SANDI

CHINA SANDI HOLDINGS LIMITED
中國三迪控股有限公司

(formerly known as China Grand Forestry Green Resources Group Limited
中國林大綠色資源集團有限公司)

(incorporated in Bermuda with limited liability)

(Stock code: 00910)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2012 AND RESUMPTION OF TRADING

The board of directors (the “Board” or “Directors”) of China Sandi Holdings Limited (formerly known as China Grand Forestry Green Resources Group Limited) (the “Company”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30 September 2012 (the “Period”), being the interim results of the Group for the financial year ending 31 March 2013 of the Company.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Six months ended 30 September	
		2012	2011
		(Unaudited)	(Unaudited)
	Notes	***HK$’000***	*HK$’000*
Revenue	*4*	**71,241**	6,320
Gain/(loss) arising from changes in fair values less costs to sell of biological assets	*6*	**188,547**	(7,073)
Change in fair value of derivative financial instrument		**(13,603)**	–
Change in fair value of investment property		**(15,494)**	–
Other income	*4*	**44**	3,142
Other net losses	*7*	**(38,881)**	(203,844)
Cost of inventories and forestry products sold		**–**	(2,233)
Impairment loss on available-for sale investment		**–**	(1,046)
Staff costs		**(6,937)**	(4,906)
Depreciation of property, plant and equipment		**(2,183)**	(6,276)
Release of prepaid lease payments		**(16,824)**	(14,439)
Other operating expenses	*8*	**(27,482)**	(15,721)
Finance costs	*10*	**(46,670)**	(4,326)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(Continued)

	Notes	Six months ended 30 September **2012** **(Unaudited)** ***HK$'000***	2011 (Unaudited) *HK$'000*
Profit/(loss) before income tax credit		**91,758**	(250,402)
Income tax credit	*11*	**1,184**	5,930
Profit/(loss) for the Period	*9*	**92,942**	(244,472)
Other comprehensive income for the Period:			
Exchange differences on translating foreign operations		**(6,713)**	76,250
Impairment loss on available-for-sale financial assets		**–**	(1,046)
Reclassification to profit or loss		**–**	1,046
Total comprehensive income for the Period		**86,229**	(168,222)
Profit/(loss) attributable to:			
Owners of the Company	*12*	**92,942**	(244,472)
Non-controlling interests		**–**	–
		92,942	(244,472)
Total comprehensive income attributable to:			
Owners of the Company		**86,229**	(168,222)
Non-controlling interests		**–**	–
		86,229	(168,222)
			(restated)
Earnings/(loss) per share	*13*		
— Basic		**HK8.54 cents**	HK(50.2) cents
— Diluted		**HK8.54 cents**	HK(50.2) cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**30 September 2012 (Unaudited) *HK$'000***	31 March 2012 (Restated) *HK$'000*
ASSETS			
Non-current assets			
Biological assets		**1,452,080**	1,286,982
Investment property		**3,599,148**	3,554,530
Property, plant and equipment	*14*	**42,637**	43,953
Construction in progress		**9,596**	8,236
Prepaid lease payments		**847,409**	897,161
Available-for-sale investments		**155**	155
Derivative financial instrument	*18*	**14,041**	27,644
		5,965,066	5,818,661
Current assets			
Inventories		**2,591**	1,203
Trade receivables	*15*	**1,831**	773
Prepaid lease payments		**19,974**	18,211
Other receivables, deposits and prepayments		**17,437**	6,499
Financial assets at fair value through profit or loss	*16*	**93,401**	97,826
Amounts due from related parties	*25(b)*	**497**	6,527
Cash and cash equivalents		**214,938**	24,414
		350,669	155,453
Total assets		**6,315,735**	5,974,114
Current liabilities			
Trade payables	*20*	**50,360**	39,480
Other payables and accruals		**404,103**	406,219
Bank borrowings	*22*	**31,829**	–
Loans from related parties	*21*	**80,224**	–
Amount due to a related parties	*25(b)*	**6,556**	–
Tax payable		**87,330**	86,709
		660,402	532,408
Net current liabilities		**(309,733)**	(376,955)
Total assets less current liabilities		**5,655,333**	5,441,706

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(Continued)

	Notes	**30 September 2012 (Unaudited) HK$'000**	31 March 2012 (Restated) HK$'000
Non-current liabilities			
Long term payables	21	**80,316**	672,104
Convertible notes payable	18	**278,154**	262,255
Bank borrowings	22	**707,932**	–
Deferred taxation		**628,130**	632,775
		1,694,532	1,567,134
Net assets		**3,960,801**	3,874,572
Capital and reserves attributable to the Company's owners			
Share capital	17	**6,871**	6,871
Convertible preference shares	17	**283,858**	283,858
Reserves	19	**3,670,006**	3,583,777
		3,960,735	3,874,506
Non-controlling interests		**66**	66
Total equity		**3,960,801**	3,874,572

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2012

	Share capital *HK$'000*	Convertible preference share *HK$'000*	Share premium and other reserves *HK$'000*	Accumulated losses *HK$'000*	Attributable to owners of the Company *HK$'000*	Non-controlling interests *HK$'000*	Total *HK$'000*
Balance at 1 April 2012 (As previously reported)	**6,871**	**283,858**	**4,227,054**	**(398,155)**	**4,119,628**	**66**	**4,119,694**
Prior period adjustment *(Note 3)*	**–**	**–**	**–**	**(245,122)**	**(245,122)**	**–**	**(245,122)**
Balance at 1 April 2012 (Restated)	**6,871**	**283,858**	**4,227,054**	**(643,277)**	**3,874,506**	**66**	**3,874,572**
Profit for the period	**–**	**–**	**–**	**92,942**	**92,942**	**–**	**92,942**
Other comprehensive income	**–**	**–**	**(6,713)**	**–**	**(6,713)**	**–**	**(6,713)**
Total comprehensive income	**–**	**–**	**(6,713)**	**92,942**	**86,229**	**–**	**86,229**
Balance at 30 September 2012 (Unaudited)	**6,871**	**283,858**	**4,220,341**	**(550,335)**	**3,960,735**	**66**	**3,960,801**

