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

(Incorporated in Bermuda with limited liability)

(Stock Code: 650)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2013

The Board of Directors (the "Board") of Shun Cheong Holdings Limited (the "Company") announces that the preliminary consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 March 2013, together with comparative figures for the last financial year are as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 March 2013

	Notes	**2013** HK$'000	2012 HK$'000
Turnover	4	**157,908**	163,345
Cost of sales		**(116,634)**	(116,418)
Gross profit		**41,274**	46,927
Other income	5	**2,128**	2,034
Administrative expenses		**(29,769)**	(29,144)
Other operating expenses, net		**(14,144)**	(376)
Fair value gain on equity investment at fair value through profit or loss		**1,745**	1,306
Finance costs	6	**(30,739)**	(29,091)
Gain on modifications of terms of convertible bond		**4,589**	–
Share of results of jointly controlled entities		**(333)**	–
Loss before tax		**(25,249)**	(8,344)
Income tax expense	7	**–**	(1,085)
Loss for the year	8	**(25,249)**	(9,429)

* *For identification purposes only*

	Note	2013 HK$'000	2012 HK$'000
Other comprehensive income			
Share of other comprehensive income of jointly controlled entities		**536**	–
Exchange difference arising on translation of foreign operations		**4,171**	9,746
Other comprehensive income for the year		**4,707**	9,746
Total comprehensive (expenses) income for the year		**(20,542)**	317
Loss for the year attributable to:			
Owners of the Company		**(24,667)**	(9,067)
Non-controlling interests		**(582)**	(362)
		(25,249)	(9,429)
Total comprehensive (expenses) income attributable to:			
Owners of the Company		**(20,116)**	679
Non-controlling interests		**(426)**	(362)
		(20,542)	317
Loss per share			
— Basic and diluted	*9*	**(HK7.10 cents)**	(HK2.61 cents)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2013

	Notes	**2013** **HK$'000**	2012 HK$'000 (Restated)
Non-current assets			
Property, plant and equipment		**487,541**	494,772
Interests in jointly controlled entities		**98,603**	98,400
		586,144	593,172
Current assets			
Inventories	*10*	**2,506**	4,551
Trade receivables	*11*	**6,450**	22,526
Prepayments, deposits and other receivables		**7,828**	8,750
Equity investment at fair value through profit or loss		**5,269**	3,524
Deposits placed with financial institutions		**2,140**	1,950
Bank balances and cash		**32,739**	63,972
		56,932	105,273
Current liabilities			
Trade payables	*12*	**13,505**	11,903
Other payables, accruals and deposits		**62,451**	50,358
Amounts due to related companies		**1,007**	20,812
Tax payables		**5,341**	5,254
Convertible bond	*13*	**–**	109,316
Interest-bearing bank borrowing		**39,384**	38,745
		121,688	236,388
Net current liabilities		**(64,756)**	(131,115)
Total assets less current liabilities		**521,388**	462,057
Non-current liabilities			
Amounts due to related companies		**10,572**	10,235
Convertible bond	*13*	**106,458**	–
Interest-bearing bank borrowing		**197,547**	233,085
Total non-current liabilities		**314,577**	243,320
Net assets		**206,811**	218,737

	Note	2013 HK$'000	2012 HK$'000 (Restated)
Capital and reserves			
Share capital	14	**3,473**	3,473
Reserves		**194,655**	206,155
Equity attributable to owners of the Company		**198,128**	209,628
Non-controlling interests		**8,683**	9,109
Total equity		**206,811**	218,737

Notes:

1.1 BASIS OF PREPARATION OF CONSOLIDATION FINANCIAL STATEMENTS

Notwithstanding that (i) the Group had incurred loss for the year of approximately HK$25,249,000, (ii) the net current liabilities of approximately HK$64,756,000 as at 31 March 2013 which included current portion of interest-bearing bank borrowing of approximately HK$39,384,000 and (iii) the contingent liability arising from the litigation as set out in note 15, the consolidated financial statements have been prepared on a going concern basis as the directors of the Company are satisfied that the liquidity of the Group can be maintained in the coming year after taking into consideration of the followings:

(i) Management is formulating, and will implement, cost-saving measures to improve the performance and the cash flows of the Group's operations to ensure positive cash flows will be generated from the Group.

