SANDI

CHINA SANDI HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

Stock code: 910

Annual Report 2013/14

CONTENTS

CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Mr. Chi Chi Hung Kenneth
Ms. Zhang Jianchan
Ms. Amika Lan E Guo (appointed on 9 July 2014)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Dr. Wong Yun Kuen
Mr. Chan Chi Yuen (resigned on 9 July 2014)
Mr. Yu Pak Yan Peter
Mr. Zheng Jinyun
Mr. Zheng Yurui
Mr. Chan Yee Ping, Michael (appointed on 9 July 2014)

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Unit 3309
33/F., West Tower
Shun Tak Centre
168–200 Connaught Road Central
Hong Kong

COMPANY SECRETARY

Mr. Chi Chi Hung Kenneth

AUDITOR

BDO Limited
25th Floor Wing On Centre
111 Connaught Road Central
Hong Kong

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
1 Garden Road
Hong Kong

Chiyu Banking Corporation Ltd.
4/F,
78 Des Voeux Road Central
Hong Kong

Bank of Communications Co., Ltd.
2/F., 563 Nathan Road
Kowloon
Hong Kong

The Bank of East Asia Limited
10 Des Voeux Road Central
Hong Kong

PRINCIPAL REGISTRARS AND TRANSFER OFFICE

Codan Services Limited
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

BRANCH REGISTRARS AND TRANSFER OFFICE

Tricor Tengis Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

STOCK CODE

0910

WEBSITE

www.chinasandi.com.hk

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of China Sandi Holdings Limited (the "Company"), I would like to express our heartfelt gratitude for your support and confidence in the Company. I hereby report to our shareholders the audited consolidated results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 March 2014. The Group recorded a loss for the year of HK$439.3 million, representing a loss of HK40 cents per share during the year ended 31 March 2014, comparing to a profit of HK$155.6 million for the year ended 31 March 2013 (earnings per share of HK14 cents).

STATUS OF INDUSTRY DEVELOPMENT AND MARKET REVIEW

Despite the persistent fiscal and monetary tightening measures implemented by the Chinese Government and continued competitions from other property developers, the property investment business acquired in February 2012 has continued to provide stable rental and property management fee income to the Group. The Group will endeavor to support and develop the property related business in order to generate higher profit margins and more revenue sources to the Group.

It is the first time for the Group to be able to commence its property development business through the setting up of a PRC joint venture for engaging in investment, development, sale, lease, management of properties and other ancillary services in the PRC, including bidding for a parcel of land in Xi'an, the PRC for property development in August 2013. In addition, the Group, through Fujian Sinco Industrial Co., Ltd., is able to capitalise on the experience and expertise of the major shareholder and to participate in the property development business in Xi'an and to grasp any other property development opportunities in the future, if any. The directors are of the view that property development business is and will continue to be one of the core business activities of the Group.

BUSINESS DEVELOPMENT STRATEGIES AND PROSPECTS

The Group has positioned the property investment and property development as its core businesses. The Group will continue to identify new and appropriate business opportunities in these business sector, so as to provide appropriate returns to the shareholders with appropriate business risks.

The directors 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. On the other hand, the directors expect such stable income stream from the property investment business will be used to finance part of the future capital requirements from the property development business.

APPRECIATION

On behalf of the board, I would like to express our gratitude to the shareholders, customers, suppliers and professional advisors for their support over the past year, and to sincerely thank our management and staff for their dedication and diligence.

Chi Chi Hung Kenneth
Executive Director

Hong Kong, 9 July 2014

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL HIGHLIGHTS

During the year, the Group recorded a turnover of approximately HK$130.8 million (2013: HK$118.7 million), representing an increase of 10.2% compared with the year ended 31 March 2013. The Group's loss attributable to shareholders was approximately HK$439.3 million, representing a basic loss per share of HK40 cents (2013: profit of HK$155.6 million representing a basic earnings per share of HK14 cents).

The loss of the Group was mainly attributable to the loss arising from changes in fair value less costs to sell of biological assets and also loss of measurement of disposal group at initial recognition.

DIVIDEND

The Board does not recommend any final dividend for the year (2013: HK$Nil).

BUSINESS REVIEW

The directors considered the current property investment business in the PRC to be an invaluable opportunity for the Group to broaden its asset and earning base. The directors are pleased to report that the property investment business continued to contribute profit to the Group for the period under review.

On 7 August 2013, a subsidiary of the Group, Fujian Sinco Industrial Co., Ltd. ("Fujian Sinco"), entered into a joint venture agreement with a company controlled by a substantial shareholder of the Company, Mr. Guo Jiadi, for the establishment of a PRC joint venture for engaging in investment, development, sale, lease, management of properties and other ancillary services in the PRC, including bidding for a parcel of land in Xi'an, the PRC for property development. The aforesaid joint venture has been established and the Group started to involve in property development business. The directors considered this new business segment is one of the Group's current and continuing business activity.

On the other hand, the running costs of traditional ecological forestry business kept on rising and the granting of harvesting permit was very limited. The Group considered it was difficult to yield a reasonable return and no harvesting activities have been carried out during the year ended 31 March 2014. As a result, the directors have been considering to dispose of it by various means including public tendering since November 2012.

On 27 September 2013, the Company has entered into an agreement to sell the shares of Success Standard Investments Limited ("SSIL") (SSIL together with its subsidiaries collectively referred to as the "Disposed Group") and all liabilities due by the Disposed Group to the Group (assuming the completion of this transaction had been occurred and the inter-company balances due from the Disposed Group no longer be eliminated at consolidation), at a total cash consideration of approximately HK$400 million (the "Disposal"). SSIL is an investment holding company which holds the Group's ecological forestry assets. On 28 March 2014, the transaction has been properly completed.

The Board considers that it is beneficial for the Group to dispose of the Disposed Group and focus to develop its property development and investment business, which generate stable income to the Group with growth potential.

MANAGEMENT DISCUSSION AND ANALYSIS

The property investment business

The Group is optimistic to the commercial property market of mainland China in the long run.

The property investment business is mainly operated by Fujian Sinco which is engaged in development, operation and management of a home improvement plaza.

During the year, the Group recorded the rental income of approximately HK$46.7 million and property management and related fee income of approximately HK$84.1 million. The plaza had an occupancy rate of approximately 92.8% which represent an increase in the occupancy rate as compared to last year of 81%. The increase in occupancy rate is the continuous effort of the management team in soliciting new tenants and in retaining valuable existing tenants. The board is confident on this property investment business and believes it will continuously bring a positive and stable return to the Group in future.

The property development business

It is the first time for the Group to be able to commence its property development business through the signing of the Joint venture Agreement on 7 August 2013. In addition, the Group, through Fujian Sinco, is able to capitalise on the experience and expertise of the major shareholder and to participate in the property development business in Xi'an and to grasp any other property development opportunities in the future, if any. The directors are of the view that property development business is and will continue to be one of the core business activity of the Group.

The ecological forestry business

The business and financial performance of the ecological forestry business of the Group was unsatisfactory over the past few years. After harvesting the timbers located at the more convenient forest area, the Group is required to pay high transportation cost including the road construction cost and labour cost to reach the remote forest area to harvest the timbers. In addition, due to the implementation of more stringent environmental policy by the government in recent years to protect the forests in the PRC, it was difficult for the Group to apply for all the necessary licences and permits, including the harvesting licences, for conducting harvesting activities to harvest the timbers. After taking into account of the above factors and balancing the costs and benefits in harvesting the timbers, the Group considered it was difficult to yield a reasonable return and cease to carry out any harvesting activities during the year ended 31 March 2014. In respect of the biomass energy business of the Group, due to insufficient supply of raw materials and material fluctuation in energy prices, the biomass energy project of the Group was not progressing smoothly.

PROSPECTS

The Group considered that the property investment business is its core business. Through the setting up of the PRC joint venture together with a major shareholder of the Company, the Group started to be involved in the property development business thereafter. The directors 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. On the other hand, the directors expect such stable income stream from the property investment business will be used to finance part of the future capital requirements from the property development business.

MANAGEMENT DISCUSSION AND ANALYSIS

The operating environment remains difficult for the ecological forestry business. Through the Disposal, the capital expenditure of the ecological forestry business has been eliminated and it also improves the Group's working capital.

OPERATING RESULTS AND FINANCIAL REVIEW

Revenue

The increase in sales for the year is due to the increase in occupancy rate as compared to last year.

Other net gains and losses

Other net gains and losses in the year ended 31 March 2014 mainly represents fair value gain on investments held for trading (equity securities listed in Hong Kong) amounting to approximately HK$19.3 million (for the year ended 31 March 2013: HK$63.5 million), set off by the net realised loss on the disposal of investments held for trading amounted to HK$44.9 million (2013: gain of HK$12.8 million).

Change in fair value of investment property

The change in the fair value of investment property represents the continued appreciation of a home improvement plaza situated in Fuzhou, the PRC.

Other operating expenses

The Group's other operating expenses for the year ended 31 March 2014 in the amount of approximately HK$43.9 million mainly included various administrative and selling expenses.

Finance costs

Finance costs mainly represent imputed interest on convertible notes and interest on bank and other borrowings. The increase in the finance costs mainly represents the increase in the interest on bank and other borrowings.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 March 2014, the Group's cash and bank balances, which were principally Renminbi and Hong Kong dollar denominated, amounted to approximately a total of HK$449.2 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 31 March 2014, the Group had bank and other borrowings approximately amounted to HK$773.6 million and therefore, the Group's gearing ratio is 21.9%, measured on the basis of total borrowings less cash and cash equivalents, and the sum of which as a percentage of total shareholders' funds (31 March 2013: 22.4%).

The Group's currently available liquidity resources are sufficient to meet its capital commitments. As at 31 March 2014, the Group's net current assets amounted to approximately HK$564.4 million (31 March 2013: net current liabilities of HK$258.0 million). The Group's current ratio, being the percentage of its current assets in its current liabilities, amounted to 502.2% (31 March 2013: 55.4%).

As at 31 March 2014, 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 has issued convertible notes as alternative financing instruments.

MANAGEMENT DISCUSSION AND ANALYSIS

SIGNIFICANT EVENT AFTER THE END OF THE REPORTING PERIOD

On 5 June 2014, the holders of the convertible notes gave a written notice to the Company to request for redemption of the convertible notes in the aggregate amount of HK$400 million. The Company has agreed to redeem the convertible notes at a consideration of HK$400 million.

CHARGE ON THE GROUP'S ASSETS

As at 31 March 2014, investment property with respective fair value of approximately HK$4,296 million were pledged to secure a subsidiary's bank loan.

CONTINGENT LIABILITIES

As at 31 March 2014, the Group did not have any material contingent liabilities.

CAPITAL COMMITMENTS

As at 31 March 2014, the Group has no outstanding capital commitments. As at 31 March 2013, capital commitments in respect of leasehold improvement amounted to approximately HK$29.8 million.

EXPOSURE TO FLUCTUATION IN EXCHANGE RATE

The majority of the Group's transactions and borrowings are denominated in Hong Kong dollar and Renminbi. Therefore, the Group's exposure to exchange rate fluctuation is relatively insignificant. In general, the Group mainly uses its Renminbi income receipt for operating expenditure in the PRC and does not use any financial instruments for hedging purpose.

EMPLOYEES

As at 31 March 2014, the Group employed a total of approximately 65 employees of which 5 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.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE

The Company is committed to maintaining high standards of corporate governance. The board (the "Board") of directors of the Company (the "Directors") believes that sound and reasonable corporate governance practices are essential for the growth of the Group and for safeguarding and maximising shareholders' interests.

During the year, the Company has complied with the code provisions of Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities ("Listing Rules") on The Stock Exchange of Hong Kong Limited ("Stock Exchange") except for the deviation from the code provision A.2.1 and the Board is committed to complying with the CG Code to the extent that the Directors consider it to be practical and applicable to the Company.

The corporate governance principles of the Company emphasise an effective Board, sound internal control, appropriate independence policy, transparency and accountability to the shareholders of the Company. The Board will continue to monitor and revise the Company's corporate governance policies in order to ensure that such policies may meet the general rules and standards required by the Listing Rules. The Company had complied with the code provisions of the CG Code throughout the period except for the following deviation:

Code Provision A.2.1

The roles of the chairman and the chief executive officer should be segregated and not be exercised by the same individual. The chairman is responsible for the corporate strategic planning and formulation of corporate policies for the Group, while the chief executive officer is responsible for overseeing day-to-day management of the Group's business.

Up to the date of this report, no individual was appointed as chairman of the Company and Mr. Chi Chi Hung, Kenneth is the chief executive officer of the Company (the "Chief Executive Officer"). The role of the chairman has been performed collectively by all the executive Directors of the Company. The Board considers that this arrangement allows contributions from all executive Directors with different expertise and is beneficial to the continuity of the Company's policies and strategies and the interest of the shareholders of the Company as a whole.

RESPONSIBILITIES OF THE BOARD

The Board's primary responsibilities include the formulation of long-term corporate strategies, policy decisions and overseeing the management of the Group's operations. In addition, the Board evaluates the performance of the Group and assesses the achievement of targets periodically set by the Board. In carrying out its duties and projects, the Board delegates certain specific considerations to designated board committees and management task forces. The daily management, administration and operations of the Company are delegated to the Chief Executive Officer, executive Directors and senior management and divisional heads. The delegated functions and work tasks are periodically reviewed by the Board. Approval has to be obtained from the Board prior to any significant transactions entered into by the abovementioned officers. All Directors have full and timely access to all relevant information in discharging their duties, and in appropriate circumstances are normally granted rights to seek independent professional advices at the Company's expense.

CORPORATE GOVERNANCE REPORT

COMPOSITION OF THE BOARD

The composition of the Board reflects the necessary balance of skills and experience for effective leadership and independence in decision making. As at the date of this report, the Board comprises 8 Directors, whose biographical details are set out in the "Biographical Details of the Directors of the Company and Senior Management of the Group" on pages 21 to 26 of the Report of the Directors. There are 3 executive Directors, namely Mr. Chi Chi Hung Kenneth, Ms. Zhang Jianchan and Ms. Amika Lan E Guo and 5 independent non-executive Directors, namely Dr. Wong Yun Kuen, Mr. Chan Yee Ping, Michael, Mr. Yu Pak Yan Peter, Mr. Zheng Jinyun and Mr. Zheng Yurui. The Company has complied with Rules 3.10(1) and 3.10(2) of the Listing Rules relating to the appointment of a sufficient number of independent non-executive Directors and at least one of the independent non-executive Directors has appropriate professional qualifications or accounting or related financial management expertise throughout the year ended 31 March 2014. The Company has received annual confirmations from all independent non-executive Directors that they did not have any businesses or financial interests with the Group and were independent in accordance with Rule 3.13 of the Listing Rules.

APPOINTMENT AND SUCCESSION PLANNING OF DIRECTORS

The Board as a whole is responsible for reviewing its composition, developing and formulating the relevant procedures for the nomination and appointment of Directors; and monitoring their succession. The Board's established policies include procedures for the appointment of Directors nominated by the Company's shareholders. The existing Bye-laws of the Company empower the Board to appoint any person as Director either as an additional member or to fill a casual vacancy.

The term of office for each of the executive Directors and the independent non-executive Director is 3 years. The existing Bye-laws of the Company provide that at each annual general meeting, one-third of the Directors for the time being, or, if their number is not 3 or a multiple of 3, then the number nearest to but not less than one-third, shall retire from office by rotation provided that every Director shall be subject to retirement at least once every 3 years. A retiring Director shall be eligible for re-election. The Company at the general meeting at which a Director retire may fill the vacated office. In addition, all Directors appointed to fill a casual vacancy or as an additional Director shall retire in the next annual general meeting but eligible for re-election.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix 10 to the Listing Rules as a code of conduct regarding Directors' securities transactions. All the members of the Board have confirmed, following specific enquiry by the Company that they have complied with the required standard as set out in the Model Code throughout the year ended 31 March 2014. The Model Code also applies to other specified senior management of the Group.

BOARD COMMITTEE

The Company has established 3 Board committees, namely the Audit Committee, the Nomination Committee and the Remuneration Committee, each of which is delegated with specific roles and responsibilities by the Board. All the Board committees follow the same principles and procedures as those of the Board. The Board receives the minutes of each committee on a regular basis, including their decision and recommendations.

AUDIT COMMITTEE

The Company has established an Audit Committee, The Audit Committee of the Company presently comprises the following independent non-executive Directors:

Mr. Chan Chi Yuen *(Chairman)* (resigned on 9 July 2014)
Mr. Chan Yee Ping, Michael (appointed on 9 July 2014 and as Chairman following the resignation of Mr. Chan Chi Yuen)
Dr. Wong Yun Keun
Mr. Yu Pak Yan, Peter

The Chairman of the Audit Committee possesses the appropriate professional qualification or accounting or related financial management expertise and members of the Audit Committee comply with the requirements under Rule 3.21 of the Listing Rules. None of the members of the Audit Committee is a former partner of the Company's existing external auditors. The primary responsibilities of the Audit Committee include the followings:

(a) To review the Company's financial information including annual report and half-yearly report and the appropriateness of any significant financial reporting judgments contained therein;

(b) To review the relationship with the external auditors by reference to the work performed by the auditors, their fees and terms of engagement, and make recommendation to the Board on the appointment, re-appointment and removal of external auditors; and

(c) To review the adequacy and effectiveness of the Company's financial reporting system, internal control system and risk management system and associated procedures.