For the six months ended 30 September 2011

	Share capital *HK$'000*	Share premium and other reserves *HK$'000*	Investment revaluation reserve *HK$'000*	Accumulated losses *HK$'000*	Attributable to owners of the Company *HK$'000*	Non-controlling interests *HK$'000*	Total *HK$'000*
Balance at 1 April 2011 (Audited)	974,105	3,171,117	–	(42,251)	4,102,971	67	4,103,038
Loss for the period	–	–	–	(244,472)	(244,472)	–	(244,472)
Other comprehensive income	–	76,250	(1,046)	–	75,204	–	75,204
Reclassification to profit or loss	–	–	1,046	–	1,046	–	1,046
Total comprehensive income	–	76,250	–	(244,472)	(168,222)	–	(168,222)
Lapse of share option	–	(1,318)	–	1,318	–	–	–
Balance at 30 September 2011 (Unaudited)	974,105	3,246,049	–	(285,405)	3,934,749	67	3,934,816

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. GENERAL

The Company was incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited. The address of registered office and principal place of business of the Company are located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and Units 3309, 33/F., West Tower, Shun Tak Centre, 168–200 Connaught Road Central, Hong Kong respectively.

The principal activity of the Company is investment holding. The Group is engaged in property investment and ecological forestry business.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS AND ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 September 2012 (the "Interim Financial Statements") have been prepared in accordance with the applicable disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Hong Kong Accounting Standard (the "HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

The Interim Financial Statements have been prepared under the historical cost basis except for investment property, certain financial instruments and certain biological assets which are measured at fair value or fair value less costs to sell.

The accounting policies adopted for preparation of the Interim Financial Statements are consistent with those applied in the preparation of the annual financial statements of the Group for the year ended 31 March 2012 (the "Annual Financial Statements"), except for the adoption of the new and revised Hong Kong Financial Reporting Standards (the "HKFRSs") (which in collective term includes all applicable HKFRSs, Hong Kong Accounting Standards (the "HKASs") and Interpretations) issued by the HKICPA as disclosed in Note 2 to these Interim Financial Statements. The Interim Financial Information has been reviewed by our auditor in accordance with the Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA.

As of 30 September 2012, the Group's current liabilities exceeded its current assets by HK$309,733,000. This indicates the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

In preparing the condensed consolidated financial statements, the directors have given careful consideration to the future liquidity and financial position of the Group in view of the conditions described in the preceding paragraph. The directors are taking active measures to improve the working capital of the Group as described below:

1. the directors is considering to dispose of its entire interest in the entire forestry assets. If the disposal is materialized, this will reduce future capital investment in the forestry assets.

2. the directors intend to negotiate with forest vendors to restructure the repayment schedules of the payables of the acquisition of forest farms; and

3. the major shareholder has undertaken to provide continuing financial support in order to maintain the Group as a going concern.

As a result of the above, the directors consider that the Group will have sufficient working capital to meet its financial obligations as and when they fall due for the next twelve months from 30 September 2012. Accordingly, the directors are satisfied that it is appropriate to prepare these condensed consolidated financial statements for the period ended 30 September 2012 on a going concern basis.

If the going concern basis is not appropriate, adjustments would have to be made to write down the values of the assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities, respectively.

The Interim Financial Statements should be read in conjunction with the Annual Financial Statements.

In addition, in the current interim period, the Group has applied, for the first time, the following new and revised Hong Kong Financial Reporting Standards ("new or revised HKFRSs") issued by the HKICPA, which are effective for the current period's unaudited condensed consolidated interim financial statements.

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

The following amendment to existing standard is relevant to the Group's operations.

Amendments to HKAS 12 — Deferred Tax — Recovery of Underlying Assets

The amendments to HKAS 12 introduce a rebuttable presumption that an investment property which is stated at fair value under HKAS 40 "Investment Property" is recovered entirely through sale. The measurement of the deferred tax liability or deferred tax asset reflects the tax consequences of recovering the carrying amount of the investment property entirely through sale. This presumption is rebutted if the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. If this presumption is rebutted, the amount of deferred tax is measured based on the expected manner in which the carrying amount of the investment property would be recovered, using the appropriate tax rates enacted or substantially enacted at the reporting date.

The Board considers the Group's business model is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Accordingly, the presumption is rebutted and related deferred tax is not remeasured upon the adoption of this amendment.

There are no other amended standards or interpretations that are effective for the first time for the accounting period beginning on or after 1 April 2012 that would be expected to have a material impact on the Group.

The Group has not early applied the following new and revised standards, amendments or interpretations which have been issued but are not yet effective.