(ii) The unutilised banking facilities of RMB130,500,000 (approximately HK$163,164,000) available from the Group's existing banker.

(iii) Corporate guarantee was provided by the ultimate holding company of the Company to support the Group financially and operationally as a going concern. The maximum amount under the corporate guarantee is of RMB65,000,000 (approximately HK$81,270,000) which is non-repayable within one year, to support the Group to meet in full its financial obligation as and when they fall due within the next twelve months from the end of the reporting period. The directors of the Company consider the ultimate holding company has financial ability to provide such financial support to the Group.

In addition, the directors of the Company, based on independent legal advice obtained, are of the opinion that the claims and the litigation against a subsidiary of the Company as disclosed in note 15 will not have material impact on the financial position and operations of the Group.

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. Accordingly, 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 be unable to continue as a going concern.

1.2 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for an equity investment at fair value through profit or loss, which has been measured at fair value. These financial statements are presented in Hong Kong dollars ("HK$").

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

In the current year, the Group has applied the following new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Amendments to HKFRS 1	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
Amendments to HKFRS 7	Financial instruments: Disclosures — Transfers of Financial Assets
Amendments to Hong Kong Accounting Standard ("HKAS") 12	Deferred Tax: Recovery of Underlying Assets

The directors of the Company anticipate that the application of the above amendments to HKFRSs has had no material effect on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

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

Amendments to HKFRSs	Annual Improvements 2009–2011 Cycle[2]
Amendments to HKFRS 1	First-time Adoption of HKFRSs — Government Loans[2]
Amendments to HKFRS 7	Disclosures — Offsetting Financial Assets and Financial Liabilities[2]
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[4]
HKFRS 9	Financial Instruments[4]
HKFRS 10	Consolidated Financial Statements[2]
HKFRS 11	Joint Arrangements[2]
HKFRS 12	Disclosure of Interests in Other Entities[2]
HKFRS 13	Fair Value Measurement[2]
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosures of Interests in Other Entities: Transition Guidance[2]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (as revised in 2011)	Investment Entities[3]
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income[1]
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets[3]
HKAS 19 (as revised in 2011)	Employee Benefits[2]
HKAS 27 (as revised in 2011)	Separate Financial Statements[2]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[2]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[3]
Hong Kong (International Financial Reporting Interpretation Committee) — Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine[2]
Hong Kong (International Financial Reporting Interpretation Committee) — Interpretation 21	Levies[3]

[1] Effective for annual periods beginning on or after 1 July 2012.
[2] Effective for annual periods beginning on or after 1 January 2013.
[3] Effective for annual periods beginning on or after 1 January 2014.
[4] Effective for annual periods beginning on or after 1 January 2015.

Annual Improvements to HKFRSs 2009–2011 Cycle issued in June 2012

The Annual Improvements to HKFRSs 2009–2011 Cycle include a number of amendments to various HKFRSs. The amendments are effective for annual periods beginning on or after 1 January 2013. Amendments to HKFRSs include the amendments to HKAS 1 Presentation of Financial Statements, the amendments to HKAS 16 Property, Plant and Equipment and the amendments to HKAS 32 Financial Instruments: Presentation.

The amendments to HKAS 1 clarify that an entity is required to present a third statement of financial position only when the retrospective application, restatement or reclassification has a material effect on the information in the third statement of financial position and that related notes are not required to accompany the third statement of financial position.

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

The amendments to HKAS 32 clarify that income tax on distributions to holders of an equity instrument and transaction costs of an equity transaction should be accounted for in accordance with HKAS 12 Income Taxes. The directors of the Company anticipate that the amendments to HKAS 32 will have no effect on the Group's consolidated financial statements as the Group has already adopted this treatment.

Amendments to HKAS 32 Offsetting Financial Assets and Financial Liabilities and amendments to HKFRS 7 Disclosures — Offsetting Financial Assets and Financial Liabilities

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

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

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

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

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the reclassification and measurement of financial assets. HKFRS 9 amended in 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of HKFRS 9 are described as follows:

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

HKFRS 9 is effective for annual periods beginning on or after 1 January 2015, with earlier 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. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

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

In June 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued, including HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (as revised in 2011) and HKAS 28 (as revised in 2011).