The Company's results for the year ended 31 March 2014 and interim results for the six months ended 30 September 2013 have been reviewed by the Audit Committee chaired by Mr. Chan Chi Yuen.

During the year ended 31 March 2014, 3 meetings have been held by the Audit Committee. Attendance of each member at the Audit Committee meeting is set out in the table under section "Meeting Attendance" of this report.

Summary of work

During the year, the Audit Committee reviewed the interim and annual results with the external auditors and its duties in accordance with the Audit Committee's written terms of reference.

The terms of reference of the Audit Committee are available for inspection on the Company's website and the Stock Exchange's website.

CORPORATE GOVERNANCE REPORT

AUDIT COMMITTEE *(continued)*

Auditors' Remuneration

The Audit Committee has reviewed the remuneration paid/payable to Messrs. BDO Limited, the external auditor of the Company, for the following services provided for the year ended 31 March 2014.

Services Rendered	Remuneration Paid/Payable
Audit services	HK$950,000
Non-audit services	HK$900,000
	HK$1,850,000

The Audit Committee has expressed its views to the Board that the level of fees paid/payable to the Company's external auditor is reasonable. There has been no major disagreement between the external auditor and the management of the Company for the year ended 31 March 2014.

NOMINATION COMMITTEE

The Company has established a Nomination Committee. The existing Nomination Committee comprises the following independent non-executive Directors:

Dr. Wong Yun Kuen *(Chairman)*
Mr. Chan Chi Yuen (resigned on 9 July 2014)
Mr. Yu Pak Yan Peter
Mr. Chan Yee Ping, Michael (appointed on 9 July 2014)

The Nomination Committee is responsible for all matters relating to the appointment of Directors either to fill a casual vacancy or as an addition to the existing Board. Any Director appointed to fill a casual vacancy or as an addition to the existing Board shall hold office only until the next annual general meeting and shall be eligible for re-election at such meeting. Every Director shall be subject to retirement by rotation at least once every 3 years and shall be eligible for re-election in accordance with the Bye-laws of the Company.

The Nomination Committee is responsible for identifying suitable qualified candidates and making recommendations to the Board for consideration. The process of selecting and recommending candidates for directorship includes the consideration of referrals and the engagement of external recruitment professionals. The selection criteria is based mainly on the assessment of their professional qualifications and experience relevant to the Company's businesses.

The Nomination Committee held 2 meeting during the year ended 31 March 2014. Attendance of each member at the Nomination Committee meeting is set out in the table under section "Meeting Attendance" of this report.

NOMINATION COMMITTEE *(continued)*

Summary of work

During the year, the Nomination Committee reviewed and approved the renewal of service contract of Directors, recommendation to the Board on the re-election of Directors in accordance with the Nomination Committee's written terms of reference.

The terms of reference of the Nomination Committee are available for inspection on the Company's website and the Stock Exchange's website.

Moreover, the Nomination Committee has reviewed and approved a board diversity policy. The Summary of which are as follows:

Summary of Board Diversity Policy, including measureable objective, monitoring and review of the Policy

The board diversity policy (the "Policy") aims to set out the approach to achieve diversity on the Company's Board. The Company recognizes and embraces the benefits of having a diverse Board to enhance the quality of its performance.

Summary of the Policy

With a view to achieving a sustainable and balanced development, the Company sees increasing diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development. In designing the Board's composition, Board diversity has been considered from a number of aspects. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity of the Board.

Measurable Objectives

Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board. The Board's composition has been disclosed in the report of the directors.

Monitoring and review

The Nomination Committee has monitored the implementation of the Policy and there is no derivation from this Policy for the year ended 31 March 2014. The Nomination Committee will keep on review this Policy, as appropriate, to ensure the effectiveness of this Policy. The Nomination Committee will discuss any revisions that may be required, and recommend any such revisions to the Board for consideration and approval.

CORPORATE GOVERNANCE REPORT

REMUNERATION COMMITTEE

The Company has established a Remuneration Committee. The Remuneration Committee comprises the following independent non-executive Directors:

Mr. Yu Pak Yan Peter *(Chairman)*
Dr. Wong Yun Kuen
Mr. Chan Chi Yuen (resigned on 9 July 2014)
Mr. Chan Yee Ping, Michael (appointed on 9 July 2014)

The principal responsibilities of the Remuneration Committee include making recommendation on the policy and structure for the remuneration of Directors and senior management of the Company, the establishment of a formal and transparent procedure for developing such policy, and the review of specific remuneration packages of all executive Directors and senior management of the Company by reference to corporate goals and objective resolved by the Board from time to time. The Remuneration Committee will review and make recommendations to the Board on the remuneration packages of individual executive Directors and senior management.

The principal elements of the executive Directors' remuneration package include basic salary, benefits in kind, discretionary bonus, retirement benefits and participation in the old share option scheme and new share option scheme adopted by the shareholders of the Company in November 2001 and 2011. The remuneration packages of the executive Directors will be proposed by the chief executive director of the Group annually for the review by the Remuneration Committee based on the following factors:

(a) the executive Director's responsibilities and contribution;

(b) the executive Director's individual performance; and

(c) performance of the business unit(s) headed by the executive Director.

The independent non-executive Directors' remuneration includes Directors' fee and participation in the share option scheme, and subject to annual assessment and recommendation by the Remuneration Committee. The term of appointment of the independent non-executive Directors is three years. Other detailed terms of appointment have been disclosed in the directors' report and the financial statements. The Board's authority to fix Directors' remuneration was granted by the Company's shareholders at the annual general meeting.

The Remuneration Committee held 1 meetings during the year ended 31 March 2014 and reviewed the existing remuneration policy and structure of the Company and remuneration packages of the Directors and senior management. Attendance of each member at the Remuneration Committee meeting is set out in the table under section "Meeting Attendance" of this report.

REMUNERATION COMMITTEE *(continued)*

Summary of work

During the year, the Remuneration Committee reviewed the remuneration packages of the Directors and the senior management and made recommendations to the Board on the remuneration of the executive Director and non-executive Directors in accordance with the Remuneration Committee's written terms of reference.

The term of reference of the Remuneration Committee are available for inspection on the Company's website and the Stock Exchange's website.

Pursuant to code provision B1.5 of the CG Code the details of the annual remuneration of the members of the senior management by band for the year ended 31 March 2014 is as follows:

	Number of employee
HK$1,000,001 – HK$1,500,000	1

Details of the remuneration of each Director for the year ended 31 March 2014 are set out in the note 18 to the financial statements.

MEETING ATTENDANCE

During the year ended 31 March 2014, 14 board meetings had been held for reviewing business performance, considering and approving the overall strategies and policies of the Company, and other business matters. Attendance of each member, on a named basis, during the year ended 31 March 2014 is set out in the table below.

	Board Meetings	Remuneration Committee Meetings	Nomination Committee Meetings	Audit Committee Meetings	General Meetings
Number of meetings	14	1	2	3	3
Mr. Chi Chi Hung Kenneth	14/14	N/A	N/A	N/A	3/3
Ms. Zhang Jianchan	14/14	N/A	N/A	N/A	2/3
Ms. Amika Lan E Guo (note (a))	N/A	N/A	N/A	N/A	N/A
Dr. Wong Yun Kuen	9/14	1/1	2/2	3/3	2/3
Mr. Chan Chi Yuen	9/14	1/1	2/2	3/3	1/3
Mr. Chan Yee Ping , Michael (note (a))	N/A	N/A	N/A	N/A	N/A
Mr. Yu Pak Yan Peter	9/14	1/1	2/2	3/3	2/3
Mr. Zheng Jinyun	7/14	N/A	N/A	N/A	0/3
Mr. Zheng Yurui	8/14	N/A	N/A	N/A	1/3

Note (a): Ms. Amiko Lan E Guo and Mr. Chan Yee Ping, Michael was appointed as Directors after financial year.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing the corporate governance duties as set out in the terms of reference equivalent to code provision D.3.1 of the CG Code. During the year, the policies of the corporate governance of the Company were reviewed by the Board.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL REPORTING

The Board is responsible for presenting a balanced, clear and understandable assessment of annual and interim reports, announcements in relations to inside information and other financial disclosures required under the Listing Rules and other regulatory requirements.

The Directors acknowledged that they are responsible for the preparation of the financial statements of the Group. In preparing consolidated financial statements which give a true and fair view it is fundamental that appropriate accounting policies are selected and applied consistently.

The statement of the external auditors of the Company about their responsibilities on the financial statements is set out in the Independent Auditor's Report on pages 34 and 35.

There are no material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

DIRECTORS' AND OFFICERS' LIABILITIES

The Company has arranged for appropriate insurance covering the liabilities of the Directors and officers, that may arise out the corporate activities, which has been complied with the CG Code. The insurance coverage is reviewed on an annual basis.

BUSINESS STRATEGY

The Board considered that property investment business and property development business are the core business segments of the Group and these segments are also complement to each other. On one hand, 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. On the other hand, such stable income stream from the property investment business could be used to finance part of the future capital requirements from the property development business. In return, sales proceeds from property development business could be used to finance the acquisition of new property for investment.

CONTINUOUS PROFESSIONAL DEVELOPMENT OF DIRECTORS

Every newly appointed Director will receive formal, comprehensive and tailored induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of Director's responsibilities and obligations under the Listing Rules and relevant statutory requirements.

Directors are continually updated on developments in the statutory and regulatory regime and the business environment to facilitate the discharge of their responsibilities. Continuing briefing and professional development for Directors will be arranged at the expenses of the Company where necessary. From 1 April 2013 to the year ended 31 March 2014, each of the Directors has participated in continuous professional development by attending seminars and/or studying materials relevant to Director's duties and responsibility. Their training records have been provided to the Company.

COMPANY SECRETARY

The Company Secretary, Mr. Chi Chi Hung, Kenneth, is responsible to the Board for ensuring that the Board procedures are followed and the Board activities are efficiently and effectively conducted. He is also responsible for ensuring that the Board is fully appraised of the relevant legislative, regulatory and corporate governance developments relating to the Group and facilitating the induction and professional development of Directors.

During the year under review, Mr. Chi has attended relevant professional seminars to update his skills and knowledge. He met the training requirement set out in Rule 3.29 of the Listing Rules.

SHAREHOLDERS' RIGHTS

(I) How Shareholders Can Convene A Special General Meeting And Putting Forward Proposals at Shareholders' Meeting

The Directors may, whenever they think fit, convene a special general meeting, and special general meetings shall also be convened on requisition, as provided by the Companies Act, and, if default, may be convened by the requisitionists. On the requisition of members of the Company holding at the date of the deposit of the requisition not less than one-tenth of such of the paid-up capital of the Company as at the date of the deposit carries the right of voting at general meetings of the Company, the Directors forthwith proceed duly to convene a special general meeting of the Company. If the Directors do not within twenty-one days from the date of the deposit of the requisition proceed duly to convene a meeting, the requisitionists, or any of them representing more than one half of the total voting rights of all of them, may themselves convene a meeting, but any meeting so convened shall not be held after the expiration of three months from the said date.

(II) Procedures by which enquiries may be put to the Board

Enquiries of shareholders can be sent to the Company either by email at info@chinasandi.com.hk or by post to the Company's Hong Kong head office at Unit 3309, 33/F., West Tower, Shun Tak Centre, 168–200 Connaught Road Central, Central, Hong Kong. Shareholders can also make enquiries with the Board directly at the general meetings.

INTERNAL CONTROL

The Board acknowledged that they are responsible for maintaining effective internal control system of the Group. Notwithstanding the Audit Committee reviews financial results and the overall internal control environment periodically, the Directors design well defined management structure with limit of authority and segregation of duties, and ensure the whole operation system is in compliance with the relevant regulation and legislation. The Directors regularly review the management and financial reports to ensure that the Company maintains a healthy financial position all the time.

During the year ended 31 March 2014, the Board conducted a review on the effectiveness of the Group's material internal controls, covering financial, operational, compliance and risk management functions. Based on the review undertaken, the Board is of the view that present internal control system of the Group is considered adequate. However, the Board shall remain open to suggestion for further improvement, including recommendation from the external auditors of any potential areas for improvement noted during the audit process.

CORPORATE GOVERNANCE REPORT

INVESTOR RELATIONS AND COMMUNICATION WITH SHAREHOLDERS

The Company recognises the importance of the communication with shareholders. In order to maintain and further enhance the investors' relationship with the Company's shareholders, the Company established various channels of communication with its shareholders:

(1) The annual general meeting provides a platform for shareholders to exchange views with the Board. The members of the Board and external auditors will attend the meeting. The Group encourages all shareholders to attend and raise any comment on the performance of the Group. The Board welcomes to exchange views with its shareholders at the meeting.

(2) The Company has regularly met with financial analysts, fund managers and potential investors during year ended 31 March 2014, in order to enhance the understanding the Group's operations and developments.

(3) Information relating to the Company's financial information is provided through publications of annual reports, announcements, circulars and press release.

(4) The Company has established a corporate website which provides regularly updated Company financial information and other corporate information.

Separate resolutions are proposed at shareholders' meeting of the Company on each substantial issue, including the election of individual Director. Poll results will be published on the business day following the shareholders' meeting and posted on the respective websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.chinasandi.com.hk).

REPORT OF THE DIRECTORS

The Directors of the Company herein present their report and the audited consolidated financial statements of the Company and the Group for the year ended 31 March 2014.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Details of the principal activities of the principal subsidiaries are set out in note 25 to the consolidated financial statements.

SEGMENTAL INFORMATION

An analysis of the Group's revenue and results by principal activities for the year ended 31 March 2014 is set out in note 9 to the consolidated financial statements.

RESULTS AND APPROPRIATION

The results of the Group for the year ended 31 March 2014 are set out in the consolidated statement of comprehensive income on pages 36 and 37.

The Board has resolved not to recommend any dividend for the year ended 31 March 2014.

SUMMARY OF FINANCIAL INFORMATION

A summary of the consolidated results and of the assets, liabilities and non-controlling interests of the Group for the last five financial years is set out below. The amounts for the year ended 31 March 2014 are those set out in the accompanying financial statements on pages 36 to 124. The amounts for the year ended 31 March 2013 and before are extracted from previously published audited financial statements of the Company as appropriate.

Results

	Year ended 31 March				
	2014 **HK$'000**	2013 HK$'000	2012 HK$'000 (Restated)	2011 HK$'000	2010 HK$'000
REVENUE	**130,838**	118,674	23,864	2,761	7,684
(LOSS)/PROFIT FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY	**(439,261)**	155,614	(632,501)	(1,203,652)	(2,481,488)

REPORT OF THE DIRECTORS

SUMMARY OF FINANCIAL INFORMATION *(continued)*

Assets, liabilities and non-controlling interests

	As at 31 March				
	2014	2013	2012	2011	2010
	HK$'000	HK$'000	HK$'000 (Restated)	HK$'000	HK$'000
NON-CURRENT ASSETS	**4,313,501**	6,047,537	5,818,661	3,812,351	4,860,650
CURRENT ASSETS	**704,686**	320,091	155,453	938,563	844,618
TOTAL ASSETS	**5,018,187**	6,367,628	5,974,114	4,750,914	5,705,268
CURRENT LIABILITIES	**140,318**	578,137	532,408	350,265	405,074
NON-CURRENT LIABILITIES	**1,863,974**	1,720,390	1,567,134	297,611	477,463
TOTAL LIABILITIES	**2,004,292**	2,298,527	2,099,542	647,876	882,537
NON-CONTROLLING INTERESTS	**26,470**	66	66	67	67
NET ASSETS	**3,013,895**	4,069,101	3,874,572	4,103,038	4,822,731

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group are set out in note 20 to the consolidated financial statements.

SHARE CAPITAL AND SHARE OPTIONS

Details of movements in the Company's share capital during the year ended 31 March 2014 and subsequent thereto are set out in note 34 to the consolidated financial statements.

Details of movements in the Company's share options during the year ended 31 March 2014 are set out in note 36 to the consolidated financial statements.

CONVERTIBLE NOTES

Details of movements in the Company's convertible notes during the year ended 31 March 2014 are set out in note 39 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

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

REPORT OF THE DIRECTORS

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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

RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in note 37 to the consolidated financial statements and the consolidated statement of changes in equity, respectively.

DISTRIBUTABLE RESERVES

The Company's reserves available for distribution amounted to approximately HK$1,135,028,000 at 31 March 2014.