Amendments to HKFRSs	Annual Improvements to HKFRSs 2009–2011 Cycle[2]
Amendments to HKFRS 7	Offsetting Financial Assets and Financial Liabilities[2]
Amendments to HKFRS 1	Government Loans[2]
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 10, HKFRS 12 and HKAS 27 (2011) Amendments	Investment entities[3]
HKFRS 13	Fair Value Measurements[2]
Amendments to HKAS 1 (Revised)	Presentation of Items of Other Comprehensive Income[1]
HKAS 19 (2011)	Employee Benefits[2]
HKAS 27 (2011)	Separate Financial Statements[2]
HKAS 28 (2011)	Investments in Associates and Joint Ventures[4]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[3]
HK(IFRIC)-INT 20	Stripping Costs in the Production Phase of A Surface Mine[2]

[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

The Group has not early adopted any new standards and is in the process of making an assessment of the potential impact on the Group's financial statements and is not in a position to estimate the effects.

3. PRIOR PERIOD ADJUSTMENTS

A gain on bargain purchase arising from the acquisitions of the Target Groups (Great Peace Global Group Limited and Grandbiz Holdings Limited) of HK$1,222,432,000 was recorded in the consolidated financial statements for the year ended 31 March 2012. The acquisitions of the Target Groups constituted very substantial acquisitions. Details of the acquisitions were set out in the Company's circular dated 10 January 2012.

The fair value of the identifiable net assets of the Target Groups at the date of acquisition was overstated by HK$245,122,000 as a loan payable by the Target Groups to the vendor of HK$245,122,000 (the "Amount") was previously treated as an equity item instead. Consequently, gain on bargain purchase arising from the acquisitions of the Target Groups was also overstated by HK$245,122,000.

The Amount was lent to an intermediate investment holding company within the Target Groups. The funds were then used to provide an intra group loan to an operating entity of the Target Groups. Should the intra group loan be capitalized (before the date of acquisition) then the loan from the vendor to the Target Groups would not be repayable.

According to the acquisition agreements, the purchase consideration is subject to adjustment based on the aggregated net assets value of the operating entity as at the completion date as defined in the acquisitions agreements (the "Net Assets Value"). The purchase consideration should be reduced to reflect the shortfall between the Net Assets Value and HK$3,140 million (the "Guaranteed Amount") as stated in the acquisition agreements (details of the reduction in purchase consideration has been disclosed in the Company's announcement dated 29 June 2012). The intra group loan was not capitalized by the date of acquisition. Thus there was a shortfall in the net assets of the operating entity (compared to the Guaranteed Amount) which resulted in a reduction in the consideration payable.

To rectify the situation, the gain on bargain purchase and the loan payable to the vendor by the Target Groups, which remained unsettled at 31 March 2012 have both been restated by a reduction and an increase of HK$245,122,000 respectively. Details of the restatement are disclosed below.

Consolidated income statement and statement of comprehensive income for the year ended 31 March 2012:

	As previously reported	**Adjustments**	**As restated**
	HK$'000	*HK$'000*	*HK$'000*
Gain on bargain purchase	1,222,432	(245,122)	977,310
Loss for the year attributable to owners of the Company	(387,379)	(245,122)	(632,501)
Total comprehensive income for the year attributable to owners of the Company	(479,136)	(245,122)	(724,258)

Consolidated statement of financial position as at 31 March 2012:

	As previously reported	**Adjustments**	**As restated**
	HK$'000	*HK$'000*	*HK$'000*
Long term payables:			
Loans from related parties	368,737	245,122	613,859
Non-current liabilities	1,322,012	245,122	1,567,134
Net assets	4,119,694	(245,122)	3,874,572
Accumulated losses	(398,155)	(245,122)	(643,277)

Impact on basic and diluted loss per share:

	Year ended 31 March 2012
	HK cents
Basic and diluted loss per share, as previously reported	(0.66)
Adjustments	(0.42)
Basic and diluted loss per share, as restated	(1.08)

4. REVENUE AND OTHER INCOME

The Group is currently engaged in property investment and forestry business. Revenue and other income recognised during the Period are as follows:

	Six months ended 30 September	
	2012	2011
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Revenue	**71,241**	6,320
Other income		
Bank interest income	**39**	1,402
Dividend income from listed investments	**5**	1,740
	44	3,142
	71,285	9,462

5. SEGMENTAL INFORMATION

Reportable segment

The Group determines its operating segments based on the reports reviewed by the chief operating decision-maker that are used to make strategic decisions.

After completion of the business combination on 15 February 2012, the Group has identified two reportable segments, the business of ecological forestry operation and property investment. In last period, the Group had only identified the business of ecological forestry operation as the single reportable operating segment.

During the period, there is no inter-segment transactions made. Central revenue and expenses are not allocated to the operating segments as they are not included in the measure of the segments' profit that is used by the chief operating decision-maker for assessment of segment performance.

(a) *Business Segments*

The following is an analysis of the Group's revenue and results by operating and reportable segments:

	Property Business Six months ended 30 September		Ecological Forestry Business Six months ended 30 September		Total Six months ended 30 September	
	2012	2011	**2012**	2011	**2012**	2011
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Revenue from:						
External sales	**71,224**	–	**17**	6,320	**71,241**	6,320
Inter-segment sales	**–**	–	**–**	–	**–**	–
Reportable segment revenue	**71,224**	–	**17**	6,320	**71,241**	6,320
Reportable segment profit/(loss)	**10,084**	–	**121,752**	(106,429)	**131,836**	(106,429)
Interest revenue	**9**	–	**30**	63	**39**	63
Interest expense	**(27,032)**	–	**(3,739)**	(4,326)	**(30,771)**	(4,326)
Depreciation and amortization	**(268)**	–	**(1,721)**	(5,946)	**(1,989)**	(5,946)
Income tax credit	**1,184**	–	**–**	5,930	**1,184**	5,930
Release of prepaid lease payment	**–**	–	**(16,824)**	(14,439)	**(16,824)**	(14,439)
Gain/(loss) arising from changes in fair value less costs to sell of biological assets	**–**	–	**188,547**	(7,073)	**188,547**	(7,073)
Change in fair value of investment property	**(15,494)**	–	**–**	–	**(15,494)**	–
Write off of biological assets and prepaid lease payments due to cancellation of forestry ownership certificates	**–**	–	**(27,209)**	–	**(27,209)**	–

