalent to HK$2,218,000) through various on-market transactions on the New York Stock Exchange. The equity interests acquired represented approximately 0.03% of the total issued share capital of SouFun as at the date of acquisition.

As Mr. Mo is the substantial shareholder and director of SouFun, beneficially holding approximately 32.4% in the total issued share capital of SouFun, and is also a non-executive director, a substantial shareholder and the ultimate beneficial owner of the Company, SouFun is regarded as a connected person of the Company and hence the acquisition is considered as a connected transaction for the Company under Chapter 14A of the Listing Rules.

The Group's investment in SouFun is accounted for as an equity investment at FVTPL, further details of which are included in note 22.

(ii) As detailed in note 18, the Group had an investment in the JV Company during the two years ended 31 March 2015 and 31 March 2014, Mr. Mo Tianquan, a non-executive director, a substantial shareholder and the ultimate beneficial owner of the Company, also is a substantial shareholder and beneficial owner of the JV Partner.

(c) Compensation of key management personnel

The remunerations of directors and other members of key management during the year were as follows:

	2015 **HK$'000**	2014 HK$'000
Short-term benefits	**1,134**	1,150

The remunerations of directors and key management were determined by the remuneration committee having regard to the performance of individuals and market trends.

(d) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

No loan, quasi-loan and other dealings in favour of the directors, controlled bodies corporate by and connected entities with such directors subsisted at the end of the year or at any time during the year.

(e) Directors' material interests in transactions, arrangements or contracts

Save as disclosed above, no significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

36. RETIREMENT BENEFIT PLANS

Defined contribution plans

The Group operates a Mandatory Provident Fund ("MPF") Scheme for all qualifying employees in Hong Kong. The assets of the MPF are held separately from those of the Group, in funds under the control of trustees. The retirement benefit cost for the MPF charged to the consolidated statement of profit or loss and other comprehensive income represents contributions payable to the fund by the Group at rates specified in the rules of the MPF Scheme.

The employees of certain subsidiaries in the PRC are members of a state-managed retirement benefit scheme operated by PRC government. These subsidiaries are required to contribute a certain percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit scheme is to make the specified contributions.

The total cost charged to consolidated statement of profit or loss and other comprehensive income of approximately HK$3,808,000 (2014: HK$4,657,000) represents contributions payable to these schemes by the Group in respect of the current accounting period.

37. 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:

	2015 **HK$'000**	2014 HK$'000
Within one year	**1,126**	1,159
In the second to fifth year inclusive	**2,633**	456
	3,759	1,615

Leases are negotiated for a term of three to five years (2014: three to five years) and rentals are fixed during the lease period.

38. PARTICULAR OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Details of the Company's principal subsidiaries at 31 March 2015 and 2014 are as follows:

Name of subsidiaries	Place of incorporation registration/ operation	Issued and fully paid share capital/ registered capital	Proportion effective ownership interest held by the Company		Forms of legal entity	Principal activities
			Directly	Indirectly		
Aykens Holdings Limited	British Virgin Islands	US$100	100%	–	Private limited company	Investment holding
Hopland Enterprises Limited	British Virgin Islands	US$100	100%	–	Private limited company	Investment holding
沃頓酒店	PRC	US$31,927,280	–	100%	Wholly-owned foreign enterprise	Hotel and restaurant operation
Open Land Holdings Limited ("Open Land")	Hong Kong	HK$10,000	–	100%	Private limited company	Investment holding
Unisonic Investment Limited	Hong Kong	HK$10,000	–	100%	Private limited company	Investment holding
廣西普凱礦業科技有限公司 ("普凱礦業")	PRC	US$3,000,000	–	60%	Sino-foreign equity joint venture	Inactive

The above table lists the subsidiaries of the Company which, in the opinion of the directors of the Company, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors of the Company, result in particulars of excessive length.

None of the subsidiaries had any debt securities outstanding at the end of both years or during both years.