Under the Companies Act 1981 of Bermuda (as amended), the balances in a company's contributed surplus and share premium accounts are available for distribution. However, the company cannot declare or pay a dividend, or make a distribution out of contributed surplus and share premium if:

(a) the company is, or would after the payment be, unable to pay its liabilities as they become due; or

(b) the realisable value of the assets of the company would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

MAJOR CUSTOMERS AND SUPPLIERS

In the year under review, the sales to the Group's five largest customers accounted for less than 10% of the total turnover for the year.

During the year, less than 30% of the Group's sales and less than 30% of the Group's purchases were attributable to the Group's five largest customers and suppliers respectively.

None of the Directors of the Company, any of their associates or any substantial shareholders (which, to the best knowledge of the Directors of the Company, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers.

REPORT OF THE DIRECTORS

DIRECTORS

The Directors of the Company during the year and up to the date of this report are as follows:

Executive Directors

Mr. Chi Chi Hung Kenneth
Ms. Zhang Jianchan
Ms. Amika Lan E Guo (appointed on 9 July 2014)

Independent non-executive Directors

Dr. Wong Yun Kuen
Mr. Chan Chi Yuen (resigned on 9 July 2014)
Mr. Yu Pak Yan Peter
Mr. Zheng Jinyun
Mr. Zheng Yurui
Mr. Chan Yee Ping, Michael (appointed on 9 July 2014)

In accordance with the Bye-laws 111(A) and 111(B) of the Company, Mr. Zheng Jinyun and Mr. Zheng Yurui shall retire from office by rotation and being eligible, will offer themselves for re-election at the forthcoming annual general meeting (the "AGM").

In accordance with the Bye-law 115 of the Bye-laws of the Company, Ms. Amika Lan E Guo and Mr. Chan Yee Ping, Michael, being newly appointed Directors, shall retire from office and, being eligible, will offer themselves for re-election at the AGM.

BIOGRAPHICAL DETAILS OF THE DIRECTORS OF THE COMPANY AND SENIOR MANAGEMENT OF THE GROUP

Executive Directors

Mr. Chi Chi Hung Kenneth, aged 45, is currently an executive Director, Chief Executive Officer and company secretary of the Company. He has over 20 years of experience in accounting and financial control. He holds a Bachelor of Accountancy Degree from the Hong Kong Polytechnic University and is a fellow member of the Association of Chartered Certified Accountants in the United Kingdom, an associate member of the Hong Kong Institute of Certified Public Accountants, an associate member of the Hong Kong Institute of Chartered Secretaries and an associate member of the Institute of Chartered Secretaries and Administrators in the United Kingdom.

BIOGRAPHICAL DETAILS OF THE DIRECTORS OF THE COMPANY AND SENIOR MANAGEMENT OF THE GROUP *(continued)*

Executive Directors *(continued)*

Mr. Chi is currently an executive director of Ceneric (Holdings) Limited (formerly known as "Morning Star Resources Limited") (stock code: 542), Guocang Group Limited (formerly known as "Hua Yi Copper Holdings Limited") (stock code: 559) and an independent non-executive director of Perfect Shape (PRC) Holdings Limited (stock code: 1830), Noble Century Investment Holdings Limited (formerly known as "Sam Woo Holdings Limited") (stock code: 2322), Hong Kong Life Sciences & Technologies Group Limited (formerly known as "ZMAY Holdings Limited") (stock code: 8085), Aurum Pacific (China) Group Limited (stock code: 8148), China Natural Investment Company Limited (stock code: 8250) and L'sea Resources International Holdings Limited (formerly known as "Goodtop Tin International Limited") (stock code: 195). Mr. Chi was a chairman and chief executive officer of M Dream Inworld Limited (Stock code: 8100), he was also an independent non-executive director of Interchina Holdings Company (stock code: 202) from October 2011 to August 2012. Save as disclosed, Mr. Chi did not hold any directorships in other public company listed in Hong Kong or overseas in the last three years or any other position with the Company or any of its subsidiaries.

Mr. Chi does not have any relationship with any director, senior management, substantial or controlling shareholder(s) of the Company.

Ms. Zhang Jianchan, aged 53, is a senior economist, who completed the courses of Renmin University of China as the Master of Business Administration in 2001. Ms. Zhang once worked in an integrated enterprise which is engaged in the businesses such as property development, architectural engineering, construction supervision, beverage manufacturing and investment & financing consultant from 1993 to 2001 and once held positions such as a general manager of a subsidiary and an assistant to the chairman of a group company. She has gained extensive experiences in property development, architectural engineering management and corporate planning.

From 2001 to the present, Ms. Zhang joined and worked in Guo Shi Investment Group Company Limited (郭氏投資集團有限公司), a company controlled by Mr. Guo Jiadi, an ultimate beneficial owner of the substantial shareholder of the Company. She once acted as an assistant to the chairman, responsible for administration work; and a vice president of the group, responsible for project assessment, planning, marketing, sale as well as the management and maintenance of Macalline Fuzhou Sandi Shopping Mall (紅星美凱龍福州三迪商場). Apart from the aforesaid, Ms. Zhang does not have any other relationship with any director, senior management, substantial or controlling shareholder(s) of the Company.

Ms. Amika Lan E Guo, aged 28, has been appointed as an executive Director of the Company with effect from 9 July 2014. Ms. Guo has graduated from Simon Fraser University in Canada with a bachelor degree of Business Administration in Human Resources Management. She also holds a MBA degree from The University of Hong Kong. Ms. Guo is a human resource professional with a strong knowledge in recruitment, employee relations, leadership and employee development, compensation and benefits. She has provided human resource services to both private and public companies. She will be focused on formulating and implementing human resource strategies and setting up corporate governance practices for the Group.

Ms. Guo is the daughter of Mr. Guo Jiadi, who is an ultimate beneficial owner of the substantial shareholder of the Company. Save as disclosed above, Ms. Guo does not have any other relationship with any director, senior management, substantial or controlling shareholder(s) of the Company.

REPORT OF THE DIRECTORS

BIOGRAPHICAL DETAILS OF THE DIRECTORS OF THE COMPANY AND SENIOR MANAGEMENT OF THE GROUP *(continued)*

Independent non-executive Directors

Dr. Wong Yun Kuen, aged 56, Dr. Wong received his Ph.D. degree from Harvard University, and was "Distinguished Visiting Scholar" at Wharton School of the University of Pennsylvania. Dr. Wong has worked in financial industries in the United States and Hong Kong for many years, and has considerable experience in corporate finance, investment and derivative products. He is a member of the Hong Kong Securities Institute.

Dr. Wong is an executive director of UBA Investments Limited (stock code: 768), and an independent non-executive director of Harmony Asset Limited (stock code: 428), Climax International Co., Limited (stock code: 439), Bauhaus International (Holdings) Limited (stock code: 483), Kaisun Energy Group Limited (stock code: 8203), China Yunnan Tin Minerals Group Company Limited (stock code: 263), Kong Sun Holdings Limited (stock code: 295), Kingston Financial Group Limited (stock code: 1031), Guocang Group Limited (formerly known as "Hua Yi Copper Holdings Limited") (stock code: 559), New Island Printing Holdings Limited (stock code: 377) and Sincere Watch (Hong Kong) Limited (stock code: 444). Harmony Asset Limited is also listed on Toronto Stock Exchange. Dr. Wong was an independent non-executive director of Hong Kong Life Sciences & Technologies Group Limited (formerly known as "ZMAY Holdings Limited") (stock code: 8085), from November 2009 to September 2012.

Dr. Wong does not have any relationship with any directors, senior management, substantial or controlling shareholder(s) of the Company.

Mr. Chan Chi Yuen, aged 47, holds a bachelor degree with honors in Business Administration and a Master of Science degree in Corporate Governance and Directorship. He is a fellow of The Hong Kong Institute of Certified Public Accountants and The Association of Chartered Certified Accountants and is an associate of The Institute of Chartered Accountants in England and Wales. Mr. Chan is a practicing certified public accountant and has extensive experience in financial management, corporate finance and corporate governance.

Mr. Chan is currently an executive director of Noble Century Investment Holdings Limited (formerly known as "Sam Woo Holdings Limited") (stock code: 2322) and is also an independent non-executive director of South East Group Limited (Stock code: 726), New Times Energy Corporation Limited (stock code: 166), Asia Energy Logistics Group Holdings Limited (stock code: 351), China Gamma Group Limited (stock code: 164), Jun Yang Solar Power Investments Limited (formerly known as "China Gogreen Assets Investment Limited") (stock code: 397), Media Asia Group Holding Limited (formerly known as "Rojam Entertainment Holdings Limited") (stock code: 8075) and U-RIGHT International Holdings Limited (stock code: 627). Mr. Chan was also an executive director and chairman of Kong Sun Holdings Limited (stock code: 295) from December 2011 to September 2013.

Mr. Chan Chi Yuen resigned as an independent non-executive Director of the Company on 9 July 2014.

REPORT OF THE DIRECTORS

BIOGRAPHICAL DETAILS OF THE DIRECTORS OF THE COMPANY AND SENIOR MANAGEMENT OF THE GROUP *(continued)*

Independent non-executive Directors *(continued)*

Mr. Yu Pak Yan Peter, aged 63, has over 30 years of experience in real estate and financial services industries. Mr. Yu has a Bachelor Degree in Management from Youngstown State University in Ohio, USA and a Master of Science Degree in Financial Services from American College in Pennsylvania, USA. Mr. Yu is a member of the Certified Commercial Investment Member Institute and was the first Chinese-American elected to the board of the San Francisco Association of Realtors. Mr. Yu worked in Pacific Union Real Estate Company in the United States from 1980–1995 and held senior positions in MetLife and New York Life Insurance Company in managing Asian customers in North America.

Mr. Yu is an executive director and chairman of Kong Sun Holdings Limited (stock code: 295), an independent non-executive director of Kingston Financial Group Limited (stock code: 1031), Noble Century Investment Holding Limited (formerly known as "Sam Woo Holdings Limited") (stock coded: 2322). He was also an independent non-executive director of M Dream Inworld Limited (stock code: 8100) from July 2010 to January 2014.

Mr. Yu does not have any relationship with any director, senior management, substantial or controlling shareholder(s) of the Company.

Mr. Zheng Jinyun, aged 51, has completed the China CEO Management Innovation Executive Program with the relevant certificate of Shanghai Jiao Tong University in 2003 and completed the CEO Innovation Executive Program (總裁高級研修班) with the relevant certificate of Fudan University in 2005. Mr. Zheng has commenced his own international trading business since 1978 and expanded his business to the global market. Mr. Zheng started to expand his business to the development and management of residential and commercial properties in 2006. Mr. Zheng is the committee member of the current Chinese People's Political Consultative Conference of Fujian Province (福建省人民政治協商會議委員) and the honorable citizen of Putian City (莆田市榮譽市民).

Mr. Zheng does not have any relationship with any director, senior management, substantial or controlling shareholder(s) of the Company.

REPORT OF THE DIRECTORS

BIOGRAPHICAL DETAILS OF THE DIRECTORS OF THE COMPANY AND SENIOR MANAGEMENT OF THE GROUP *(continued)*

Independent non-executive Directors *(continued)*

Mr. Zheng Yurui, aged 59, has graduated from Party School of Central Committee of C.P.C. with undergraduate diploma in 1999, majoring in administration and he is a senior economist. From 1971 to 1998, Mr. Zheng worked in several state-owned companies and private companies including a factory in which he acted as a deputy general manager. From 1998 to the present, Mr. Zheng founded his own footwear manufacturing company, acting the chairman. From 2008 to the present, Mr. Zheng has served as a Director of a property development company concurrently. Mr. Zheng is the representative of the Tenth and Eleventh People's Congress of Fujian Province (福建省第十屆、第十一屆人民代表大會) and the representative of the Fourth, the Fifth, and the Sixth People's Congress of Putian City (莆田市第四屆、第五屆、第六屆人民代表大會).

Mr. Zheng does not have any relationship with any director, senior management, substantial or controlling shareholder(s) of the Company.

Mr. Chan Yee Ping, Michael, aged 37, has been appointed as an executive Director of the Company with effect from 9 July 2014. Mr. Chan holds a Bachelor degree of Business Administration (Honours) in Accountancy from The Hong Kong Polytechnic University. He is a member with practicing certificate of the Hong Kong Institute of Certified Public Accountants, and a fellow member of the Association of Chartered Certified Accountants. He is currently the company secretary of China Sunshine Paper Holdings Company Limited (Stock Code: 2002), which is listed on the Main Board of The Stock Exchange of Hong Kong Limited, as well as Northeast Electric Development Co., Limited (Stock Code: 0042), a joint stock limited company incorporated in the People's Republic of China and listed on the Shenzhen Stock Exchange and the Main Board of the Stock Exchange of Hong Kong Limited, respectively. He is also the independent non-executive director of Yueshou Environmental Holdings Limited (Stock code: 1191), which is listed on the Main Board of the Stock Exchange. Mr. Chan is also the director of CYC CPA Limited. He has over 10 years of work experience in the fields of accounting and audit, corporate secretarial management and corporate governance.

Mr. Chan does not have any relationship with any director, senior management, substantial or controlling shareholder(s) of the Company.

BIOGRAPHICAL DETAILS OF THE DIRECTORS OF THE COMPANY AND SENIOR MANAGEMENT OF THE GROUP *(continued)*

Senior Management

Mr. Lam Wai Fung, aged 41, is the financial controller of the Company. He joined the Group in November 2012 and is responsible for the finance, accounting and internal control functions of the Group. Prior to joining the Group, Mr. Lam worked for an international accounting firm in Hong Kong for over 7 years for external audit and has been worked in commercial sector including listed company as internal auditor and financial controller for over 10 years. Mr. Lam holds a Bachelor of Arts Degree in Accountancy. He is a certified public accountant of the Hong Kong Institute of Certified Public Accountants, a chartered financial analyst of the CFA Institute and a certified financial risk manager of the Global Association of Risk Professionals.

DIRECTORS' SERVICE CONTRACTS

Each of Dr. Wong Yun Kuen and Mr. Chan Chi Yuen, being an independent non-executive Director, has each entered into a service contract with the Company for an initial term of three years commencing on 18 September 2009 and the service contract have been renewed for a further term of three years commencing on 18 September 2012. Mr. Chan Chi Yuen has resigned on 9 July 2014.

Mr. Chi Chi Hung Kenneth, being an executive Director, has entered into service contract with the Company for an initial term of three years commencing on 19 May 2010 and the service contract have been renewed for a further term of three years commencing on 19 May 2013.

Each of Ms. Amika Lan E Guo and Mr. Chan Yee Ping, Michael, being an executive Director and independent non-executive Director, respectively, has entered into service contract with the Company for an initial term of three years commencing on 9 July 2014.

Mr. Yu Pak Yan Peter, being an independent non-executive Director, has entered into service contract with the Company for a term of three years commencing on 31 December 2011.

Each of Ms. Zhang Jianchan, being an executive Director, Mr. Zheng Jinyun and Mr. Zheng Yurui, being an independent non-executive Director, has each entered into a service contract with the Company for a term of three years commencing on 11 April 2012.

In addition, all Directors of the Company shall be subject to retirement by rotation in accordance with the Bye-laws of the Company. The term of office of each Director may also be terminated with three months' notice served by either party on the other.

The emoluments of the independent non-executive Directors will be determined by the Board (as to be authorised by the shareholders of the Company at the AGM) at its discretion with reference to their duties and responsibilities.

Save as disclosed above, none of the Directors proposed for re-election at the AGM has entered into a service contract with the Company or any of its subsidiaries which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

REPORT OF THE DIRECTORS

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES

On 27 September 2013, the Company entered into the Share Transfer Agreements with an independent third party (the "Purchaser"), pursuant to which the Company conditionally agreed to sell, and the Purchaser conditionally agreed to purchase, (i) the entire equity interest in Success Standard Investment Limited, which holds the ecological forestry business of the Group at HK$399,999,900 and (ii) the Sale loan at HK$100, at an aggregate consideration of HK$400 million. The transaction has been completed on 28 March 2014.

MAJOR AND CONNECTED TRANSACTIONS

On 7 August 2013, a subsidiary of the Group, Fujian Sinco Industrial Co., Ltd., entered into a joint venture agreement with a company controlled by a substantial shareholder of the Company, Mr. Guo Jiadi, for the establishment of a PRC joint venture for engaging in investment, development, sale, lease, management of properties and other ancillary services in the PRC, including bidding for a parcel of land in Xi'an, the PRC for property development. The aforesaid joint venture has been established and the Group started to involve in property development business.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

No contracts of significance to which the Company or any of its subsidiaries was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or in existence during the year.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES OR SHORT POSITION IN SHARES AND UNDERLYING SHARES

As at 31 March 2014, none of the Directors and chief executives of the Company or their associates had any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities of Futures Ordinance (the "SFO")) as recorded in the register required to be maintained under section 352 of the SFO or as otherwise notified to the Company or the Stock Exchange pursuant to the Model Code for Securities transaction by Directors of Listed Companies.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Apart from as disclosed under the heading "Share Option Scheme" below, at no time during the year was the Company, its subsidiaries or any of its associated corporations (within the meaning of Part XV of the SFO) a party to any arrangement to enable the Directors of the Company or their associates (as defined in the Listing Rules) to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

REPORT OF THE DIRECTORS

SHARE OPTION SCHEME

Pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 16 September 2011 and the Stock Exchange granting approval of the listing of and permission to deal in the shares of the Company to be issued under the share option scheme (the "New Scheme") on 15 November 2011, the Company has adopted the New Scheme and terminated the share option scheme adopted on 23 November 2001 (the "Old Scheme").