(b) *Reconciliation of reportable segment profit/(loss)*

	Six months ended 30 September	
	2012	2011
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Profit/(loss) after income tax		
Reportable segment profit/(loss)	**131,836**	(106,429)
Fair value loss on financial assets at fair value through profit and loss	**(4,425)**	(132,465)
Change in fair value of derivative financial instrument	**(13,603)**	–
Impairment loss on available-for-sales investment	**–**	(1,046)
Finance costs	**(15,899)**	–
Unallocated corporate expenses	**(4,967)**	(4,532)
Consolidated profit/(loss) after income tax	**92,942**	(244,472)

(c) *Geographical information*

During the periods ended 30 September 2012 and 2011, the Group's major operations and assets are situated in the PRC in which all of its revenue was derived.

(d) *Major customers*

During the period ended 30 September 2012, no customer contributed revenue to more than 10% of the Group's revenue. During the period ended 30 September 2011, only one customer contributed to the entire Group's revenue.

6. GAIN/(LOSS) ARISING FROM CHANGES IN FAIR VALUES LESS COSTS TO SELL OF BIOLOGICAL ASSETS

The increase in fair values less costs to sell of biological assets mainly due to the shifting away from the investment period of these forest assets which resulted in the removal of these cash outflows capital expenditure cash outflows, while cash inflows are occurring sooner, this resulted in an increase in the valuation of these forest assets.

7. OTHER NET LOSSES

	Six months ended 30 September	
	2012	2011
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Write off of biological assets and prepaid lease payments due to probable cancellation of forestry ownership certificates	**(27,209)**	–
Fair value loss on financial assets at fair value through profit or loss	**(4,425)**	(132,465)
Loss on disposal of forest farms	**(7,705)**	(81,273)
Gain/(loss) on disposal of property, plant and equipment	**451**	(2,240)
Loss on disposal of a subsidiary	**–**	(920)
Exchange differences	**7**	11,237
Others	**–**	1,817
	(38,881)	(203,844)

8. OTHER OPERATING EXPENSES

	Six months ended 30 September	
	2012	2011
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Research and development expenses	**3,824**	3,668
Advertising and promotional expenses	**3,961**	–
Legal and professional fees	**4,841**	3,719
Other taxes	**4,018**	–
Others	**10,838**	8,334
	27,482	15,721

9. PROFIT/(LOSS) FOR THE PERIOD

The Group's profit/(loss) for the Period is arrived at after charging/(crediting):

	Six months ended 30 September	
	2012	2011
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Auditor's remuneration	**–**	–
Minimum lease payments under operating leases on leasehold properties	**1,363**	2,312
Research and development costs	**3,824**	3,668
Staff costs:		
Basic salaries and allowances	**6,652**	4,684
Retirement benefits scheme contribution	**285**	42
Net exchange gain	**7**	(11,237)

10. FINANCE COSTS

	Six months ended 30 September	
	2012	2011
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Imputed interest arising from the discounting of the consideration payables for the acquisitions of certain forest farms	**3,739**	4,326
Imputed interest on convertible notes	**15,899**	–
Interest on bank borrowings	**17,136**	–
Interest on loans from related parties	**9,896**	–
	46,670	4,326

11. INCOME TAX CHARGE/(CREDIT)

	Six months ended 30 September	
	2012	2011
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Overseas tax		
— Current tax		
Charge for the period	**2,686**	–
— Deferred tax credit	**(3,870)**	(5,930)
	(1,184)	(5,930)

Hong Kong profits tax has been provided at 16.5% based on the estimated assessable profit for the current and prior years. No provision of Hong Kong profits tax was made as there was no assessable profits derived for both years.

The Group's subsidiaries in the PRC are subject to the PRC income tax.

The State Council released the Implementation Rules to the Corporate Income Tax Law on 6 December 2007 (the "Implementation Rules"). According to the Implementation Rules, an entity engaged in forestry business is entitled to full exemption from the PRC enterprise income tax commencing from 1 January 2008.

Pursuant to the Implementation Rules, Wan Fu Chun Forest Resources Development Company Limited ("WFC"), a wholly-owned subsidiary of the Group should be entitled to full exemption from the PRC enterprise income tax as it is operating in forestry business. However, WFC had not obtained the exemption approval from the PRC tax authority. Accordingly, WFC is subject to enterprise income tax rate of 25%.

Yunnan Shenyu New Energy Company Limited ("Yunnan Shenyu"), a wholly owned subsidiary of the Group, is also operating in forestry business during the year. Pursuant to the approval obtained from the relevant PRC tax authority, Yunnan Shenyu is entitled to a tax concession period whereby it is fully exempted from PRC enterprise income tax for the calendar year ended 31 December 2010. Yunnan Shenyu did not apply for tax exemption at present as it sustained loss for the year. The directors are confident that full exemption will be granted from the PRC tax authority when the application is lodged.

The applicable PRC enterprise income tax is 25% for other PRC subsidiaries.

12. PROFIT/(LOSS) FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY AND DIVIDEND

The profit/(loss) for the Period attributable to owners of the Company for the period ended 30 September 2012 dealt with in the financial statements of the Company was loss of approximately HK$34,460,000 (for the six months ended 30 September 2011: HK$7,231,000).