Key requirements of these five standards are described below.

HKFRS 10 replaces the parts of HKAS 27 Consolidated and Separate Financial Statements that deal with consolidated financial statements. HK (SIC)-Int 12 Consolidation — Special Purpose Entities will be withdrawn upon the effective date of HKFRS 10. Under HKFRS 10, there is only one basis for consolidation, that is, control. In addition, HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios. Overall, the application of HKFRS 10 requires a lot of judgement. The application of HKFRS 10 is not expected to change any of the control conclusions reached by the Group in respect of its investment with other entities as at 1 January 2013.

HKFRS 11 replaces HKAS 31 Interests in Joint Ventures. HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. HK (SIC)-Int 13 Jointly Controlled Entities — Non-Monetary Contributions by Venturers will be withdrawn upon the effective date of HKFRS 11. Under HKFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under HKAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations. In addition, joint ventures under HKFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under HKAS 31 can be accounted for using the equity method of accounting or proportionate consolidation.

HKFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in HKFRS 12 are more extensive than those in the current standards.

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

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

The directors of the Company anticipate that the application of these five standards will have no significant impact on amounts reported in the consolidated financial statements.

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

The amendments to HKFRS 10 introduce an exception to consolidating subsidiaries for an investment entity, except where the subsidiaries provide services that relate to the investment entity's investment activities. Under the amendments to HKFRS 10, an investment entity is required to measure its 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.

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

HKFRS 13 Fair Value Measurement

HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of HKFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in HKFRS 13 are more extensive than those in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under HKFRS 7 Financial Instruments: Disclosures will be extended by HKFRS 13 to cover all assets and liabilities within its scope.

HKFRS 13 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted. The directors of the Company anticipate that the application of the new standard may affect certain amounts reported in the consolidated financial statements and result in more extensive disclosures in the consolidated financial statements.

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 Presentation of Items of Other Comprehensive Income introduce new terminology for the statement of comprehensive income and income statement. Under the amendments to HKAS 1, a 'statement of comprehensive income' is renamed as a 'statement of profit or loss and other comprehensive income' and an 'income statement' is renamed as a 'statement of profit or loss'. The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require items of other comprehensive income to be grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis — the amendments do not change the option to present items of other comprehensive income either before tax or net of tax.

The amendments to HKAS 1 are effective for annual periods beginning on or after 1 July 2012. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in future accounting periods.

Other than disclosed above, the directors of the Company anticipate that the application of the other new and revised HKFRSs will have no material impact on the results and the financial position of the Group.

3. 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 turnover and results by reportable and operating segments for the years ended 31 March:

	Hotel business		Corporate and others		Total	
	2013	2012	**2013**	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Turnover						
Sales to external customers	**157,908**	163,345	**–**	–	**157,908**	163,345
Other revenue	**1,925**	1,844	**203**	190	**2,128**	2,034
Segment revenue	**159,833**	165,189	**203**	190	**160,036**	165,379
Segment profit (loss)	**3,116**	22,750	**(2,215)**	(2,003)	**901**	20,747
Finance costs					**(30,739)**	(29,091)
Gain on modifications of terms of convertible bond					**4,589**	–
Loss before tax					**(25,249)**	(8,344)

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

(b) Segment assets and liabilities

	Hotel business		Corporate and others		Total	
	2013	2012	**2013**	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
ASSETS						
Segment and consolidated assets	**609,188**	674,518	**33,888**	23,927	**643,076**	698,445
LIABILITIES						
Segment liabilities	**73,245**	80,645	**14,290**	12,663	**87,535**	93,308
Unallocated liabilities					**348,730**	386,400
Consolidated liabilities					**436,265**	479,708

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

- all assets are allocated to operating segments;
- all liabilities are allocated to operating segments other than tax payables, interest-bearing bank borrowing and convertible bond.