The Old Scheme

The Old Scheme was terminated on 16 September 2011. The outstanding options granted shall continue to be valid and exercisable after the termination of the Old Scheme.

The documented purpose of the Old Scheme is to recognise the contribution of the executives and employees to the Group by granting share options to them as incentives or rewards. The major terms of the Old Scheme are summarised as follows:

1. Eligible participants of the Old Scheme include executive, employee, executive Director and/or non-executive Director (including independent non-executive Director) of the Company and its subsidiaries who is in employment at the time when the option is granted to such person.

2. The total number of shares available for issue upon exercise of all options to be granted under the Old Scheme and other share option schemes of the Company must not in aggregate exceed 10% of the issued share capital of the Company at the date of approval of the Old Scheme and such limit may be refreshed by the shareholders of the Company in general meeting. The overall limit on the number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Old Scheme and any other share option schemes of the Company must not exceed 30% of the shares of the Company from time to time.

3. The total number of shares to be issued upon exercise of the options granted and to be granted to each eligible person (including both exercised and outstanding options) in any 12-month period up to and including the date of grant is limited to 1% of the shares of the Company in issue. Any further grant of options in excess of this limit is subject to separate shareholders' approval in a general meeting of the Company.

4. Any grant of share options to a Director, chief executive or substantial shareholders of the Company or any of their associates are subject to approval in advance by the independent non-executive Directors of the Company.

5. Any grant of share options to a substantial shareholder or an independent non-executive Director of the Company, or any of their associates, which would result in the shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person within the 12-month period up to the date of grant of options representing in aggregate in excess of 0.1% of the shares of the Company in issue and having an aggregate value (based on closing price of the Company's shares at the date of the grant) in excess of HK$5 million, is subject to prior approval by shareholders in a general meeting.

REPORT OF THE DIRECTORS

SHARE OPTION SCHEME *(continued)*

The Old Scheme *(continued)*

6. Unless otherwise determined by the Board in its absolute discretion, there is no general requirement in respect of the minimum period for which an option must be held before it can be exercised.

7. The exercise period of the share options granted is not later than 10 years from the date of the grant of the share options.

8. The offer of a grant of option, if accepted, may be accepted within the date specified in the offer, upon payment of a nominal consideration of HK$1 in total by the grantee.

9. The exercise price of the share options is determinable by the Directors of the Company, but may not be less than the higher of: (i) the closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheet on the date of the offer of grant, which must be a trading day; (ii) the average closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheets for the five trading days immediately preceding the date of grant; and (iii) the nominal value of the Company's shares.

10. The Old Scheme will, unless otherwise cancelled or amended, remain in force for 10 years commencing from the date of adoption on 23 November 2001.

Particulars of options movement under the Old Scheme during the year ended 31 March 2014 and remained outstanding up to 31 March 2014 are as follows:

	Number of shares options							
	Beginning of the year	Granted during the year	Exercised during the year	Cancelled during the year	End of the year	Exercise price per share	Date of grant of share option	Exercisable period
Employees and consultants	1,330,000	–	–	–	1,330,000	HK$19.60	27 March 2007	1 April 2007 to 31 March 2017
	300,000	–	–	–	300,000	HK$52.20	2 October 2007	3 October 2007 to 2 October 2017
	5,450,000	–	–	–	5,450,000	HK$7.80	30 September 2008	30 September 2008 to 29 September 2018
	500,000	–	–	–	500,000	HK$4.84	30 October 2008	30 October 2008 to 29 October 2018
	1,000,000	–	–	–	1,000,000	HK$5.72	23 January 2009	23 January 2009 to 22 January 2019
	6,180,000	–	–	–	6,180,000	HK$5.90	9 February 2009	9 February 2009 to 8 February 2019
Total	14,760,000	–	–	–	14,760,000			

SHARE OPTION SCHEME *(continued)*

The New Scheme

At the annual general meeting of the Company held on 16 September 2011, the shareholders of the Company approved the adoption of a New Scheme. The purpose of the New Scheme is to provide the Company with a flexible and effective means of incentivizing, rewarding, remunerating, compensating and/or providing benefits to the participants. There appears to be no material difference between the terms of the Old Scheme and New Scheme, other than the scope of participants which, under the New Scheme, is more specific than that covered under the Old Scheme. The New Scheme covers any employee (full time and part time) holding salaries, consultants, agents, contractors, consumers and suppliers as the Board in its sole discretion considers eligible. Moreover, in relation to the various circumstances under which an option will lapse, e.g. death and termination of employment, the periods following such circumstances during which an option-holder may exercise their options are different under the two schemes.

The exercise price, vesting period, the exercisable period and the number of shares subject to each option will be determined by the Board at the time of grant. No option was granted by the Company under the New Scheme since its adoption to the date of this report.

RETIREMENT BENEFITS SCHEME

Details of the Group's retirement benefit scheme in operation for the year ended 31 March 2014 are set out in note 4(o)(i) to the financial statements.

REPORT OF THE DIRECTORS

SUBSTANTIAL SHAREHOLDERS

As at 31 March 2014, so far as was known to the Directors or chief executive of the Company, the following interests of which fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or who were deemed to be directly or indirectly interested in 5% or more of the issued share capital of the Company, or which were recorded in the register required to be kept under Section 336 of the SFO or have notified to the Company were as follows:

Name of Shareholder	Capacity	Number of shares or underlying shares	Approximate % of existing issued share capital in the Company
Mr. Guo Jiadi	Interest of controlled corporations	755,558,641 (L) (Note 1)	109.97
United Century International Limited	Beneficial owner	421,166,666 (L) (Note 2)	61.30
Acelead Limited	Beneficial owner	46,167,592 (L) (Note 3)	6.72
Deluxe Pacific Limited	Beneficial owner	107,724,383 (L) (Note 4)	15.68
King Partner Holdings Limited	Beneficial owner	180,500,000 (L) (Note 5)	26.27
Mrs. Chu Yuet Wah	Interest of controlled corporation	42,500,000 (L) (Note 6)	6.19
Best China Limited	Beneficial owner	42,500,000 (L) (Note 7)	6.19

(L) denotes a long position

SUBSTANTIAL SHAREHOLDERS *(continued)*

Notes:

1. The 755,558,641 shares include:

   (a) the shares of 200,000,000 and underlying shares of 221,166,666 from the conversion of convertible preference shares with principal amount of HK$663,499,998 held by United Century International Limited, which is wholly owned by Mr. Guo Jiadi;

   (b) the underlying shares of 46,167,592 from the conversion of convertible notes with principal amount of HK$138,502,778 held by Acelead Limited, which is wholly owned by Mr. Guo Jiadi;

   (c) the underlying shares of 107,724,383 from the conversion of convertible notes with principal amount of HK$323,173,150 held by Deluxe Pacific Limited, which is wholly owned by Mr. Guo Jiadi; and

   (d) the underlying shares of 180,500,000 from the conversion of convertible preference shares with principal amount of HK$541,500,000 held by King Partner Holdings Limited, which is wholly owned by Mr. Guo Jiadi.

2. The 421,166,666 shares include the shares of 200,000,000 and underlying shares of 221,166,666 from the conversion of convertible preference shares with principal amount of HK$663,499,998 held by United Century International Limited, which is wholly owned by Mr. Guo Jiadi.

3. The underlying shares of 46,167,592 from the conversion of convertible notes with principal amount of HK$138,502,778 held by Acelead Limited, which is wholly owned by Mr. Guo Jiadi.

4. The underlying shares of 107,724,383 from the conversion of convertible notes with principal amount of HK$323,173,150 held by Deluxe Pacific Limited, which is wholly owned by Mr. Guo Jiadi.

5. The underlying shares of 180,500,000 from the conversion of convertible preference shares with principal amount of HK$541,500,000 held by King Partner Holdings Limited, which is wholly owned by Mr. Guo Jiadi.

6. The beneficial interests of Mrs. Chu Yuet Wah in 42,500,000 shares comprise corporate interest in 42,500,000 shares, held through Best China Limited.

7. The entire issued share capital of Best China Limited is beneficially owned by Mrs. Chu Yuet Wah.

Saved as disclosed above, as at 31 March 2014, the Company had not notified by any persons (other than the Directors of the Company and the chief executive of the Group) who had interests or short positions in the shares or underlying shares of the Company which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

REPORT OF THE DIRECTORS

DIRECTORS' INTERESTS IN A COMPETING BUSINESS

During the year 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

Information on the Company's corporate governance practices is set out in the Corporate Governance Report accompanying the annual report.

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% of the Company's issued shares at the latest practicable date prior to the issue of the annual report.

INDEPENDENCE CONFIRMATION

The Company has received, from each independent non-executive Director, an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all the independent non-executive Directors are independent.

AUDIT COMMITTEE

The Company has established an audit committee for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal controls. It also reviews the effectiveness of the audit process and risk evaluation. On 30 June 2014, the audit committee which comprised Mr. Chan Chi Yuen, Dr. Wong Yun Kuen and Mr. Yu Pak Yan Peter, being independent non-executive Directors, has reviewed the accompanying financial statements prior to their publication.

AUDITOR

The consolidated financial statements for the year ended 31 March 2014 have been audited by Messrs. BDO Limited. A resolution will be proposed at the forthcoming AGM to re-appoint Messrs. BDO Limited as the auditor of the Company.

On behalf of the Board

Mr. Chi Chi Hung Kenneth
Executive Director

Hong Kong, 9 July 2014

INDEPENDENT AUDITOR'S REPORT

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TO THE SHAREHOLDERS OF
CHINA SANDI HOLDINGS LIMITED
(Incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of China Sandi Holdings Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 36 to 124, which comprise the consolidated and company statements of financial position as at 31 March 2014, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

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

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

INDEPENDENT AUDITOR'S REPORT

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group and of the Company as at 31 March 2014 and of the loss and cash flows of the Group for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

BDO LIMITED
Certified Public Accountants

Lam Pik Wah
Practising Certificate number P05325

Hong Kong, 30 June 2014

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 March 2014

	Notes	2014 HK$'000	2013 HK$'000 (restated)
Continuing operations:			
Revenue	8	**130,798**	118,658
Other income	8	**1,722**	811
Other net gains and losses	10	**(25,592)**	76,309
Fair value gain on an investment property	21	**557,925**	51,953
Fair value loss on derivative financial instrument	39	**(3,273)**	(20,754)
Staff costs	13	**(10,940)**	(7,654)
Depreciation of property, plant and equipment	20	**(1,696)**	(1,660)
Other operating expenses		**(43,943)**	(42,441)
Finance costs	11	**(110,582)**	(97,242)
Profit before income tax	13	**494,419**	77,980
Income tax	12	**(142,589)**	(18,233)
Profit for the year from continuing operations		**351,830**	59,747
Discontinued operations:			
(Loss)/profit for the year from discontinued operations	14	**(791,095)**	95,867
(Loss)/profit for the year		**(439,265)**	155,614
Other comprehensive income, after tax, that may be reclassified subsequently to profit or loss:	16		
Exchange differences on translating foreign operations		**44,711**	33,174
Fair value gain on available-for-sale financial assets		**2,170**	5,741
Reclassification adjustment upon disposal of subsidiaries		**(689,230)**	–
Other comprehensive income for the year, after tax		**(642,349)**	38,915
Total comprehensive income for the year		**(1,081,614)**	194,529

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 March 2014

	Notes	2014 HK$'000	2013 HK$'000 (restated)
(Loss)/profit attributable to:			
Owners of the Company		**(439,261)**	155,614
Non-controlling interests		**(4)**	–
		(439,265)	155,614
Total comprehensive income attributable to:			
Owners of the Company		**(1,081,236)**	194,529
Non-controlling interests		**(378)**	–
		(1,081,614)	194,529
(Loss)/earnings per share	17		
From continuing and discontinued operations:			
— Basic		**HK(40) cents**	HK14 cents
— Diluted		**HK(32) cents**	HK14 cents
From continuing operations:			
— Basic		**HK32 cents**	HK5 cents
— Diluted		**HK31 cents**	HK5 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 31 March 2014

	Notes	2014 HK$'000	2013 HK$'000
Non-current assets			
Biological assets	27	–	1,447,814
Investment property	21	4,295,700	3,695,341
Property, plant and equipment	20	6,118	38,287
Construction in progress	22	–	10,569
Prepaid lease payments	23	–	842,740
Available-for-sale investments	32	8,066	5,896
Derivative financial instrument	39	3,617	6,890
Total non-current assets		4,313,501	6,047,537
Current assets			
Inventories	29	–	3,068
Trade receivables	30	4,313	715
Prepaid lease payments	23	–	18,211
Other receivables, deposits and prepayments	28	156,882	4,887
Investments held for trading	31	94,321	171,971
Amounts due from related parties	49(b)(i)	–	494
Cash and cash equivalents	33	449,170	120,745
Total current assets		704,686	320,091
Total assets		5,018,187	6,367,628
Current liabilities			
Trade payables	41	15,554	28,551
Other payables and accruals	38	70,360	425,243
Amounts due to related parties	49(b)(i)	9,668	2,618
Bank and other borrowings	43	41,209	34,605
Tax payable		3,527	87,120
Total current liabilities		140,318	578,137
Net current assets/(liabilities)		564,368	(258,046)
Total assets less current liabilities		4,877,869	5,789,491

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 31 March 2014

	Notes	2014 HK$'000	2013 HK$'000
Non-current liabilities			
Long term payables	42	–	71,660
Convertible notes payable	39	**330,802**	294,542
Deferred taxation	40	**800,804**	653,908
Bank and other borrowings	43	**732,368**	700,280
Total non-current liabilities		**1,863,974**	1,720,390
Net assets		**3,013,895**	4,069,101
Capital and reserves attributable to owners of the Company			
Share capital	34	**6,871**	6,871
Reserves		**2,980,554**	4,062,164
Equity attributable to owners of the Company		**2,987,425**	4,069,035
Non-controlling interests	44	**26,470**	66
Total equity		**3,013,895**	4,069,101

On behalf of the Board

Mr. Chi Chi Hung Kenneth
Director

Ms. Zhang Jianchan
Director

STATEMENT OF FINANCIAL POSITION

at 31 March 2014

	Notes	2014 HK$'000	2013 HK$'000
Non-current assets			
Interests in subsidiaries	25	**1,427,024**	3,505,301
Property, plant and equipment	20	**2,860**	3,815
Available-for-sale investments	32	**8,066**	5,896
Derivative financial instrument	39	**3,617**	6,890
Total non-current assets		**1,441,567**	3,521,902
Current assets			
Other receivables, deposits and prepayments		**6,138**	885
Cash and cash equivalents	33	**444,511**	1,026
Total current assets		**450,649**	1,911
Total assets		**1,892,216**	3,523,813
Current liability			
Other payables and accruals	38	**7,309**	34,004
Net current assets/(liabilities)		**443,340**	(32,093)
Total assets less current liability		**1,884,907**	3,489,809
Non-current liability			
Convertible notes payable	39	**330,802**	294,542
Net assets		**1,554,105**	3,195,267
Capital and reserves			
Share capital	34	**6,871**	6,871
Reserves	37	**1,547,234**	3,188,396
Total equity		**1,554,105**	3,195,267

On behalf of the Board

Mr. Chi Chi Hung Kenneth
Director

Ms. Zhang Jianchan
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2014

	Share capital HK$'000 (note 34)	Convertible preference share HK'$000 (note 35)	Share premium account HK$'000	Share-based compensation reserve HK$'000	Statutory reserve fund HK$'000 (note i)	Capital reserve HK$'000	Exchange fluctuation reserve HK$'000	Conversion option reserve HK$'000 (note ii)	Investment Revaluation reserve HK$'000	Accumulated losses HK$'000	Equity attributable to owners of the Company HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 April 2012	6,871	283,858	3,284,858	92,224	137,290	4,922	638,018	69,742	–	(643,277))	3,874,506	66	3,874,572
Profit for the year	–	–	–	–	–	–	–	–	–	155,614	155,614	–	155,1614
Other comprehensive income	–	–	–	–	–	–	33,174	–	5,741	–	38,915	–	38,915
Total comprehensive income	–	–	–	–	–	–	33,174	–	5,741	155,614	194,529	–	194,529
Lapse of share option	–	–	–	(41,529)	–	–	–	–	–	41,529	–	–	–
At 31 March 2013	6,871	283,858	3,284,858	50,695	137,290	4,922	671,192	69,742	5,741	(446,134))	4,069,035	66	4,069,101
Loss for the year	–	–	–	–	–	–	–	–	–	(439,261)	(439,261)	(4)	(439,265)
Other comprehensive income	–	–	–	–	–	–	(644,145)	–	2,170	–	(641,975)	(374)	(642,349)
Total comprehensive income	–	–	–	–	–	–	(644,145)	–	2,170	(439,261)	(1,081,236)	(378)	(1,081,614)
Exchange alignment	–	–	–	–	–	–	(374)	–	–	–	(374)	374	–
Incorporation of a subsidiary	–	–	–	–	–	–	–	–	–	–	–	26,474	26,474
Release of reserve upon disposal of subsidiaries	–	–	–	–	(137,290)	–	–	–	–	137,290	–	–	–
Disposal of subsidiaries	–	–	–	–	–	–	–	–	–	–	–	(66)	(66)
At 31 March 2014	6,871	283,858	3,284,858	50,695	–	4,922	26,673	69,742	7,911	(748,105)	2,987,425	26,470	3,013,895

Notes:

(i) In accordance with the relevant the People's Republic of China ("PRC") regulations, the subsidiaries of the Group established in the PRC are required to transfer not less than 10% of the profit after income tax to a statutory reserve fund until the fund aggregate to 50% of their respective registered capital. The statutory reserve fund can be converted into share capital of the subsidiaries, and subject to certain restrictions as set out in the relevant PRC regulations, the statutory reserve fund may be used to offset the accumulated losses of the subsidiaries.