No dividend was paid or proposed during the period ended 30 September 2012 (for the six months ended 30 September 2011: HK$Nil), nor has any dividend been proposed since 30 September 2012.

13. EARNINGS/(LOSS) PER SHARE

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

(i) Earnings/(loss) attributable to owners of the Company

	Six months ended 30 September	
	2012	2011
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Profit/(loss) for the Period attributable to owners of the Company	**92,942**	(244,472)
Effect of dilutive potential ordinary shares:		
Interest on convertible notes	**–**	–
Profit/(loss) for the Period attributable to owners of the Company used in the diluted earnings/(loss) per share calculation	**92,942**	(244,472)

(ii) Weighted average number of ordinary shares and convertible preference shares

	Six months ended 30 September	
	2012	2011
	(Unaudited)	(Unaudited)
	'000	*'000*
		(restated)
Weighted average number of ordinary shares and convertible preference shares at 30 September for the purpose of calculation of basic earnings/(loss) per share	**1,088,719**	487,053
Effect of dilutive potential ordinary shares:		
Convertible notes	**–**	–
Share options	**–**	–
Weighted average number of ordinary shares and convertible preference shares at 30 September for the purpose of calculation of diluted earnings/(loss) per share	**1,088,719**	487,053

The weighted average number of ordinary shares for the purpose of basic loss per share at 30 September 2011 has been adjusted to reflect the capital reorganisation effected on 1 December 2011.

For the period ended 30 September 2012, the computation of diluted earnings per share did not assume the exercise of share options since the exercise price of those share options is higher than the average market price for shares for 2012. It also does not assume the exercise of convertible notes as they are anti-dilutive.

For the period ended 30 September 2011, the computation of diluted loss per share does not assume the exercise of share options since their exercise would result in a decrease in loss per share.

14. PROPERTY, PLANT AND EQUIPMENT

During the Period, additions of property, plant and equipment amounted to approximately HK$1,433,000 (for the six months ended 30 September 2011: HK$306,000).

15. TRADE RECEIVABLES

The Group normally allows credit terms to established customers ranging from 90 to 120 days. An ageing analysis of the trade receivables as at the end of reporting period, based on the date of recognition of the sales, is as follows:

	30 September 2012	31 March 2012
	(Unaudited)	(Audited)
	HK$'000	*HK$'000*
0–30 days	**–**	–
31–60 days	**–**	–
61–90 days	**1,060**	–
Over 90 days	**771**	45,498
	1,831	45,498
Less: Impairment loss	**–**	(44,725)
	1,831	773

16. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 September 2012	31 March 2012
	(Unaudited)	(Audited)
	HK$'000	*HK$'000*
Equity securities listed in Hong Kong, at fair value	**93,401**	97,826

The above equity securities were designated as financial assets at fair value through profit or loss on initial recognition by the directors of the Company. Changes in fair values of financial assets at fair value through profit or loss are recorded in profit or loss as other net losses.

17. SHARE CAPITAL

	Number of shares	**Amount**
	'000	*HK$'000*
Authorised:		
As at 31 March 2012 and 30 September 2012, ordinary shares of HK$0.01 each	200,000,000	2,000,000
As at 31 March 2012 and 30 September 2012, convertible preference shares of HK$0.01 each	602,000	6,020

	Ordinary share	
	Number of shares	**Amount**
	'000	*HK$'000*
Issued and fully paid:		
As at 31 March 2012 and 30 September 2012, ordinary shares of HK$0.01 each	687,053	6,871

	Convertible preference share	
	Number of shares	**Amount**
	'000	*HK$'000*
Issued and fully paid:		
As at 31 March 2012 and 30 September 2012, convertible preference shares of HK$0.01 each	401,667	283,858

18. CONVERTIBLE NOTES PAYABLE

Movement of the liability and derivative financial instrument components are as follows:

	Liability component *HK$'000*	**Derivative financial instrument** *HK$'000*
At 1 April 2012	262,255	(27,644)
Imputed interest expense	15,899	–
Change in the fair value	–	13,603
At 30 September 2012	278,154	(14,041)

The liability component is calculated using discounted cash flow at an effective interest rate of 12.3%. The liability component carried on amortised cost basis until extinguished on conversion or redemption.

The Company determined the fair value of the early redemption option is based on the valuation preformed by the Asset Appraisals Limited using the Binomial Tree Pricing Model. The major inputs into the models were as follows:

	At 30 September 2012	At 31 March 2012
Conversion price	**HK$3.00**	HK$3.00
Expected volatility *(Note a)*	**70.92%**	77.80%
Expected life *(Note b)*	**4.5 years**	5 years
Risk free rate *(Note c)*	**0.32%**	0.55%

Notes:

(a) Expected volatility was determined by calculating the historical volatility of the Company's share price cover the period same as the remaining life of the convertible notes before date of valuation.

(b) Expected life was the expected remaining life of the options.

(c) The risk free rate is determined by reference to the HKMA Exchange Fund Notes rate at date of valuation.

During the period, loss of HK$13,603,000 was recognised as a change in fair value of derivative financial instrument.