(c) Other segment information

	Hotel business		Corporate and others		Total	
	2013	2012	**2013**	2012	**2013**	2012
	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	**34,387**	35,891	**3**	9	**34,390**	35,900
Fair value gain on equity investment at fair value through profit or loss	**–**	–	**1,745**	1,306	**1,745**	1,306
Capital expenditure	**12,656**	26,768	**1**	2	**12,657**	26,770
Impairment loss recognised on other receivables	**–**	119	**–**	–	**–**	119
Impairment loss recognised on trade receivables	**14,315**	257	**–**	–	**14,315**	257
Government grants	**(723)**	–	**–**	–	**(723)**	–
Bank interest income	**(438)**	(631)	**(1)**	(1)	**(439)**	(632)
Interests in jointly controlled entities	**98,603**	98,400	**–**	–	**98,603**	98,400
Share of results of jointly controlled entities	**(333)**	–	**–**	–	**(333)**	–
Loss on disposal of property, plant and equipment	**548**	46	**–**	–	**548**	46
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	**–**	1,085	**–**	–	**–**	1,085

(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 2013	For the year ended 2012	**As at 2013**	As at 2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
The PRC	**157,908**	163,345	**586,134**	593,160
Hong Kong	**–**	–	**10**	12

(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 (2012: Nil).

4. TURNOVER

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

	2013	2012
	HK$'000	*HK$'000*
Hotel business	**157,908**	163,345

5. OTHER INCOME

	2013	2012
	HK$'000	*HK$'000*
Bank interest income	**439**	632
Dividend income	**190**	190
Government grants	**723**	–
Other	**776**	1,212
	2,128	2,034

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

6. FINANCE COSTS

	2013	2012
	HK$'000	*HK$'000*
Interest on bank borrowings wholly repayable within five years	**18,855**	18,323
Effective interest expense on convertible bond *(note 13)*	**11,884**	10,768
	30,739	29,091

7. INCOME TAX EXPENSE

	2013	2012
	HK$'000	*HK$'000*
Current tax:		
PRC Enterprise Income Tax	**–**	1,085
Deferred tax	**–**	–
	–	1,085

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.

The tax charged for the year can be reconciled to the loss before tax per the consolidated statements of comprehensive income as follows:

	2013	2012
	HK$'000	*HK$'000*
Loss before tax	**(25,249)**	(8,344)
Tax at the domestic income tax rate at 25% (2012: 25%) *(note)*	**(6,312)**	(2,086)
Tax effect of income not taxable	**(596)**	(374)
Tax effect of expenses not deductible	**6,908**	3,545
Tax charge for the year	**–**	1,085

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.

8. LOSS FOR THE YEAR

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

	2013	2012
	HK$'000	*HK$'000*
Directors' emoluments	**1,056**	1,031
Retirement benefit scheme contributions (excluding contributions for directors)	**3,549**	2,449
Other staff costs	**26,580**	24,513
Total employee benefit expenses	**31,185**	27,993
Depreciation of property, plant and equipment	**34,390**	35,900
Auditor's remuneration	**480**	930
Minimum lease payment under operating leases of offices properties	**416**	334
Loss on disposal of property, plant and equipment	**548**	46
Impairment loss recognised on trade receivables (included in other operating expenses, net)	**14,315**	257
Impairment loss recognised on other receivables (included in other operating expenses, net)	**–**	119

9. 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:

	2013 *HK$'000*	2012 *HK$'000*
(Loss)/earnings		
(Loss)/earnings for the purpose of basic (loss)/earnings per share		
Loss for the year attributable to the owners of the Company	**(24,667)**	(9,067)
Effect of dilutive potential ordinary shares:		
Interest on convertible bond	**11,884**	10,768
(Loss)/earnings for the purpose of diluted (loss)/earnings per share	**(12,783)**	1,701

	2013 *'000*	2012 *'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)/earnings per share	**672,089**	672,089

	2013	2012
Basic and diluted loss per share *(in HK cents)*	**(7.10)**	(2.61)

For the year ended 31 March 2013 and 2012, because the diluted loss per share amount decreased when taking the convertible bond into account, 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$24,667,000 (2012: HK$9,067,000), and the weighted average number of ordinary shares of approximately 347,326,000 (2012: 347,326,000) in issue during the year.