(ii) Conversion option reserve represents equity portion of convertible notes issued by the Company and are transferred to the share premium account upon exercise of the conversion rights vested with the convertible note instruments; or directly released to retained profits/accumulated losses when the convertible notes are redeemed.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 March 2014

	Notes	2014 HK$'000	2013 HK$'000
Cash flows from operating activities			
Profit before income tax — continuing operations		**494,419**	77,980
(Loss)/profit before income tax — discontinued operations		**(791,095)**	95,867
Bank interest income		**(913)**	(909)
Dividend income from listed investments		**(908)**	(2)
Finance costs		**115,677**	100,191
Depreciation on property, plant and equipment		**5,161**	9,089
Net realised loss/(gain) on disposal of investments held for trading		**44,915**	(12,820)
Fair value gain on investments held for trading		**(19,323)**	(63,489)
Fair value loss on derivative financial instrument		**3,273**	20,754
Fair value gain on an investment property		**(557,925)**	(51,953)
Release of prepaid lease payments		**16,580**	32,648
Gain on disposal of forest farms		**–**	(6,745)
Write-off of biological assets		**–**	25,406
Write-off of prepaid lease payments		**–**	3,098
Write-off of property, plant and equipment		**651**	–
Loss/(gain) on changes in fair value less costs to sell of biological assets		**518,934**	(166,196)
Loss/(gain) on disposal of property, plant and equipment		**440**	(305)
Gain on disposal of subsidiaries	14, 45	**(674,750)**	–
Loss on measurement of disposed group	14	**909,280**	–
Effect of foreign exchange differences		**(21,738)**	(2,455)
Operating profit before working capital changes		**42,678**	60,159
Increase in inventories		**–**	(1,865)
(Increase)/decrease in trade receivables		**(4,320)**	58
(Increase)/decrease in other receivables, deposits and prepayments		**(162,145)**	1,612
Decrease in investments held for trading		**52,058**	2,163
Decrease in amounts due from related parties		**494**	6,033
Increase/(decrease) in trade payables		**5,798**	(10,929)
Increase in other payables and accruals		**27,919**	20,009
Increase in amounts due to related parties		**–**	2,618
Cash (used in)/generated from operations		**(37,518)**	79,858
PRC income tax paid		**–**	(2,705)
Net cash (used in)/generated from operating activities		**(37,518)**	77,153

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 March 2014

	Notes	2014 HK$'000	2013 HK$'000
Cash flows from investing activities			
Interest received		**913**	909
Dividend income received from listed investments		**908**	2
Increase of biological assets due to plantation		**(7,882)**	(9,743)
Purchases of property, plant and equipment		**(1,981)**	(3,654)
Payments to construction of investment property		**(13,566)**	(59,062)
Settlement of payable of acquisition of biological assets (including prepaid lease payments)		**(706)**	(1,771)
Increase in construction in progress		**(1,526)**	(2,260)
Proceeds from disposal of property, plant and equipment		**–**	852
Proceeds from disposal of forest farms		**–**	7,879
Disposal of subsidiaries, net of cash disposed of	45	**396,836**	–
Net cash generated from/(used in) investing activities		**372,996**	(66,848)
Cash flows from financing activities			
Proceeds from new bank and other borrowings		**60,539**	783,273
Repayment of bank borrowings		**(35,559)**	(22,203)
Repayment of long term loans from related parties		**–**	(617,784)
Interest paid		**(68,752)**	(57,383)
Capital contribution from non-controlling interests		**26,474**	–
Net proceeds from loan from related parties		**7,050**	–
Net cash (used in)/generated from financing activities		**(10,248)**	85,903
Net increase in cash and cash equivalents		**325,230**	96,208
Cash and cash equivalents at beginning of year		**120,745**	24,414
Effect of foreign exchange rate changes		**3,195**	123
Cash and cash equivalents at end of year		**449,170**	120,745
Analysis of balances of cash and cash equivalents at end of year			
Bank and cash balances		**449,170**	120,745

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2014

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 disclosed in corporate information to the annual report.

The principal activity of the Company is investment holding. The principal activities of the Company's principal subsidiaries are engaged in tree plantation and management, manufacture and distribution of forestry products, holding of property for investment and rental purpose and property development.

On 27 September 2013 and 25 October 2013, the Company entered into a share transfer agreement and a supplemental agreement (the "Share Transfer Agreements") with an independent third party purchaser (the "Purchaser"), pursuant to which the Company conditionally agreed to sell, and the Purchaser conditionally agreed to purchase, (i) the entire equity interest in Success Standard Investments Limited ("Success Standard"), a wholly-owned subsidiary of the Company, which holds the ecological forestry business of the Group at HK$399,999,900 and (ii) a sale loan (the "Sale Loan") at HK$100, at an aggregate consideration of HK$400 million. The transaction has been completed on 28 March 2014 and set out in note 14.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

(a) Adoption of new/revised HKFRSs — effective 1 April 2013

The Group has adopted the following new/revised HKFRSs (which include all HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") that are relevant to its operations and effective for annual periods beginning on or after 1 April 2013.

HKFRSs (Amendments)	Annual Improvements 2009–2011 Cycle
HKFRSs (Amendments)	Annual Improvements 2010–2012 Cycle
Amendments to HKAS 1 (Revised)	Presentation of Items of Other Comprehensive Income
Amendments to HKFRS 7	Disclosures — Offsetting Financial Assets and Financial Liabilities
HKFRS 10	Consolidated Financial Statements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
HKAS 27 (2011)	Separate Financial Statements
HKAS 19 (2011)	Employee Benefits

The adoption of the new/revised HKFRSs in the current year has had no material effect on the amounts reported in these consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2014

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(continued)*

(a) Adoption of new/revised HKFRSs — effective 1 April 2013 *(continued)*

HKFRSs (Amendments) — Annual Improvements 2009–2011 Cycle

HKAS 1 has been amended to clarify that an opening statement of financial position is required only when a retrospective application of an accounting policy, a retrospective restatement or reclassification has a material effect on the information presented in the opening position. Further, this opening statement of financial position does not have to be accompanied by comparative information in the related notes. This is consistent with the Group's existing accounting policy.

HKFRSs (Amendments) — Annual Improvements 2010–2012 Cycle

The Basis of Conclusions for HKFRS 13 Fair Value Measurement was amended to clarify that short-term receivables and payables with no stated interest rate can be measured at their invoice amounts without discounting, if the effect of discounting is immaterial. This is consistent with the Group's existing accounting policy.

Amendments to HKAS1 (Revised) — Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 (Revised) require the Group to separate items presented in other comprehensive income into those that may be reclassified to profit and loss in the future and those that may not. Tax on items of other comprehensive income is allocated and disclosed on the same basis.

The Group has adopted the amendments retrospectively for the financial year ended 31 March 2014. Items of other comprehensive income that may and may not be reclassified to profit and loss in the future have been presented separately in the consolidated statement of comprehensive income. The comparative information has been restated to comply with the amendments. As the amendments affect presentation only, there are no effects on the Group's financial position or performance.

Amendments to HKFRS 7 — Disclosures — Offsetting Financial Assets and Financial Liabilities

HKFRS 7 is amended to introduce disclosures for all recognised financial instruments that are set off under HKAS 32 and those that are subject to an enforceable master netting agreement or similar arrangement, irrespective of whether they are set off under HKAS 32.

The adoption of the amendments has no material impact on these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2014

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(continued)*

(a) Adoption of new/revised HKFRSs — effective 1 April 2013 *(continued)*

HKFRS 10 — Consolidated Financial Statements

HKFRS 10 introduces a single control model for consolidation of all investee entities. An investor has control when it has power over the investee (whether or not that power is used in practice), exposure or rights to variable returns from the investee and the ability to use the power over the investee to affect those returns. HKFRS 10 contains extensive guidance on the assessment of control. For example, the standard introduces the concept of "de facto" control where an investor can control an investee while holding less than 50% of the investee's voting rights in circumstances where its voting interest is of sufficiently dominant size relative to the size and dispersion of those of other individual shareholders to give it power over the investee. Potential voting rights are considered in the analysis of control only when these are substantive, i.e. the holder has the practical ability to exercise them.

The standard explicitly requires an assessment of whether an investor with decision making rights is acting as principal or agent and also whether other parties with decision making rights are acting as agents of the investor. An agent is engaged to act on behalf of and for the benefit of another party and therefore does not control the investee when it exercises its decision making authority. The accounting requirements in HKAS 27 (2008) on other consolidation related matters are carried forward unchanged. The Group has changed its accounting policy in determining whether it has control of an investee and therefore is required to consolidate that interest (see note 4(b)).

The adoption of HKFRS 10 has no impact on these financial statements as the Group does not have investments holding less than 50% voting rights.

HKFRS 12 — Disclosure of Interests in Other Entities

HKFRS 12 integrates and makes consistent the disclosures requirements about interests in subsidiaries, associates and joint arrangements. It also introduces new disclosure requirements, including those related to unconsolidated structured entities. The general objective of the standard is to enable users of financial statements to evaluate the nature and risks of a reporting entity's interests in other entities and the effects of those interests on the reporting entity's financial statements.

HKFRS 12 disclosures are provided in notes 25 and 44. As the new standard affects only disclosure, there is no effect on the Group's financial position and performance.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2014

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(continued)*

(a) Adoption of new/revised HKFRSs — effective 1 April 2013 *(continued)*

HKFRS 13 — Fair Value Measurement

HKFRS 13 provides a single source of guidance on how to measure fair value when it is required or permitted by other standards. The standard applies to both financial and non-financial items measured at fair value and introduces a fair value measurement hierarchy. The definitions of the three levels in this measurement hierarchy are generally consistent with HKFRS 7 "Financial Instruments: Disclosures". HKFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price). The standard removes the requirement to use bid and ask prices for financial assets and liabilities quoted in an active market. Rather the price within the bid-ask spread that is most representative of fair value in the circumstances should be used. It also contains extensive disclosure requirements to allow users of the financial statements to assess the methods and inputs used in measuring fair values and the effects of fair value measurements on the financial statements. HKFRS 13 is applied prospectively.

HKFRS 13 does not materially affect any fair value measurements of the Group's assets and liabilities and therefore has no effect on the Group's financial position and performance. The standard requires additional disclosures about fair value measurements and these are included in notes 21 and 51. Comparative disclosures have not been presented in accordance with the transitional provisions of the standard.

HKAS 19 (2011) — Employee Benefits

The revised standard distinguishes between short-term and long-term employee benefits based on the expected date of settlement. The previous standard used the term "due to be settled". HKAS 19 (2011) provides additional guidance on the definition of termination benefits. Benefits that are conditional on future service being provided including those that increase if additional service is provided are not termination benefits. The revised standard requires that a liability for termination benefits is recognised on the earlier of the date when the entity can no longer withdraw the offer of those benefits and the date the entity recognises any related restructuring costs.

The adoption of the revised standard has no effect on the Group's financial position or performance.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(continued)*

(b) New/revised HKFRSs that have been issued but are not yet effective

The following new/revised HKFRSs, potentially relevant to the Group's operations, have been issued, but are not yet effective and have not been early adopted by the Group.

Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[1]
HKFRS 9	Financial Instruments[4]
Amendments to HKFRS 9, HKFRS 7 and HKAS 39	Hedge Accounting[4]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	Investment entities[1]
Amendments to HKAS 19 (2011)	Defined Benefit Plans: Employee Contributions[2]
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting[1]
HK (IFRIC) 21	Levies[1]
HKFRSs (Amendments)	Annual Improvements 2010–2012 Cycle[3]
HKFRSs (Amendments)	Annual Improvements 2011–2013 Cycle[2]
HKAS 36 (Amendments)	Recoverable Amount Disclosures for Non-Financial Assets[1]

Notes:

1 Effective for annual periods beginning on or after 1 January 2014
2 Effective for annual periods beginning on or after 1 July 2014
3 Effective for annual periods beginning, or transactions occurring, on or after 1 July 2014
4 Effective for annual periods beginning, or transactions occurring, on or after 1 January 2015

Amendments to HKAS 32 — Presentation — Offsetting Financial Assets and Financial Liabilities

The amendments clarify the offsetting requirements by adding appliance guidance to HKAS 32 which clarifies when an entity "currently has a legally enforceable right to set off" and when a gross settlement mechanism is considered equivalent to net settlement.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2014

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(continued)*

(b) New/revised HKFRSs that have been issued but are not yet effective *(continued)*

HKFRS 9 — Financial Instruments

Under HKFRS 9, financial assets are classified into financial assets measured at fair value or at amortised cost depending on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Fair value gains or losses will be recognised in profit or loss except for those non-trade equity investments, which the entity will have a choice to recognise the gains and losses in other comprehensive income. HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities that are designated at fair value through profit or loss, where the amount of change in fair value attributable to change in credit risk of that liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities.

Amendments to HKAS 36 — Recoverable Amount Disclosure for Non-Financial Assets

The amendments limit the requirements to disclose the recoverable amount of an asset or cash generating unit ("CGU") to those periods in which an impairment loss has been recognised or reversed, and expand the disclosures where the recoverable amount of impaired assets or CGUs has been determined based on fair value less costs of disposal. The amendments are effective for annual periods commencing on or after 1 January 2014.

The Group is in the process of making an assessment of the potential impact of these pronouncements. The directors so far concluded that the application of these new pronouncements will have no material impact on the Group's financial statements.

3. BASIS OF PREPARATION

(a) Statement of compliance

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

(b) Basis of measurement

The consolidated financial statements have been prepared under the historical cost basis except for investment property, financial instruments and certain biological assets which are measured at fair value or fair value less costs to sell as explained in the accounting policies set out below.

(c) Functional and presentation currency

These consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is the same as the functional currency of the Company.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2014

4. SIGNIFICANT ACCOUNTING POLICIES

(a) Business combination and basis of consolidation

The consolidated financial statements comprise of the financial statements of the Company and its subsidiaries ("the Group"). Inter-company transactions and balances between group companies together with unrealised profits are eliminated in full in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of impairment on the asset transferred, in which case the loss is recognised in profit or loss.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective dates of acquisition or up to the effective dates of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Group.

Acquisition of subsidiaries or businesses is accounted for using the acquisition method. The cost of an acquisition is measured at the aggregate of the acquisition-date fair value of assets transferred, liabilities incurred and equity interests issued by the Group, as the acquirer. The identifiable assets acquired and liabilities assumed are principally measured at acquisition-date fair value. The Group's previously held equity interest in the acquiree is re-measured at acquisition-date fair value and the resulting gains or losses are recognised in profit or loss. The Group may elect, on a transaction-by-transaction basis, to measure the non-controlling interest either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs incurred are expensed unless they are incurred in issuing equity instruments in which case the costs are deducted from equity.

Any contingent consideration to be transferred by the acquirer is recognised at acquisition-date fair value. Subsequent adjustments to consideration are recognised against goodwill only to the extent that they arise from new information obtained within the measurement period (a maximum of 12 months from the acquisition date) about the fair value at the acquisition date. All other subsequent adjustments to contingent consideration classified as an asset or a liability are recognised in profit or loss.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interest and the non-controlling interest are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interests and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2014

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(a) Business combination and basis of consolidation *(continued)*

Subsequent to acquisition, the carrying amount of non-controlling interests that represent present ownership interests in the subsidiary is the amount of those interests at initial recognition plus such non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to such non-controlling interests even if this results in those non-controlling interests having a deficit balance.

(b) Subsidiaries

A subsidiary is an investee over which the Company is able to exercise control. The Company controls an investee if all of the following elements are present: power over the investee, exposure, or rights, to variable returns from the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

In the Company's statement of financial position, investments in subsidiaries are stated at cost less impairment loss, if any. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

(c) Goodwill

Goodwill is initially recognised at cost being the excess of the aggregate of consideration transferred and the amount recognised for non-controlling interests over the fair value of identifiable assets, liabilities and contingent liabilities acquired.