19. RESERVES

	Share premium account *HK$'000*	**Share-based compensation reserve** *HK$'000*	**Statutory reserve fund** *HK$'000*	**Capital reserve** *HK$'000*	**Exchange fluctuation reserve** *HK$'000*	**Conversion option reserve** *HK$'000*	**Retained profits** *HK$'000*	**Total** *HK$'000*
At 1 April 2012 (Restated)	3,284,858	92,224	137,290	4,922	638,018	69,742	(643,277)	3,583,777
Profit for the period	–	–	–	–	–	–	92,942	92,942
Other comprehensive income	–	–	–	–	(6,713)	–	–	(6,713)
Total comprehensive income	–	–	–	–	(6,713)	–	92,942	86,229
At 30 September 2012 (Unaudited)	3,284,858	92,224	137,290	4,922	631,305	69,742	(550,335)	3,670,006

20. TRADE PAYABLES

The Group normally obtains credit terms ranging from 30 to 120 days from its suppliers. An ageing analysis of the trade payables as at the end of reporting period, based on the receipt of goods purchased, is as follows:

	30 September 2012 (Unaudited) *HK$'000*	31 March 2012 (Audited) *HK$'000*
0–30 days	**15,166**	211
31–60 days	**–**	15,235
61–90 days	**7,027**	7,666
Over 90 days	**28,167**	16,368
	50,360	39,480

21. LONG TERM PAYABLES

	30 September 2012 (Unaudited) *HK$'000*	31 March 2012 (Restated) *HK$'000*
Consideration payables for acquisition of certain forest farm	**80,316**	58,245
Loans from related parties	**–**	613,859
	80,316	672,104

Loans from related parties represented advances by Mr. Guo Jiadi, a major shareholder of the Company and a company of which Mr. Guo Jiadi was beneficially interested in. Upon the successful obtaining of a new bank borrowing during the period, the entire balance of the loan from Mr. Guo and a significant part of the loan from the related company have been repaid. The loans from related parties were unsecured, interest bearing at 6.65% per annum starting from 1 April 2012 and repayable on 27 May 2014. In June 2012, the repayment term of loans from the related parties has been changed to repayable on demand.

22. BANK BORROWINGS

	30 September 2012 (Unaudited) *HK$'000*	31 March 2012 (Audited) *HK$'000*
Bank loans — secured	**739,761**	–
Bank loans repayable:		
Within one year	**31,829**	–
More than one year, but not exceeding five years	**239,931**	–
After five years	**468,001**	–
	739,761	–
Portion classified as current liabilities	**(31,829)**	–
	707,932	–

The bank loans are secured by the subsidiary's investment property with carrying value of approximately HK$3,599,148,000. The bank loans include loan principal amounts of HK$183,630,000 and HK$605,979,000 which bear interest at 7.86% and 8.16% respectively and are repayable by instalments up to 26 September 2020 and 29 April 2021 respectively.

23. CAPITAL COMMITMENTS

As at 30 September 2012, the Group had the following capital commitments contracted but not provided for:

	30 September 2012 (Unaudited) *HK$'000*	31 March 2012 (Audited) *HK$'000*
Capital commitments contracted but not provided for:		
Construction in progress	**31,957**	25,058

24. OPERATING LEASE ARRANGEMENTS

The Group leases its office properties and nursery gardens under operating leases arrangements. Leases for properties are negotiated for terms for one to two years. Leases for nursery gardens are negotiated for terms for six years.

The Group as lessee

At 30 September 2012, the Group had total future minimum lease payments under non-cancellable operating leases in respect of the Group falling due as follows:

	30 September 2012 (Unaudited) *HK$'000*	31 March 2012 (Audited) *HK$'000*
Within one year	**904**	808
In the second to fifth years, inclusive	**12**	12
More than five years	**246**	250
	1,162	1,070

The Group as lessor

As at 30 September 2012, the Group's total future minimum lease payments receivable under non-cancellable operating leases are as follows:

	30 September 2012 (Unaudited) *HK$'000*	31 March 2012 (Audited) *HK$'000*
Within one year	**108,296**	36,827
In the second to fifth years, inclusive	**29,207**	27,229
More than five years	**50,632**	73,814
	188,135	137,870

25. CONTINGENT LIABILITIES

As at 30 September 2012, the Company and the Group did not have contingent liabilities.

26. RELATED PARTY TRANSACTIONS

(a) During the period, the interest expenses on the loans from related parties is HK$9,896,000.

(b) Amounts due from/(to) related parties/company are unsecured, interest free and repayable on demand.

27. SIGNIFICANT EVENTS AFTER THE END OF THE REPORTING PERIOD

a. On 14 September 2012, the Group received a decision letter dated 6 September 2012 issued by Tongdao Dong Autonomous County People's Government (通道侗族自治縣人民政府) and was being informed that five of the forest right certifications on the forests located at Xia Xiang Xiang Suo Li Cun, Tongdao Dong Autonomous County, Hunan Province, China (中國湖南省通道侗族自治縣下鄉鄉所里村) granted by the relevant government authority of China (the "PRC Government") to the Company's subsidiary, Wan Fu Chun Forest Resources Development Company Limited ("Wan Fu Chun"), in 2007 (the "Forest Right Certifications") were being cancelled. Details of which are set out on the announcement dated 19 September 2012.

The fair value of the biological assets of the related forest lands amounted to approximately HK$24 million and the carrying value of prepaid lease payments amounted to approximately HK$3 million as at 30 September 2012, the Group decided to write off the forest lands in consideration of highly probable on the cancellation of forest right certificates. The Group is still in the process of contest the decision on such cancellation to the relevant local government or court.

b. On 11 October 2012, change of English name of the Company from "China Grand Forestry Green Resources Group Limited" to "China Sandi Holdings Limited" and the adoption of the Chinese name "中國三迪控股有限公司" as the secondary name of the Company in replacement of "中國林大綠色資源集團有限公司" have become effective. The Certificate of Incorporation on Change of Name and the Certificate of Secondary Name were issued by the Registrar of Companies in Bermuda on 15 October 2012.