10. INVENTORIES

	2013 *HK$'000*	2012 *HK$'000*
Raw materials	**652**	779
Low-valued consumables	**1,279**	3,166
Consumables	**575**	606
	2,506	4,551

11. TRADE RECEIVABLES

	2013	2012
	HK$'000	*HK$'000*
Trade receivables	**21,586**	23,334
Less: allowance for doubtful debts	**(15,136)**	(808)
	6,450	22,526

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 date at the end of the reporting period which approximated the respective revenue recognition dates:

	2013	2012
	HK$'000	*HK$'000*
Within 30 days	**1,950**	6,350
31 days – 60 days	**1,950**	1,625
61 days – 90 days	**974**	1,408
Over 90 days	**1,576**	13,143
	6,450	22,526

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

	2013	2012
	HK$'000	*HK$'000*
At 1 April	**808**	529
Impairment loss recognised on receivables	**14,315**	257
Exchange realignment	**13**	22
At 31 March	**15,136**	808

Included in the allowance for doubtful debts are individually impaired trade receivables with an aggregate balance of approximately HK$15,136,000 (2012: HK$808,000) which were in severe financial difficulties. Impairment loss of approximately HK$14,315,000 (2012: HK$257,000) has been recognised during the year ended 31 March 2013 accordingly.

(c) As at 31 March 2013 approximately HK$2,550,000 (2012: HK$22,526,000) of the Group's trade receivables were past due but not impaired. The ageing analysis of these past due but not impaired receivables is as follows:

	2013	2012
	HK$'000	*HK$'000*
Less than 30 days past due	**244**	6,350
31 to 90 days past due	**988**	3,033
Over 90 days past due	**1,318**	13,143
	2,550	22,526

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.

12. TRADE PAYABLES

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

	2013	2012
	HK$'000	*HK$'000*
Within 30 days	**2,774**	3,558
31 days – 60 days	**2,334**	2,282
Over 60 days	**8,397**	6,063
Trade payables	**13,505**	11,903

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.

13. 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 are convertible at any time from the first anniversary of the issuance 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 rights 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 the holder of the Bond 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 has 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 using an equivalent market interest rate for a similar bond without a conversion option. The effective interest rate of the Bond was 11.16% (2012: 10.50%) per annum. The residual amount was assigned as the equity component of the Bond and is included in shareholders' equity.

The modification resulted in the extinguishment of the financial liability of the Bond and the recognition of its new financial liability and equity components. The fair value of the new liability immediately following the modification was approximately HK$106,458,000. The financial liability was determined using an effective interest rate of 11.16% (2012: 10.50%).

The Bond have 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 2011	99,748	43,405	143,153
Direct transaction costs	–	(133)	(133)
Interest expenses *(note 6)*	10,768	–	10,768
Interest paid	(1,200)	–	(1,200)
At 31 March 2012 and 1 April 2012	109,316	43,272	152,588
Interest expenses *(note 6)*	11,884	–	11,884
Interest paid	(1,200)	–	(1,200)
Derecognition of original liability/equity component	(120,000)	(43,272)	(163,272)
Recognition of new liability/equity component upon modification	106,458	52,225	158,683
At 31 March 2013	106,458	52,225	158,683

14. SHARE CAPITAL

	Number of shares *'000*	**Share capital** *HK$'000*
Ordinary shares of HK$0.01 each		
Authorised:		
At 1 April 2011, 31 March 2012, 1 April 2012 and 31 March 2013	8,000,000	80,000
Issued and fully paid:		
At 1 April 2011, 31 March 2012, 1 April 2012 and 31 March 2013	347,326	3,473

15. CONTINGENT LIABILITY

As set out in the announcements made by the Company on 24 June 2013 and 25 June 2013, during the year ended 31 March 2013, an ex-shareholder of a subsidiary of the Group (the "Subsidiary") brought legal action against the Subsidiary. The total claim amount and the estimated legal costs are approximately RMB124,810,000 (equivalents to HK$153,518,000).

Based on the legal opinion obtained by the Group, the directors of the Company consider that the Group has valid grounds of defenses and there will not be any material adverse impact to the Group's operations and on the financial positions and results of the Group.

16. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year's presentation. The changes included (i) the equity component of the convertible bond of approximately HK$43,272,000 as at 31 March 2012 had been grouped to the reserves in the consolidated statement of financial position; (ii) deposits placed with financial institutions of approximately HK$1,950,000 has been reclassified from prepayments, deposits and other receivables as at 31 March 2012; and (iii) the reclassification of interest paid and advance from related companies from operating activities to financing activities and replacement of deposits with financial institutions from decrease in prepayments, deposits and other receivables for better presenting the nature of respective transactions in the consolidated statement of cash flows.

As the equity component of the convertible bond is formed part of the reserves and the Group had no deposits placed with financial institutions included in the prepayments, deposits and other receivables as at 1 April 2011, the above reclassification has not resulted in any effect on the information presented in the consolidated statement of financial position as at 1 April 2011. Accordingly, the Group has not presented a third consolidated statement of financial position as at 1 April 2011 and the related notes.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

For the year ended 31 March 2013, 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, was decreased by 3% to HK$157.9 million (2012: HK$163.3 million). The decrease was mainly attributable to the lower occupancy rate in the restaurant operation of the Nanning Hotel. It has also experienced an increasing cost pressure during the year. In particular, the material costs and staff costs increased significantly owing to the inflationary factor in the PRC and the high turnover and persistent shortage of hotel staff. Such cost pressure, together with the additional expenditure in the maintenance of the Group's hotel operations and the increasing depreciation charge on the Group's fixed assets, led to a significant drop in the gross profit to HK$41.3 million for the current year (2012: HK$46.9 million). As a result of such drop in gross profit and the increase in finance costs this year, the Group recorded a loss before tax from continuing operation of HK$25.2 million for the year ended 31 March 2013 as compared to the results of HK$9.4 million loss for the prior year. During the year, the Nanning Hotel reported an average room rate of HK$764 (2012: HK$700) and an average occupancy rate of 60.5% (2012: 76%).

In February 2012, the Group completed the transaction of the formation of a joint venture company (the "JV Company") which was established for the purpose of hotel investment and was owned by the Group as to 26.7% of its equity interest upon completion. The JV Company was treated as a jointly-controlled entity of the Group. As at the date of this announcement, the JV Company has invested RMB300 million in Beihai Yintan Project No. 1* (北海銀灘一號項目) (the "Yintan Project"), which is a project of one five-star hotel located in the major seashore tourism area of Beihai City, Guangxi Province, the PRC. The construction of the Yintan Project was completed as at the date of this announcement.

Business Prospects

Looking ahead, the Group will further focus on the management and development of its core business in the Nanning Hotel with the primary objectives to improve its operation efficiency and to exercise stricter control over its operating costs. Also, 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) recently announced by the PRC government, it is the intention and policy of the government to further develop the tourism industry in the western China including Guangxi Province, where the Nanning Hotel is situated. With the strong commitment of the Group's management, the continuous effort and support by the PRC government in promoting the economies of the less developed regions and the rapid development of tourism industry in the second tier cities in the PRC, the Board believes that the Nanning Hotel would contribute positively to the Group's performance in the coming years.

Besides the development of the existing core business in the Nanning Hotel, it has been the intention and strategy of the Group to further diversify and enlarge its hotel investments and portfolio. The Group will continue to explore and evaluate other potential investment opportunities which could bring long-term benefits to the Group and its shareholders. Such intention is evidenced by our new investment in the Yintan Project in early 2012. With the excellent hotel quality and attractive location of the Yintan Project, the Board considers that the Yintan Project has a potential to seize the high ranking in the hotel market of Beihai City. The Board believes that the prospect of the Yintan Project will be promising and expects that it will have a positive impact on the Group's future performance.

Financial Review

Liquidity and financial resources

The Group's cash and bank balances are mostly in Hong Kong dollars and Renminbi. As at 31 March 2013, the Group had unpledged cash and bank deposit balances of approximately HK$32.7 million (2012: HK$64 million). As at 31 March 2013, the Group had outstanding interest-bearing bank borrowings of HK$236.9 million (2012: HK$271.8 million). The gearing ratio of the Group which represented the total interest-bearing bank borrowings to the total assets was 37% (2012: 39%).