Where the fair value of identifiable assets, liabilities and contingent liabilities exceed the fair value of consideration paid, the excess is recognised in profit or loss on the acquisition date, after re-assessment.

Goodwill is measured at cost less impairment losses. For the purpose of impairment testing, goodwill arising from an acquisition is allocated to each of the relevant cash-generating units that are expected to benefit from the synergies of the acquisition. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, and whenever there is an indication that the unit may be impaired.

For goodwill arising on an acquisition in a financial year, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that financial year. When the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated to reduce the carrying amount of any goodwill allocated to the unit first, and then to the other assets of the unit pro-rata on the basis of the carrying amount to each asset in the unit. Any impairment loss for goodwill is recognised in profit or loss and is not reversed in subsequent periods.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(d) Intangible assets

Patent

Patent was stated in the consolidated statement of financial position at cost less accumulated amortisation (where the estimated useful life is other than indefinite) and impairment losses. Amortisation of patent is charged to profit or loss on a straight line basis over its estimated useful life unless such life is indefinite. The patent is amortised from the date they are available for use and its estimated useful life is 20 years. Both the period and method of amortisation and any conclusion drawn about the useful life of the patent are reviewed annually.

(e) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

The cost of property, plant and equipment includes its purchase price and any directly attributable costs of bringing the asset to its present working condition and location for its intended use. Expenditure incurred after the asset has been put into operation, such as repairs and maintenance and overhaul costs, is charged to profit or loss in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of the assets, the expenditure is capitalised as an additional cost of the asset or a separate asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised as an expense in profit or loss during the financial period in which they are incurred.

Property, plant and equipment other than construction-in-progress are depreciated so as to write-off their cost or valuation net of expected residual value over their estimated useful lives on a straight-line basis. The useful lives, residual value and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period. The useful lives are as follows:

Leasehold improvements	5 years
Turnpike	10 years
Building and construction	5–30 years
Plant and machinery	10 years
Furniture, office equipment and motor vehicles	5–10 years

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2014

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(e) Property, plant and equipment *(continued)*

Construction-in-progress is stated at cost less impairment losses. Cost comprises direct costs of construction as well as borrowing costs capitalised during the periods of construction and installation. Capitalisation of these costs ceases and the construction in progress is transferred to the appropriate class of property, plant and equipment when substantially all the activities necessary to prepare the assets for their intended use are completed. No depreciation is provided for in respect of construction-in-progress until it is completed and ready for its intended use.

An asset is written down immediately to its recoverable amount if its carrying amount is higher than the asset's estimated recoverable amount.

The gain or loss on disposal of an item of property, plant and equipment is the difference between the net sale proceeds and its carrying amount, and is recognised in profit or loss on disposal.

(f) Investment property

Investment property is property held either to earn rentals or for capital appreciation or for both, but not held for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment property is measured at cost on initial recognition and subsequently at fair value with any change therein recognised in profit or loss.

(g) Prepaid lease payments

Prepaid lease payments represent upfront premium paid for use of land. These payments are stated at cost and are amortised over the period of the lease on a straight-line basis as an expense.

An asset is written down immediately to its recoverable amount if its carrying amount is higher than the asset's estimated recoverable amount.

(h) Biological assets

Biological assets are living plants involved in the agricultural activities of the transformation of biological assets into agricultural produce for sale or into additional biological assets. Biological assets and agricultural produce, other than paper mulberry saplings and paper mulberry tree stumps, are measured at fair value less costs to sell at initial recognition and at the end of each reporting period. The fair value less costs to sell at the time of harvest is deemed as the cost of agricultural produce for further processing, if applicable.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(h) Biological assets *(continued)*

If an active market exists for a biological asset or agricultural produce with reference to comparable species, growing condition and expected yield of the crops, the quoted price in that market is adopted for determining the fair value of that asset. If an active market does not exist, the Group uses the most recent market transaction price, provided that there has not been a significant change in economic circumstances between the transaction date and the end of reporting period, or the market prices for similar assets adjusted to reflect differences to determine fair values or as determined by independent professional valuers. The gain or loss arising on initial recognition and subsequent changes in fair values less costs to sell of biological assets is recognised in profit or loss in the period in which it arise. Upon the sale of the agricultural produce as forestry products, the carrying amount is transferred to cost of forestry products sold are recognised in profit or loss.

Paper mulberry saplings in the absence of an active open market in which they are traded are stated at their initial cost of acquisition and transferred to the carrying value of stumps upon commencement of plantation.

Plantation expenditure on paper mulberry trees and the purchase cost of saplings for plantation were capitalised as costs for cultivation of stumps. Stumps were stated at cost less accumulated amortisation and accumulated impairment in the absence of an active open market in which they were traded. Stumps were amortised on the straight line basis over their estimated useful lives of 8 years.

(i) Impairment of other assets

At the end of each reporting period, the Group reviews the carrying amounts of the following assets to determine whether there is any indication that those assets have suffered an impairment loss or an impairment loss previously recognised no longer exists or may have decreased.

- Property, plant and equipment
- Intangible assets
- Prepaid lease payment
- Interests in subsidiaries

If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2014

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(i) Impairment of other assets *(continued)*

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

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount under another HKFRS, in which case the impairment loss is treated as a revaluation decrease under that HKFRS.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount under another HKFRS, in which case the reversal of the impairment loss is treated as a revaluation increase under that HKFRS.

(j) Leasing

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

The Group as lessor

Amounts due from lessees under finance leases are recorded as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on the straight-line basis over the lease term.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(j) Leasing *(continued)*

The Group as lessee

Assets held under finance leases are initially recognised as assets at their fair value or, if lower, the present value of the minimum lease payments. The corresponding lease commitment is shown as a liability. Lease payments are analysed between capital and interest. The interest element is charged to profit or loss over the period of the lease and is calculated so that it represents a constant proportion of the lease liability. The capital element reduces the balance owed to the lessor.

The total rentals payable under the operating leases are recognised in profit or loss on a straight-line basis over the lease term. Lease incentives received are recognised as an integrated part of the total rental expense, over the term of the lease.

(k) Financial instruments

(i) Financial assets

The Group classifies its financial assets at initial recognition, depending on the purpose for which the asset was acquired. Financial assets at fair value through profit or loss are initially measured at fair value and all other financial assets are initially measured at fair value plus transaction costs that are directly attributable to the acquisition of the financial assets. Regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

Investments held for trading

Financial instruments and short positions thereof which have been acquired or incurred principally for the purpose of selling or repurchasing in the near term, or are part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking, are classified as held-for-trading.

Loans and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (trade debtors), and also incorporate other types of contractual monetary assets. Subsequent to initial recognition, they are carried at amortised cost using the effective interest method, less any identified impairment losses.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2014

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(k) Financial instruments *(continued)*

(i) Financial assets *(continued)*

Available-for-sale financial assets

These assets are non-derivative financial assets that are designated as available-for-sale or are not included in other categories of financial assets. Subsequent to initial recognition, these assets are carried at fair value with changes in fair value recognised in other comprehensive income.

For available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, they are measured at cost less any identified impairment losses.

(ii) Impairment loss on financial assets

The Group assesses, at the end of each reporting period, whether there is any objective evidence that a financial asset is impaired. Financial asset is impaired if there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset that can be reliably estimated. Evidence of impairment may include:

— significant financial difficulty of the debtor;

— a breach of contract, such as a default or delinquency in interest or principal payments;

— granting concession to a debtor because of debtor's financial difficulty;

— it becoming probable that the debtor will enter bankruptcy or other financial reorganisation.

For loan and receivables

An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. The carrying amount of the financial asset is reduced through the use of an allowance account. When any part of financial asset is determined as uncollectible, it is written off against the allowance account for the relevant financial asset.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(k) Financial instruments *(continued)*

(ii) Impairment loss on financial assets (continued)

For available-for-sale financial assets

Where a decline in the fair value constitutes objective evidence of impairment, the amount of the loss is reclassified from equity and recognised in profit or loss.

Any impairment losses on available-for-sale debt investments are subsequently reversed in profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

For available-for-sale equity investment, any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income.

For available-for-sale equity investment that is carried at cost, the amount of impairment loss is measured as the difference between the carrying amount of the asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss is not reversed.

(iii) Financial liabilities

The Group has one category of financial liabilities being financial liabilities at amortised costs. These liabilities, including trade payables, other payables and accruals, amounts due to related parties, bank and other borrowings and convertible notes payable, are initially measured at fair value, net of directly attributable transaction costs incurred and are subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised in profit or loss.

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

(iv) Convertible notes

Convertible notes issued by the Group that contain liability, early redemption option and conversion option component are classified separately into their respective items on initial recognition. The early redemption option represents the Company's option to early redeem before maturity date. Conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is classified as an equity instrument. At the date of issue, the redemption option component is recognised at fair value and classified as derivative financial instrument.

On initial recognition, the fair value of the liability component is determined using the discounted cash flow at an effective interest rate. The difference between the proceeds of the issue of the convertible loan notes and the fair value assigned to the liability component, representing the conversion option for the holder to convert the loan notes into equity, is included in equity (conversion option reserve).

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2014

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(k) Financial instruments *(continued)*

(iv) Convertible notes (continued)

In subsequent reporting periods, the liability component of the convertible notes is carried at amortised cost using the effective interest method. The early redemption option component is measured at fair value with change in fair value recognised in profit or loss. The equity component represented by the option to convert the liability component into ordinary shares of the Company, will remain in the convertible option reserve until the conversion option is exercised, in which case, the convertible option reserve and the carrying value of the liability component at the time of conversion, is transferred to share capital and share premium as consideration for the shares issued. When the notes are redeemed, and difference between the redemption amount and the carrying amounts of both components is recognised in profit or loss. Where the conversion option remains unexercised at the maturity date, the balance stated in the convertible option reserve will be released to retained profits. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option.

(v) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

(vi) Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(vii) Convertible preference shares

Convertible preference shares in which the Group has no contractual obligation to redeem and will only be converted to the Group's own equity instruments, which is classified as financial instruments and measured at fair value at initial recognition.

When the convertible preference shares are converted, the convertible preference shares are transferred to ordinary share capital and share premium. Transaction costs relating to issuance of the equity instrument are charged directly to equity.

(viii) Derecognition

The Group derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKAS 39.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(l) Inventories

Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost is calculated using the first-in first-out method. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

(m) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customers returns and other similar allowances:

(i) Rental income from properties letting under operating leases is recognised on a straight line basis over the lease terms;

(ii) Property management income and related fee is recognised when the services are rendered;

(iii) Revenue from the sale of goods and forestry products, on the transfer of risks and rewards of ownership, which generally coincides with the time the goods and forestry products are delivered to customers and title has passed;

(iv) Interest income is recognised on a time proportion basis, taking into account the principal amounts outstanding and the effective interest rates applicable; and

(v) Dividend income is recognised when the shareholders' rights to receive payment is established.

(n) Foreign currencies

Transactions entered into by group entities in currencies other than the currency of the primary economic environment in which they operate (the "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the end of reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income, in which case, the exchange differences are also recognised in other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2014

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(n) Foreign currencies *(continued)*

On consolidation, income and expense items of foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the rates approximating to those ruling when the transactions took place are used. All assets and liabilities of foreign operations are translated at the rate ruling at the end of reporting period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity as foreign exchange reserve (attributed to non-controlling interests as appropriate). Exchange differences recognised in profit or loss of group entities' separate financial statements on the translation of long-term monetary items forming part of the Group's net investment in the foreign operation concerned are reclassified to other comprehensive income and accumulated in equity as foreign exchange reserve.

On disposal of a foreign operation, the cumulative exchange differences recognised in the foreign exchange reserve relating to that operation up to the date of disposal are reclassified to profit or loss as part of the profit or loss on disposal.

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation on or after 1 January 2005 are treated as assets and liabilities of that foreign operation and translated at the rate of exchange prevailing at the end of reporting period. Exchange differences arising are recognised in the foreign exchange reserve.

(o) Employee benefits

(i) Defined contribution retirement plan

Contributions to defined contribution retirement plans are recognised as an expense in profit or loss when the services are rendered by the employees.

(ii) Share-based payments

Where share options are awarded to employees and others providing similar services, the fair value of the options at the date of grant is recognised in profit or loss over the vesting period with a corresponding increase in the employee share option reserve within equity. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at the end of each reporting period so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

Fair value is measured using the Option Pricing Model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(o) Employee benefits *(continued)*

(ii) Share-based payments (continued)

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also recognised in profit or loss over the remaining vesting period.

Where equity instruments are granted to persons other than employees and others providing similar services, the fair value of goods or services received is recognised in profit or loss unless the goods or services qualify for recognition as assets. A corresponding increase in equity is recognised.

(p) Government grants

Government grants are recognised when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as revenue in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are deducted from the carrying amount of the asset and consequently are effectively recognised in profit or loss over the useful life of the asset by way of reduced depreciation expense.

Received grants that have not yet fulfill the recognition conditions are recognised as deferred revenue in the statement of financial position.

(q) Research and development costs

Research costs are charged to profit or loss in the period in which they are incurred. Development costs are expensed as incurred, except where a specific project is undertaken, the technical feasibility of the product under development has been demonstrated, costs are identifiable and a market exists for the product such that the development costs are expected to be recoverable from related future economic benefit. Such development costs are recognised as deferred development costs in the statement of financial position and amortised on a straight-line basis over period over which the deferred development costs is expected to confer economic benefits, commencing from the date the product is available-for-sale. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

(r) Borrowing costs

Borrowing costs attributable directly to the acquisition, construction or production of qualifying assets which require a substantial period of time to be ready for their intended use or sale, are capitalised as part of the cost of those assets. Income earned on temporary investments of specific borrowings pending their expenditure on those assets is deducted from borrowing costs capitalised. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2014

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(s) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, which will probably result in an outflow of economic benefits that can be reasonably estimated.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, the existence of which will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(t) Income taxes

Income taxes for the year comprise current tax and deferred tax.

Current tax is based on the profit or loss from ordinary activities adjusted for items that are non-assessable or disallowable for income tax purposes and is calculated using tax rates that have been enacted or substantively enacted at the end of reporting period.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for tax purposes. Except for goodwill and recognised assets and liabilities that affect neither accounting nor taxable profits, deferred tax liabilities are recognised for all temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is measured at the tax rates expected to apply in the period when the liability is settled or the asset is realised based on tax rates that have been enacted or substantively enacted at the end of reporting period.

An exception to the general requirement on determining the appropriate tax rate used in measuring deferred tax amount is when an investment property is carried at fair value under HKAS 40 “Investment Property”. Unless the presumption is rebutted, the deferred tax amounts on these investment properties are measured using the tax rates that would apply on sale of these investment properties at their carrying amounts at the reporting date. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all the economic benefits embodied in the property over time, rather than through sale.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, associates and jointly controlled entities, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Income taxes are recognised in profit or loss except when they relate to items recognised in other comprehensive income in which case the taxes are also recognised in other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2014

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(u) Related party

(a) A person or a close member of that person's family is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of key management personnel of the Group or the Company's parent.

(b) An entity is related to the Group if any of the following conditions apply:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of the employees of the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

(i) that person's children and spouse or domestic partner;

(ii) children of that person's spouse or domestic partner; and

(iii) dependents of that person or that person's spouse or domestic partner.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2014

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results differ from these estimates.

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

Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed below.

(a) Fair values of biological assets

The Group's biological assets are valued by the management at fair value less costs to sell based on a valuation carried out by independent professional valuers. In determining the fair value of the biological assets, the professional valuers apply the income approach and net present value approach which require a number of key assumptions and estimates to be made such as discount rate, log price, plantation costs and harvesting. Any change in the estimates may affect the fair value of the biological assets significantly. The professional valuers and management review the assumptions and estimates periodically to identify any significant change in the fair value less costs to sell of the biological assets.

The Group's forestry business is subject to the usual agricultural hazards from fire, wind and insects. Forces of nature such as temperature and rainfall may also affect harvest efficiency. Management considers adequate preventive measures are in place and the relevant legislation under forestry laws in the PRC will assist in minimizing exposure. Nevertheless, to the extent that un-anticipated factors affecting harvestable agricultural produce may result in re-measurement or harvest losses in future accounting periods.

(b) Useful lives of property, plant and equipment

Management estimates the expected useful lives for its property, plant and equipment and determines the related depreciation policy. The estimated useful life of the property, plant and equipment and the residual value reflects management's estimates of the number of years that the Group intends to derive future economic benefits from the use of property, plant and equipment. It could change significantly as a result of technological innovations in response to industry cycles. The depreciation expenses in future accounting periods may be adjusted if there are significant changes in those estimates.

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

(c) Recoverability of trade and other receivables

Recoverability of the trade and other receivable are reviewed by management based on the receivables' aging characteristics, management evaluation of the current creditworthiness and past collection history of each customer and debtor. Judgement is required in assessing the ultimate realisation of these receivables, and the financial conditions of the customers and debtors may undergo adverse changes since the last management evaluation. If the financial conditions of the customers and debtors were to deteriorate, resulting in an impairment of their ability to make payments, additional provision may be required in future accounting periods.