The Certificate of Registration of Change of Corporate Name of Non-Hong Kong Company confirming registration of the Company under the name of "China Sandi Holdings Limited 中國三迪控股有限公司" under Part XI of the Companies Ordinance was issued by the Registrar of Companies in Hong Kong on 12 November 2012.

The stock short names for trading in the Shares on the Stock Exchange will be changed from "CH GRAND FOREST" to "CHINA SANDI" in English and from "中國林大" to "中國三迪" in Chinese with effect from 9:00 a.m. on 27 November 2012. The stock code of the Company remains as "00910".

MANAGEMENT DISCUSSION AND ANALYSIS

Financial highlights

For the six months ended 30 September 2012, the Group recorded a turnover of approximately HK$71 million, representing an increase of 1,027% compared with the six months ended 30 September 2011 (the "period ended 30 September 2011"). The Group's profit attributable to shareholders was approximately HK$93 million, and its basic earnings per share for the Period was HK8.54 cents (for the period ended 30 September 2011: loss of HK$244 million, representing a basic loss per share of HK50.2 cents (restated)).

Dividend

The Board does not recommend any interim dividend for the period ended 30 September 2012.

Business Review

The property investment business

The property investment business is mainly operated by a wholly-owned subsidiary Fujian Sinco Industrial Co., Ltd. ("Sinco") which is a wholly-owned subsidiary by the Company. Sinco is engaged in development, operation and management of a home improvement plaza. During the half year, the property investment business had recorded approximately HK$71 million rental income. The plaza had an occupancy rate of approximately 83% which represent a decrease in the occupancy rate as compared to last year of fully occupied. The decrease in occupancy rate is due to the persistent fiscal and monetary tightening measures implemented by the Chinese Government, and also the continuous competitions from other shopping malls and new plaza also posted a negative impact to the occupancy rate. Nevertheless, The board is confident on this property investment business and believes it will continuously bring a positive and stable return to the Company in future.

During the period, Sinco has successfully obtained a bank loan of RMB650 million and was able to achieve self-sustainable and repaid most of the previous advances from a major shareholder of the Company.

The ecological forestry business

(i) *Forest land and timber business*

As at 30 September 2012, the total area of traditional forest land use right owned by the Group amounted to approximately 5 million Chinese Mu. Such forest land is mainly located in Hunan, Chongqing, Yunnan and Guizhou.

(ii) *Biomass energy*

Biomass energy in China is a clean burning alternative fuel, produced from renewable and sustainable resources. As at 30 September 2012, the Group owned Jatropha estate of approximately 160,000 Chinese Mu in Yunnan Province.

This sector of business recorded a segment profit which is attributable to the gain arising from change in fair value less cost to sell of biological assets. The removal of capital expenditure cash outflow together with the cash inflow are occurring soon resulted in the increase in valuation.

Prospects

In 2012, the Group completed the acquisition of property investment business. The Group has positioned itself as the property investment as its core business. The board expect that the property investment business will increase the income stream of the Group, bring stable earning to the Group, increase the return on equity and bring a long term benefit to the Group.

The operating environment remains difficult for the harvesting activities. The high maintenance and plantation cost put pressure on working capital of the Group. The Group has been actively seeking opportunity to dispose the ecological forestry business by way of any possible means including but not limited to public tender so as to reduce the expenditure in forestry business and improve the Group's working capital.

Operating results and financial review

Revenue

The sales during the Period mainly represents rental income received from a furniture shopping mall which was acquired in February 2012 (through the acquisition of the Target Groups).

Other net losses

Other net losses in the current Period mainly included write off of biological assets and prepaid lease payment due to probable cancellation of forestry ownership certificates amounting to approximately HK$27.2 million, fair value loss on financial assets at fair value through profit or loss (equity securities listed in Hong Kong) amounting to approximately HK$4.4 million, and loss on disposal of forest farms amounting to approximately HK$7.7 million. The decrease in other net losses mainly due to the decrease in unrealised fair value loss on financial assets at fair value through profit or loss.

Gain/(loss) arising from changes in fair values less costs to sell of biological assets

The increase in fair values less costs to sell of biological assets mainly due to the shifting away from the investment period of these forest assets which resulted in the removal of these capital expenditure cash outflow, while cash inflows are occurring sooner, this resulted in an increase in the valuation of these forest assets.

Change in fair value of investment property

The change in the fair value of investment property represents the decrease in fair value of a furniture shopping mall recognised during this period.

Other operating expenses

The Group's other operating expenses for the Period in the amount of approximately HK$27 million mainly included various administrative and selling expenses. Increase in other operating expenses were mainly due to the addition of a furniture shopping mall which was acquired in February 2012 (through the acquisition of the Target Groups) which resulted in more operating expenses being spent.

Finance costs

Finance costs mainly represent non-cash imputed interest expenses on payables for previous acquisitions of certain forest land, imputed interest on convertible notes and bank interest expenses on bank loan. The increase in the finance costs mainly represents the increase in the interest on bank borrowings and the increase in the imputed interest on convertible notes.

Biological assets

The following table summarises the movement of biological assets during the Period:

	Jatropha *HK$'000*	**Other forest assets** *HK$'000*	**Total** *HK$'000*
As at 1 April 2012	147,659	1,139,323	1,286,982
Plantation expenditures	3,256	150	3,406
Exchange differences	(175)	(2,498)	(2,673)
Gain/(loss) arising from changes in fair value less costs to sell	(9,957)	198,504	188,547
Write-off/Impairment	–	(24,182)	(24,182)
As at 30 September 2012	140,783	1,311,297	1,452,080

An international firm with appropriate expertise has performed a valuation update on Jatropha and other forest assets to assist the Group to assess the fair value of those biological assets.