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

At 31 March 2013, the hotel properties held with an aggregate carrying amount of approximately HK$295 million (2012: HK$298 million) were pledged to a bank to secure banking facilities granted to the Group.

Employees and remuneration policy

The Group employed approximately 574 employees as at 31 March 2013 (2012: 520). Remuneration is determined by reference to market terms and the qualifications and experience of the staff concerned. Salaries are reviewed annually depending on individual merits. The Group also provides other benefits including retirement benefit scheme, medical insurance and educational subsidies to all eligible staff.

EXTRACT FROM THE INDEPENDENT AUDITORS' REPORT

The following is an extract of the independent auditors' report on the Group's annual audited financial statements for the year ended 31 March 2013 which has included an emphasis of matter, but without qualification:

Opinion

In our opinion the consolidated financial statements give a true and fair view of the state of the Group's affairs as at 31 March 2013, and of its loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have between properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Emphasis of matter

Without qualifying our opinion, we draw attention to notes 2 and 38 to the consolidated financial statements which indicates that the Group incurred a consolidated net loss of approximately HK$25,249,000 for the year ended 31 March 2013, and as at that date, the Group's consolidated current liabilities exceeded its consolidated current assets by approximately HK$64,756,000 and the Group had contingent liability in respect of a litigation as set out in note 38 to the consolidated financial statements. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. As explained in note 2 to the consolidated financial statements, these consolidated financial statements have been prepared on a going concern basis, the validity of which depends upon the Group's ability to improve its operations and generate adequate cash flows to meet the Group's financial obligations as and when they fall due in the foreseeable future.

Other matter

The financial statements of the Company for the year ended 31 March 2012 were audited by another auditor who expressed an unqualified opinion on those statements on 29 June 2012.

The aforesaid "notes 2 and 38 to the consolidated financial statements" in the extract from the independent auditors' report is disclosed as notes 1.1 and 15 to this results announcement respectively.

FINAL DIVIDEND

The directors do not recommend the payment of any dividend in respect of the year (2012: nil).

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.

CORPORATE GOVERNANCE

The Company is committed to achieving high standards of corporate governance that properly protect and promote the interests of its shareholders. The monitoring and assessment of certain governance matters are allocated to three committees: the Audit Committee, the Remuneration Committee and the Nomination Committee which operate under the defined terms of reference and are required to report to 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 2013, 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 announcement.

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, five 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.

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

CG Code provision A.4.2 stipulates that every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. The Board will ensure the retirement of each director, other than those hold office as Executive Chairman or Managing Director, by rotation at least once every three years in order to comply with the CG Code. The Board presently considers that the continuity of office of the Executive Chairman and the Managing Director provides the Group a strong and consistent leadership and is of great importance to the smooth operations of the Group.

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.

The code provision E.1.2 of the CG Code stipulates that the chairman of the Board should attend the annual general meeting (the "AGM") of the Company. The chairman did not attend the 2012 AGM due to other business engagement. Another director of the Company had chaired the 2012 AGM and answered questions from the shareholders.

The AGM also provides a useful and convenient forum for shareholders to exchange views with the Board, and with each other. At the 2012 AGM, the chairperson of the AGM and chairman/member/duly appointed delegate of the Audit Committee, the Remuneration Committee and the Nomination Committee were available to answer the questions raised by shareholders.

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 2013.

Audit Committee

The audit committee of the Company (the "Audit Committee") comprises three directors, all of which are independent non-executive directors, namely Mr. Palaschuk Derek Myles (Chairman), Professor Ye Jianping and Mr. Deng Wei. 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 supervises the Group's financial reporting process and internal control.

During the year ended 31 March 2013, 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 2012 and the annual results for the year ended 31 March 2012. The annual financial statement and annual result announcement of the Company and of the Group for the year ended 31 March 2013 had been reviewed by the Audit Committee.

EVENT AFTER THE REPORTING PERIOD

On 20 May 2013, the shareholders have duly passed the Deed of Amendment as mentioned in note 13 in special general meeting.

PUBLICATION OF RESULTS ANNOUNCEMENT

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

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

Hong Kong, 28 June 2013

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