(d) Fair value of investment property

Investment property is stated at fair value based on the valuation performed by an independent professional valuer. In determining the fair value, the valuer has based on a method of valuation which involves certain estimates of market conditions. In relying on the valuation report, the directors have exercised their judgements and are satisfied that the assumptions used in the valuation is reflective of the current market conditions. Changes to these assumptions would result in changes in the fair value of the investment property and the corresponding adjustment to the amount of gain or loss would be recognised in profit or loss.

(e) Fair value of derivative financial instrument

The fair value of derivative financial instrument is estimated by an independent professional valuer. In determining the fair value, the valuer has based on a method of valuation which involves certain estimates of market conditions. In relying on the valuation reports, the directors have exercised their judgements and are satisfied that the assumptions used in the valuation is reflective of the current market conditions. Changes to these assumptions and market conditions would result in changes in fair value of derivative financial instrument and the corresponding adjustment to the amount of gain or loss would be recognised in profit or loss.

(f) Income taxes

Determining income tax provisions and deferred taxation involves judgement on the current and future tax treatment of certain transactions. The Group carefully evaluates tax implications of transactions and tax provisions are set up accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislations.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2014

6. CAPITAL RISK MANAGEMENT

The Group's objective of managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce cost of capital. There was no change in capital management policies and objectives from prior periods.

The capital structure of the Group consists of debts, which includes convertible notes payable disclosed in note 39, bank and other borrowings disclosed in note 43, cash and cash equivalents and equity attributable to owners of the Company, comprising share capital, accumulated losses and reserves as disclosed in notes 33, 34 and 37 respectively.

The gearing ratio at the year end was as follows:

	2014 HK$'000	2013 HK$'000
Net debts	**655,209**	908,682
Total equity	**3,013,895**	4,069,101
Net debts to equity ratio	**22%**	22%

7. FINANCIAL RISK MANAGEMENT

Exposure to credit risk, liquidity risk, interest rate risk and currency risks arises in the normal course of the Group's business. The Group is also exposed to equity price risk arising from its equity investments in other entities.

These risks are limited by the Group's financial management policies and practices described below.

(a) Credit risk

The carrying amounts of cash and cash equivalents, trade and other receivables except for prepayments, present the Group with credit risk regarding its financial assets. The maximum exposure is the carrying amounts of the respective financial assets at the end of reporting period. The Group has a concentration of credit risk in relation to certain of its major customers.

7. FINANCIAL RISK MANAGEMENT *(continued)*

(a) Credit risk *(continued)*

The Group has a credit policy in place and the exposure to credit risk is managed through the application of credit approvals, credit limits and monitoring procedures. In addition, the Group reviews the recoverable amount of each individual trade and other receivables at the end of each reporting period to ensure that adequate impairment losses are made for balances with recoverability problem.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer and debtor. The default risk of the industry and country in which customers operate also has an influence on credit risk but to a lesser extent. At the end of reporting period, the Group has no significant concentrative of credit risk.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade and other receivables are set out in notes 30 and 28.

The credit risk of the Group's other financial assets, which comprise cash and cash equivalents, arises from default of the counterparty.

(b) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the parent company's board when the borrowings exceed certain predetermined levels of authority. The Group's policy is to regularly monitor its liquidity requirements and maintains sufficient reserves of cash to meet its liquidity requirement in the short and longer term.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2014

7. FINANCIAL RISK MANAGEMENT *(continued)*

(b) Liquidity risk *(continued)*

The following table details the remaining contractual maturities at the end of reporting period of the Group's and the Company's non-derivative financial liabilities and derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates, or if floating, based on current rates at the end of reporting period) and the earliest date the Group and the Company can be required to pay.

The Group	Carrying amount HK$'000	Total contractual undiscounted cash flow HK$'000	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000	More than 5 years HK$'000
2014						
Trade payables	**15,554**	**15,554**	**15,554**	**–**	**–**	**–**
Other payables and accruals	**53,019**	**53,019**	**53,019**	**–**	**–**	**–**
Convertible notes payable	**330,802**	**461,676**	**–**	**–**	**461,676**	**–**
Amounts due to related companies	**9,668**	**9,668**	**9,668**	**–**	**–**	**–**
Bank and other borrowings	**773,577**	**1,087,119**	**108,773**	**178,276**	**438,078**	**361,992**
	1,182,620	**1,627,036**	**187,014**	**178,276**	**899,754**	**361,992**
2013						
Trade payables	28,551	28,551	28,551	–	–	–
Other payables and accruals	336,081	336,081	336,081	–	–	–
Long term payables	71,660	151,585	–	12,996	22,398	116,191
Convertible notes payable	294,542	461,676	–	–	461,676	–
Amounts due to related companies	2,618	2,618	2,618	–	–	–
Bank borrowings	734,885	1,103,142	96,862	99,865	404,373	502,042
	1,468,337	2,083,653	464,112	112,861	888,447	618,233

7. FINANCIAL RISK MANAGEMENT *(continued)*

(b) Liquidity risk *(continued)*

The Company	Carrying amount HK$'000	Total contractual undiscounted cash flow HK$'000	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000	More than 5 years HK$'000
2014						
Other payables and accruals	**7,309**	**7,309**	**7,309**	**–**	**–**	**–**
Convertible notes payable	**330,802**	**461,676**	**–**	**–**	**461,676**	**–**
	338,111	**468,985**	**7,309**	**–**	**461,676**	**–**
2013						
Other payables and accruals	34,004	34,004	34,004	–	–	–
Convertible notes payable	294,542	461,676	–	–	461,676	–
	328,546	495,680	34,004	–	461,676	–

(c) Interest rate risk

The Group's interest rate risk arises primarily from convertible notes and bank and other borrowings as disclosed in notes 39 and 43 respectively. These financial instruments issued at fixed rates expose the Group to fair value interest rate risk. The Group has no cash flow interest rate risk as there are no borrowings which bear floating interests rates. The Group has not used any financial instruments to hedge potential fluctuation in interest rates.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2014

7. FINANCIAL RISK MANAGEMENT *(continued)*

(d) Currency risk

The Group mainly operates in the PRC with most of the transactions denominated and settled in Renminbi ("RMB") which is not freely convertible into other foreign currencies. Conversion of RMB into foreign currencies is subject to rules and regulations of foreign exchange control promulgated by the PRC government. The PRC subsidiaries of the Company transact in their functional currency and therefore no currency risk is expected to arise in respect of these subsidiaries. The Company's financial statements are presented in Hong Kong dollar ("HKD") and fluctuations of RMB against HKD will result in adjustment to financial amounts. The Group currently does not utilise any forward contracts, currency borrowings or other means to hedge against its foreign currency exposure.

(e) Equity price risk

The Group is exposed to equity price changes arising from equity instruments classified as investments held for trading and available-for-sale equity investment. All of these investments are listed.

The Group's listed investments are listed on the Stock Exchange of Hong Kong except for the equity securities listed in London held in the available-for-sale investments. Decisions to buy and sell securities are based on daily monitoring of the performance of individual securities compared to that of the Index and other industry indicators, as well as the Group's liquidity needs. Listed investments held in the available-for-sale portfolio have been chosen based on their longer term growth potential and are monitored regularly for performance against expectations.

Sensitivity analysis

The sensitivity analysis on equity price risk includes the Group's financial instruments, which fair value or future cash flows will fluctuate because of changes in their corresponding or underlying asset's equity price. If the prices of the available-for-sale investments had been 10% higher/lower, the Group's reserves would increase/decrease by HK$807,000 (2013: HK$590,000). If the price of the investments held for trading had been 10% higher/lower, loss for the year would decrease/increase by HK$9,432,000 (2013: HK$17,197,000) and reserves would increase/decrease by HK$9,432,000 (2013: HK$17,197,000).

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2014

8. REVENUE AND OTHER INCOME

Revenue represents income generated from the principal activities of the Group. Revenue and other income recognised during the year are as follows:

	2014 HK$'000	2013 HK$'000 (restated)
Continuing operations:		
Revenue/Turnover		
Rental income	**46,728**	43,691
Property management and related fee income	**84,070**	74,967
	130,798	118,658
Other income		
Bank interest income	**814**	809
Dividend income from listed investments	**908**	2
	1,722	811
	132,520	119,469
Discontinued operations:		
Revenue/Turnover		
Sale of forestry products	**40**	16
Other income		
Bank interest income	**99**	100
Government grant income	**3,721**	6,647
Income arising from granting of patent use rights	**–**	1,615
Others	**19**	–
	3,839	8,362
	3,879	8,378

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2014

9. SEGMENTAL INFORMATION

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

The Group has identified three reportable segments, the business of ecological forestry operation, property investment and property development. During the year, the ecological forestry business was disposed of and was presented as discontinued operations which details were set out in note 14. The following summary describes the operations in each of the Group's reportable segments:

Continuing operations:

— Property investment business — letting properties and providing property management services

— Property development business — development of properties

Discontinued operations:

— Ecological forestry business — sale of forestry goods and products

During the years ended 31 March 2014 and 2013, there are 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/(loss) that is used by the chief operating decision-maker for assessment of segment performance.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2014

9. SEGMENTAL INFORMATION *(continued)*

i. Business Segments

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

	Continuing operations				Discontinued operations			
	Property investment business		Property development business		Ecological forestry business		Total	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Revenue from:								
External sales	**130,798**	118,658	**–**	–	**40**	16	**130,838**	118,674
Inter-segment sales	**–**	–	**–**	–	**–**	–	**–**	–
Reportable segment revenue	**130,798**	118,658	**–**	–	**40**	16	**130,838**	118,674
Reportable segment profit/(loss)	**579,904**	66,212	**(7)**	–	**(791,095)**	95,867	**(211,198)**	162,079
Interest revenue	**446**	809	**126**	–	**99**	100	**671**	909
Interest expense	**(74,322)**	(64,955)	**–**	–	**(5,095)**	(2,949)	**(79,417)**	(67,904)
Depreciation and amortisation	**(661)**	(588)	**–**	–	**(3,465)**	(7,429)	**(4,126)**	(8,017)
Income tax expenses	**(142,589)**	(18,233)	**–**	–	**–**	–	**(142,589)**	(18,233)
Write-off of biological assets	**–**	–	**–**	–	**–**	(25,406)	**–**	(25,406)
Release of prepaid lease payment	**–**	–	**–**	–	**(16,580)**	(32,648)	**(16,580)**	(32,648)
(Loss)/gain arising from changes in fair value less costs to sell of biological assets	**–**	–	**–**	–	**(518,934)**	166,196	**(518,934)**	166,196
Write off of prepaid lease payment	**–**	–	**–**	–	**–**	(3,098)	**–**	(3,098)
Fair value gain on investment property	**557,925**	51,953	**–**	–	**–**	–	**557,925**	51,953

Assets and liabilities information

	Continuing operations				Discontinued operations			
	Property investment business		Property development business		Ecological forestry business		Total	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Segment assets	**4,308,432**	3,788,816	**149,904**	–	**–**	2,388,330	**4,458,336**	6,177,146
Addition to non-current assets	**14,064**	59,434	**–**	–	**–**	15,262	**14,064**	74,696
Segment liabilities	**1,661,694**	1,463,460	**–**	–	**–**	506,521	**1,661,694**	1,969,981

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2014

9. SEGMENTAL INFORMATION *(continued)*

ii. Reconciliation of reportable segment revenues, profit or loss, assets and liabilities

	2014 HK$'000	2013 HK$'000
Revenue		
Reportable segment revenue	**130,838**	118,674
Elimination of inter-segment revenue	**–**	–
Consolidated revenue	**130,838**	118,674

	2014 HK$'000	2013 HK$'000
(Loss)/profit before income tax		
Reportable segment (loss)/profit	**(211,198)**	162,079
Fair value gain on investments held for trading	**19,323**	63,489
Net realised (loss)/gain on disposal of investments held for trading	**(44,915)**	12,820
Finance costs	**(36,260)**	(32,287)
Fair value loss on derivative financial instrument	**(3,273)**	(20,754)
Unallocated corporate expenses	**(20,353)**	(11,500)
Consolidated (loss)/profit before income tax expense	**(296,676)**	173,847

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2014

9. SEGMENTAL INFORMATION *(continued)*

ii. Reconciliation of reportable segment revenues, profit or loss, assets and liabilities *(continued)*

	2014 HK$'000	2013 HK$'000
Assets		
Reportable segment assets	**4,458,336**	6,177,146
Non-current financial assets	**11,683**	12,786
Cash at bank	**444,645**	1,026
Investments held for trading	**94,321**	171,971
Unallocated corporate assets	**9,202**	4,699
Consolidated total assets	**5,018,187**	6,367,628

	2014 HK$'000	2013 HK$'000
Liabilities		
Reportable segment liabilities	**1,661,694**	1,969,981
Convertible notes payable	**330,802**	294,542
Unallocated corporate liabilities	**11,796**	34,004
Consolidated total liabilities	**2,004,292**	2,298,527

iii. Geographical information

During the years 2014 and 2013, the Group's major operations and assets are situated in the PRC in which all of its revenue was derived.

iv. Major customers

There is no customer contributing over 10% of the Group's turnover for the years ended 31 March 2014 and 2013.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2014

10. OTHER NET GAINS AND LOSSES

	2014 HK$'000	2013 HK$'000 (restated)
Continuing operations:		
Fair value gain on investments held for trading	**19,323**	63,489
Net realised (loss)/gain on disposal of investments held for trading	**(44,915)**	12,820
Net (loss)/gain on investments held for trading	**(25,592)**	76,309
Discontinued operations:		
Gain on disposal of forest farms*	**–**	6,745
(Loss)/gain on disposal of property, plant and equipment	**(440)**	305
Net exchange gain/(loss)	**132**	(526)
Others	**251**	73
	(57)	6,597

* It represents gain on disposal of prepaid lease payments as follows:

	2014 Prepaid lease payment HK$'000	2013 Prepaid lease payment HK$'000
Sales proceeds	**–**	7,879
Consideration payable for the acquisition of forest farms	**–**	25,897
Carrying amounts	**–**	(27,031)
	–	6,745

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2014

11. FINANCE COSTS

	2014 HK$'000	2013 HK$'000 (restated)
Continuing operations:		
Interest on loans from related parties	–	10,042
Interest on bank and other borrowings	**74,322**	54,913
Imputed interest on convertible notes	**36,260**	32,287
	110,582	97,242
Discontinued operations:		
Imputed interest arising from the discounting of the consideration payables for the acquisitions of certain forest farms	**5,095**	2,949

12. INCOME TAX

	2014 HK$'000	2013 HK$'000
Continuing operations:		
Overseas tax		
— current	–	(2,396)
— deferred tax expense	**(142,589)**	(15,837)
Income tax expense	**(142,589)**	(18,233)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2014

12. INCOME TAX *(continued)*

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 were 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 before disposal 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 was subject to enterprise income tax rate of 25% for the year ended 31 March 2013 and the period from 1 April 2013 to 28 March 2014.

Yunnan Shenyu New Energy Company Limited ("Yunnan Shenyu"), a wholly owned subsidiary of the Group before disposal, is also operating in forestry business during the period. 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 period.

The applicable PRC enterprise income tax is 25% for 2013 and 2014 for other PRC subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2014

12. INCOME TAX *(continued)*

The income tax expense on the Group's (loss)/profit before income tax differs from the theoretical amount that would arise using the Hong Kong profits tax rate as follows:

	2014 **HK$'000**	2013 HK$'000 (restated)
Continuing operations:		
Profit before income tax	**494,419**	77,980
Tax calculated at Hong Kong profits tax rate of 16.5% (2013: 16.5%)	**81,579**	12,867
Effect of different tax rates of subsidiaries operating in other jurisdictions	**53,381**	(6,919)
Tax effect of expense that are not deductible in determining taxable profit	**6,698**	10,890
Unrecognised temporary differences and tax losses	**931**	(1,001)
Under provision in prior year	**–**	2,396
Income tax expense	**142,589**	18,233
Discontinued operations:		
(Loss)/profit before income tax	**(791,095)**	95,867
Tax calculated at Hong Kong profits tax rate of 16.5% (2013: 16.5%)	**(130,531)**	15,818
Effect of different tax rates of subsidiaries operating in other jurisdictions	**(47,305)**	7,761
Tax effect of income that is not taxable in determining taxable profit	**(140,573)**	(75,885)
Tax effect of expense that are not deductible in determining taxable profit	**287,728**	24,964
Unrecognised temporary differences and tax losses	**30,681**	27,342
Income tax expense	**–**	–

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for the year ended 31 March 2014

13. PROFIT BEFORE INCOME TAX

The Group's profit before income tax is arrived at after charging:

	2014 HK$'000	2013 HK$'000 (restated)
Continuing operations:		
Auditor's remuneration	**1,850**	950
Minimum lease payments under operating leases on leasehold properties	**1,861**	1,819
Staff costs (including directors' emoluments):		
Wages and salaries	**10,494**	7,436
Retirement benefits scheme contribution	**446**	218
	10,940	7,654
Discontinued operations:		
Auditor's remuneration	**478**	501
Minimum lease payments under operating leases on leasehold properties	**1,458**	1,185
Staff costs (including directors' emoluments):		
Wages and salaries	**4,900**	5,298
Retirement benefits scheme contribution	**924**	708
	5,824	6,006

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for the year ended 31 March 2014

14. DISCONTINUED OPERATIONS

On 27 September 2013 and 25 October 2013, the Company entered into the Share Transfer Agreements with the Purchaser, pursuant to which the Company conditionally agreed to sell, and the Purchaser conditionally agreed to purchase, (i) the entire equity interest in Success Standard, which holds the ecological forestry business of the Group at HK$399,999,900 and (ii) the Sale Loan at HK$100, at an aggregate consideration of HK$400 million. The transaction has been completed on 28 March 2014.