Liquidity, financial resources and capital structure

As at 30 September 2012, the Group's cash and bank balances, which were principally Renminbi and Hong Kong dollar denominated, amounted to approximately a total of HK$215 million. The Group was not exposed to any substantial risk in foreign exchange fluctuations. In general, the Group mainly used its Renminbi income receipt for operating expenses in China and did not use any financial instruments for hedging purpose.

As at 30 September 2012, the Group had bank borrowing amounted to HK$740 million and therefore, the Group's gearing ratio is 22%, measured on the basis of total borrowings as a percentage of total shareholders' funds (31 March 2012: 22% (restated)).

The Group's currently available liquidity resources are sufficient to meet its capital commitments. As at 30 September 2012, the Group's net current liabilities amounted to approximately HK$310 million (31 March 2012: HK$377 million (restated)). The Group's current ratio, being the percentage of its current assets in its current liabilities, amounted to 53% (31 March 2012: 29% (restated)).

As at 30 September 2012, the share capital of the Company is consisted of 687,052,446 ordinary shares of HK$0.01 each and 401,666,666 convertible preference shares of HK$0.01 each. Apart from the ordinary shares and convertible preference shares in issue, the Company will issue convertible notes as alternative financing instruments.

Charge on the Group's assets

As at 30 September 2012 investment property with respective fair value of approximately HK$3,599 million were pledged to secure certain subsidiaries of Group's banking loan.

Contingent liabilities

As at 30 September 2012, the Group did not have any material contingent liabilities.

Employees

As at 30 September 2012, the Group employed a total of approximately 158 employees of which 6 were employed in Hong Kong. In addition to competitive remuneration package offered to the employees, other benefits included contributions to mandatory provident fund, as well as group medical and accident insurance. On-going training sessions were also conducted to enhance the competitiveness of the Group's human assets. The Company also maintains a share option scheme, pursuant to which share options may be granted to the Directors, executives and employees of the Company to provide them with incentives in the growth of the Group.

Model code for securities transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules (the "Model Code") in respect of the securities dealing by the Directors. The Company has made specific enquiry of all Directors in respect of the securities dealing by the Directors and is not aware of any non-compliance with the Model Code during the six months ended 30 September 2012.

Purchase, redemption or sale of listed securities by the Company

There was no purchase, redemption or sale of shares of the Company by the Company or its subsidiaries during the six months ended 30 September 2012.

Directors' interests in a competing business

During the Period and up to the date of this report, no directors of the Company are considered to have an interest in a business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group, pursuant to the Listing Rules, other than those businesses for which the directors of the Company were appointed as directors to represent the interest of the Company and/or the Group.

Corporate governance

For the period ended 30th September 2012, the Company has complied with the code provisions ("Code Provisions") set out in the Code on Corporate Governance Practices (the "CG Code") under Appendix 14 of the Rules (the "Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Audit committees

The Company has established an audit committee for the purposes of reviewing and providing supervision over the Company's financial reporting process and internal controls. It also reviews the effectiveness of the audit process and risk evaluation. The audit committee of the Company presently comprises the three independent non-executive Directors, namely, Dr. Wong Yun Kuen, Mr. Chan Chi Yuen and Mr. Yu Pak Yan Peter.

The audit committee has reviewed the unaudited condensed consolidated financial statements and the interim report for the Period, and was of the opinion that the accounting policies of the Group are in accordance with the current best practice in Hong Kong.

Extract of independent auditor's review report

The following is an extract of the independent auditor's review report on the Group's interim financial report for the period ended 30 September 2012:

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Emphasis of matter

Without qualifying our review conclusion, we draw attention to Note 2 to the financial statements which indicate that the Group's current liabilities exceeded its current assets by approximately HK$309,733,000 as of 30 September 2012. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern.

Other matter

The condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows and the relevant explanatory notes for the six months ended 30 September 2011, disclosed in these interim financial statements have not been reviewed in accordance with HKSRE 2410.

Sufficiency of public float

Based on the information that is publicly available and within the knowledge of the Directors, it is confirmed that there is sufficient public float of more than 25 per cent of the Company's issued shares at the latest practicable date (31 May 2013) prior to the issue of this interim result.

APPRECIATION

On behalf of the Board, I would like to thank all of our customers, shareholders, suppliers and employees for their continued support.

RESUMPTION OF TRADING

At the request of the Company, trading of Shares was suspended with effect from 9:00 a.m. on 3 December 2012. Application has been made by the Company to the Stock Exchange for the resumption of trading of the Shares with effect from 9:00 a.m. on 11 June 2013.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This announcement is published on the websites of the Company (www.chinasandi.com.hk) and the Stock Exchange (www.hkexnews.hk). The Company's 2012 interim report for the six months ended 30 September 2012 will be published on the above websites and despatched to the shareholders of the Company in due course.

By order of the Board
China Sandi Holdings Limited
Chi Chi Hung, Kenneth
Executive Director and Company Secretary

Hong Kong, 10 June 2013

As at the date of this announcement, the Board of Directors of the Company comprises of Mr. Chi Chi Hung, Kenneth and Ms. Zhang Jianchan being the Executive Directors and Dr. Wong Yun Kuen, Mr. Chan Chi Yuen, Mr. Yu Pak Yan, Peter, Mr. Zheng Jinyun and Mr. Zheng Yurui being the Independent Non-Executive Directors.