At the end of the reporting period, the Company has other subsidiaries that are not material to the Group. A majority of these subsidiaries operate in the PRC. The principal activities of these subsidiaries are summarised as follows:

Principle activity	Place of incorporation and operation	Number of wholly-owned subsidiaries	
		2015	2014
Catering	the PRC	**1**	1
Inactive	the PRC	**1**	1
		2	2

Details of non-wholly owned subsidiaries that have material non-controlling interests

38. PARTICULAR OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued)

The table below shows details of non-wholly-owned subsidiaries of the Group that have material non-controlling interests:

Name of subsidiary	Place of incorporation and principal place of business	Proportion of effective interests held by non-controlling interests		Voting rights held by non-controlling interests		(Loss) allocated to non-controlling interests		Accumulated non-controlling interests	
		2015	2014	**2015**	2014	**2015**	2014	**2015**	2014
						HK$'000	HK$'000	**HK$'000**	HK$'000
普凱礦業	the PRC	**40%**	40%	**40%**	40%	**(914)**	(475)	**7,197**	8,199

Summarised financial information in respect of the Group's subsidiary that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intra-group eliminations.

普凱礦業	**2015** **HK$'000**	2014 HK$'000
Non-current assets	**–**	–
Current assets	**19,274**	21,314
Current liabilities	**(935)**	(934)
Non-current liabilities	**–**	–
Equity attributable to owners of the Company	**10,956**	12,181
Non-controlling interests	**7,383**	8,199

38. PARTICULAR OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued)

普凱礦業	2015 HK$'000	2014 HK$'000
Revenue	**–**	–
Other income	**6**	–
Expenses	**(2,291)**	(1,193)
Loss for the year	**(2,285)**	(1,187)
Loss attributable to owners of the Company	**(1,371)**	(712)
Loss attributable to the non-controlling interests	**(914)**	(475)
Loss for the year	**(2,285)**	(1,187)
Other comprehensive income (expense) attributable to owners of the Company	**146**	(12)
Other comprehensive income (expense) attributable to the non-controlling interests	**98**	(9)
Other comprehensive income (expense) for the year	**244**	(21)
Total comprehensive expense attributable to owners of the Company	**(1,225)**	(724)
Total comprehensive expense attributable to the non-controlling interests	**(816)**	(484)
Total comprehensive expense for the year	**(2,041)**	(1,208)
Dividends paid to non-controlling interests	**–**	–
Net cash outflow from operating activities	**(2,192)**	(1,331)
Net cash inflow from investing activities	**6**	6
Net cash inflow (outflow) from financing activities	**11**	(55)
Net cash outflow	**(2,175)**	(1,380)

39. LITIGATION

In prior year ended 31 March 2013, an ex-shareholder of a subsidiary of the Group (the "Ex-Shareholder") brought legal action against a subsidiary of the Group (the "Subsidiary"). The total claim amount and the estimated legal costs are approximately RMB124,810,000 (equivalents to approximately HK$155,888,000). Details were set out in the announcements of the Company dated 24 June 2013 and 26 June 2013.

On 24 June 2014, the judgment of the legal proceeding was delivered and the Subsidiary was ordered to settle compensation of approximately RMB110,000,000 (equivalent to approximately HK$137,280,000) to the Ex-shareholder. In opinion of the directors of the Company, provision of RMB133,392,000 (equivalent to approximately HK$166,606,000) was recognised on the consolidated statement of financial position and results of operations of the Group for the year ended 31 March 2014, details refer to note 27. Subsequent to the receipt of the judgment, the Subsidiary filed an appeal to the Higher People's Court of Guangxi Zhuang Autonomous Region and the second instance of the case was held on 4 November 2014. Detail of the judgment and appeal were set out in the announcement of the Company dated 24 June 2014.

On 18 December 2014, the final judgment of the legal proceeding was delivered and the Subsidiary was ordered to settle compensation of approximately RMB139,314,000 (equivalent to approximately HK$176,163,000). The Subsidiary has paid the litigation settlement in full and the above case was closed during the year. Detailed of the judgment and appeal were set out in the announcement of the Company dated 18 December 2014.