The ecological forestry business was classified as discontinued operations and the related results for the period from 1 April 2013 to 28 March 2014 and year ended 31 March 2013 were as follows:

	Notes	**1/4/2013 to 28/3/2014 HK$'000**	1/4/2012 to 31/3/2013 HK$'000
Turnover	8	**40**	16
Cost of inventories and forestry products sold		**(33)**	–
Other income	8	**3,839**	8,362
Other net gains and losses	10	**(57)**	6,597
(Loss)/gain arising from changes in fair value less costs to sell of biological asset	27	**(518,934)**	166,196
Depreciation of property, plant and equipment	20	**(3,465)**	(7,429)
Release of prepaid lease payment	23	**(16,580)**	(32,648)
Other operating expenses		**(16,280)**	(42,278)
Finance cost	11	**(5,095)**	(2,949)
(Loss)/profit before income tax expense from operations		**(556,565)**	95,867
Income tax expense	12	**–**	–
(Loss)/profit after income tax expense from operations		**(556,565)**	95,867
Loss on measurement of disposed group at initial recognition		**(909,280)**	–
Gain on disposal of subsidiaries, net of tax	45	**674,750**	–
(Loss)/profit for the year from discontinued operations		**(791,095)**	95,867

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2014

14. DISCONTINUED OPERATIONS *(continued)*

The ecological forestry business was reclassified as a disposal group held for sale in the Company's interim financial statements for the six months ended 30 September 2013 and consequently the assets and liabilities of the disposal group were remeasured to fair value less costs to sell at the date of reclassification.

The net cash flows of the discontinued operations for the period from 1 April 2013 to 28 March 2014 and year ended 31 March 2013 were as follows:

	1/4/2013 to 28/3/2014 HK$'000	1/4/2012 to 31/3/2013 HK$'000
Net cash (outflows)/inflows from operating activities	**(20,809)**	1,118
Net cash (outflows)/inflows from investing activities	**(10,879)**	3,149
Net cash outflows from financing activities	**(1,025)**	(7,499)
Effect of foreign exchange differences	**5,850**	14,943
Net cash flows incurred by the discontinued operations	**(26,863)**	11, 711

15. LOSS ATTRIBUTABLE TO OWNERS OF THE COMPANY AND DIVIDEND

The loss for the year attributable to owners of the Company for the year ended 31 March 2014 dealt with in the financial statements of the Company was approximately HK$1,537,096,000 (2013: HK$63,960,000).

No dividend was paid or proposed during the year (2013: HK$Nil), nor has any dividend been proposed since 31 March 2014.

16. OTHER COMPREHENSIVE INCOME, AFTER TAX

	2014			2013		
	Before-tax-amount HK$'000	Tax expense/ (benefits) HK$'000	Net-of-tax amount HK$'000	Before-tax-Amount HK$'000	Tax expense/ (benefits) HK$'000	Net-of-tax amount HK$'000
Exchange differences on translating foreign operations	**44,711**	**–**	**44,711**	33,174	–	33,174
Reversal of impairment loss on available-for-sale financial assets	**2,170**	**–**	**2,170**	5,741	–	5,741
Reclassification adjustment upon disposal of subsidiaries	**(689,230)**	**–**	**(689,230)**	–	–	–
	(642,349)	**–**	**(642,349)**	38,915	–	38,915

17. (LOSS)/EARNINGS PER SHARE

For continuing and discontinued operations:

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

(Loss)/profit attributable to owners of the Company	2014 HK$'000	2013 HK$'000
(Loss)/earnings for the purposes of basic earnings per share	**(439,265)**	155,614
Effect of dilutive potential ordinary shares:		
Share options	**–**	–
Convertible notes	**39,532**	–
(Loss)/profit for the purposes of diluted (loss)/earnings per share calculation	**(399,733)**	155,614

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for the year ended 31 March 2014

17. (LOSS)/EARNINGS PER SHARE *(continued)*

For continuing and discontinued operations: *(continued)*

Weighted average number of ordinary shares and convertible preference shares	Number of shares 2014 '000	2013 '000
Weighted average number of ordinary shares and convertible preference shares for the purposes of basic (loss)/earnings per share	**1,088,719**	1,088,719
Effect of dilutive potential ordinary shares:		
Share options	**–**	–
Convertible notes	**153,892**	–
Weighted average number of ordinary shares and convertible preference shares for the purposes of diluted (loss)/earnings per share	**1,242,611**	1,088,719

The calculation of basic loss per share attributable to the owners of the Company for the year ended 31 March 2014 is based on the loss attributable to the owners of the Company of approximately HK$439.3 million (2013: profit of approximately HK$155.6 million) and on the weighted average of 1,088,719,000 (2013: 1,088,719,000) ordinary shares during the year.

Share options:

For the year ended 31 March 2014, the computation of diluted loss per share does not assume the exercise of share options since the exercise price of those share options is higher than the average market price of the Company's shares for year 2014.

Convertible notes:

In calculating the diluted earnings per share attributable to the owners of the Company for the year ended 31 March 2014 for continuing operations, the adding back of imputed interest on the potential issue of shares arising from the conversion of the Company's convertible notes of HK$36.2 million and adding back of fair value loss of HK$3.3 million would decrease the earnings per share attributable to the owners of the Company and are taken into account as they have a dilutive effect. Therefore, the diluted loss per share attributable to the owners of the Company for the year ended 31 March 2014 for continuing and discontinued operations is based on the loss attributable to the owners of the Company of approximately HK$399.7 million (2013: profit of approximately HK$155.6 million) and on the weighted average of 1,242,611,000 ordinary shares.

The computation of diluted earnings per share for the year ended 31 March 2013 did not assume the exercise of share options as the price of those share options was higher than the average market price of the Company's shares for year 2013. Convertible notes were not taken into amount since their exercise would result in an increase in earnings per share.

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for the year ended 31 March 2014

17. (LOSS)/EARNINGS PER SHARE *(continued)*

For continuing operations:

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

(Loss)/earnings figures are calculated as follows:

	2014 HK$'000	2013 HK$'000 (restated)
(Loss)/profit for the year attributable to owners of the Company	(439,261)	155,614
Less: (Loss)/profit for the year from discontinued operations	(791,095)	95,867
Earnings for the purposes of basic earnings per share from continuing operations	351,834	59,747
Effect of dilutive potential ordinary shares:		
Share options	–	–
Convertible notes	39,532	–
Earnings for the purposes of diluted earnings per share from continuing operations	391,366	59,747

The denominators used are the same as those detailed above for both basic and diluted (loss)/earnings per share of the continuing and discontinued operations.

For discontinued operations:

Basic (loss)/earnings per share for the discontinued operations is HK73 cents per share (2013: HK9 cents earnings per share) and diluted (loss)/earnings per share for the discontinued operations is HK73 cents per share (2013: HK9 cents earnings per share), based on the loss for the year from the discontinued operations of HK$791.1 million (2013: profit of HK$95.9 million) and the denominators of 1,088,719,000 (2013: 1,088,719,000) ordinary shares.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2014

18. DIRECTORS' REMUNERATION

The emoluments paid or payable to the Company's directors for years ended 31 March 2014 and 2013 were as follows:

	Year ended 31 March 2014				
	Fees HK$'000	Basic allowances and bonuses HK$'000	Retirement benefit schemes contributions HK$'000	Share-based payments HK$'000	Total HK$'000
Executive directors:					
Chi Chi Hung Kenneth	–	1,950	15	–	1,965
Zhang Jianchan	120	291	55	–	466
Independent non-executive directors:					
Wong Yun Kuen	100	–	–	–	100
Chan Chi Yuen	100	–	–	–	100
Yu Pak Yan Peter	100	–	–	–	100
Zheng Jinyun	60	–	–	–	60
Zheng Yurui	60	–	–	–	60
	540	2,241	70	–	2,851

18. DIRECTORS' REMUNERATION *(continued)*

	Year ended 31 March 2013				
	Fees HK$'000	Basic allowances and bonuses HK$'000	Retirement benefit schemes contributions HK$'000	Share-based payments HK$'000	Total HK$'000
Executive directors:					
Chi Chi Hung Kenneth	–	1,935	15	–	1,950
Zhang Jianchan	116	–	–	–	116
Independent non-executive directors:					
Wong Yun Kuen	100	–	–	–	100
Chan Chi Yuen	100	–	–	–	100
Yu Pak Yan Peter	100	–	–	–	100
Zheng Jinyun	58	–	–	–	58
Zheng Yurui	58	–	–	–	58
	532	1,935	15	–	2,482

There was no arrangement under which a director of the Company waived or agreed to waive any emoluments during the year. During the year, no emoluments were paid by the Group to the directors of the Company as an inducement to join, or upon joining the Group, or as compensation for loss of office.

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for the year ended 31 March 2014

19. EMPLOYEES' EMOLUMENTS

The emoluments of the five individuals with highest emoluments in the Group for the year included two (2013: one) directors, details of whose emoluments have been disclosed above.

Details of the emoluments of the remaining three (2013: four) non-directors, highest paid individuals for the year are as follows:

	2014 HK$'000	2013 HK$'000
Salaries, allowances and benefits in kinds	4,082	1,652
Retirement benefits scheme contributions	30	36
	4,112	1,688

The emoluments fell within the following bands:

	Number of individuals	
	2014	2013
HK$		
Nil to 1,000,000	1	4
1,000,001 to 1,500,000	1	–
1,500,001 to 2,000,000	–	–
2,000,001 to 2,500,000	1	–

The emoluments paid or payable to the member of senior management were within the following bands.

	Number of individuals	
	2014	2013
HK$		
Nil to 1,000,000	–	1
1,000,001 to 1,500,000	1	–

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for the year ended 31 March 2014

20. PROPERTY, PLANT AND EQUIPMENT

The Group	Leasehold improvements HK$'000	Building and construction HK$'000	Turnpike HK$'000	Plant and machinery HK$'000	Furniture, office equipment and motor vehicles HK$'000	Total HK$'000
Cost						
At 1 April 2012	5,992	25,431	11,972	5,654	16,733	65,782
Exchange adjustment	34	212	100	47	100	493
Additions	1,108	–	–	–	2,546	3,654
Disposals/write-off	–	–	–	–	(2,164)	(2,164)
Reclassification between categories	5	–	–	–	35	40
At 31 March 2013	7,139	25,643	12,072	5,701	17,250	67,805
Exchange adjustment	124	707	332	154	278	1,595
Additions	476	–	–	9	1,496	1,981
Disposals/write-off	–	(3,861)	–	(16)	(3,286)	(7,163)
Loss on measurement at fair value less costs to sell	(4,775)	(22,489)	(12,404)	(5,848)	(7,222)	(52,738)
Disposal of subsidiaries	–	–	–	–	–	–
At 31 March 2014	2,964	–	–	–	8,516	11,480
Accumulated depreciation						
At 1 April 2012	4,561	8,765	1,198	226	7,079	21,829
Exchange adjustment	34	79	11	10	43	177
Depreciation	415	3,473	1,205	1,250	2,746	9,089
Write back on disposal/write-off	–	–	–	–	(1,617)	(1,617)
Reclassification between categories	–	–	–	728	(688)	40
At 31 March 2013	5,010	12,317	2,414	2,214	7,563	29,518
Exchange adjustment	110	339	67	48	146	710
Depreciation	439	1,788	620	338	1,976	5,161
Write back on disposal/write-off	–	(3,668)	–	–	(2,404)	(6,072)
Loss on measurement at fair value less costs to sell	(4,267)	(10,776)	(3,101)	(2,600)	(3,211)	(23,955)
Disposal of subsidiaries	–	–	–	–	–	–
At 31 March 2014	1,292	–	–	–	4,070	5,362
Net book value						
31 March 2014	1,672	–	–	–	4,446	6,118
31 March 2013	2,129	13,326	9,658	3,487	9,687	38,287

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2014

20. PROPERTY, PLANT AND EQUIPMENT *(continued)*

The Group has reviewed the residual values used for the purposes of depreciation calculations in the light of the definition of residual value in the accounting standard. The review did not highlight any requirement for an adjustment to the residual values used in the current or prior periods. These residual values will be reviewed and updated annually in the future.

The Company	Leasehold improvements HK$'000	Furniture, office equipment and motor vehicles HK$'000	Total HK$'000
Cost			
At 1 April 2012	2,119	4,549	6,668
Additions	–	23	23
At 31 March 2013 and 2014	2,119	4,572	6,691
Accumulated depreciation			
At 1 April 2012	724	1,198	1,922
Depreciation	212	742	954
At 31 March 2013	936	1,940	2,876
Depreciation	213	742	955
At 31 March 2014	1,149	2,682	3,831
Net book value			
At 31 March 2014	970	1,890	2,860
At 31 March 2013	1,183	2,632	3,815

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for the year ended 31 March 2014

21. INVESTMENT PROPERTY

	2014 **HK$'000**	2013 HK$'000
At 1 April	**3,695,341**	3,554,530
Additional costs	**13,566**	59,062
Fair value gain	**557,925**	51,953
Exchange adjustment	**28,868**	29,796
At 31 March	**4,295,700**	3,695,341

The investment property is located in Taijiang District, Fuzhou, the PRC. It is a 7-storey (plus two basement levels) furniture shopping mall. The investment property is pledged to banks to secure bank borrowings (note 43).

The investment property is held under a medium-term lease.

Fair value hierarchy

The fair value measurement of the Group's investment property as at 31 March 2014 is using significant unobservable inputs (level 3).

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3.

The valuation of the Group's investment property in mainland China, assessed by Asset Appraisal Limited, an independent qualified valuer, was based on the direct capitalisation approach.

The direct capitalisation approach was based on the net rental income that can be generated from the property under the leases to be executed for the property with due allowance on the reversionary interest upon expiry of the leases as assessed by the comparison method on vacant possession basis. Discount rate at an opportunity cost of capital is considered in arriving the present value of rental income.

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for the year ended 31 March 2014

21. INVESTMENT PROPERTY *(continued)*

Fair value hierarchy *(continued)*

Reconciliation of fair value measurements categorised within Level 3 of the fair value hierarchy.

	Total HK$'000
At 1 April 2013	3,695,341
Additional costs	13,566
Fair value gain	557,925
Exchange realignment	28,868
At 31 March 2014	4,295,700

Below is a summary of the valuation technique used and the key unobservable inputs to the valuation of investment property categorised within Level 3 of the fair value hierarchy:

	Valuation technique	**Significant unobservable inputs**	**Range**	**Relationship of unobservable inputs to fair value**
Mainland China — Furniture shopping mall	Direct capitalisation approach	Discount rate	5.8%	The higher the discount rate, the lower the fair value
		Rental value (per square metre and per month)	RMB60 to RMB500	The higher the rental value, the higher the fair value
		Price per square metre	RMB15,000 to RMB76,100	The higher the price per square metre, the higher the fair value

There were changes to the valuation techniques during the year from direct comparison approach to direct capitalisation approach because the directors consider that the change gives a fairer presentation of the results and the financial position of the Group.

The fair value measurement is based on the above property's highest and best use, which does not differ from their actual use.

22. CONSTRUCTION IN PROGRESS

	2014 HK$'000	2013 HK$'000
At 1 April	**10,569**	8,236
Additions	**1,526**	2,260
Exchange adjustment	**292**	73
Loss on measurement at fair value less costs to sell	**(12,387)**	–
Disposal of subsidiaries	**–**	–
At 31 March	**–**	10,569

The construction in progress mainly represented a production factory development project in Shuangbai county of Yunnan province.

23. PREPAID LEASE PAYMENTS

The Group's prepaid lease payments represented land use rights in the PRC under a medium term lease. Movements during the year are as follows:

	2014 HK$'000	2013 HK$'000
At 1 April	**860,951**	915,372
Exchange adjustment	**23,739**	8,356
Disposals	**–**	(27,031)
Write-off (note 27)	**–**	(3,098)
Amount released to profit or loss	**(16,580)**	(32,648)
Loss on measurement at fair value less costs to sell	**(868,110)**	–
Disposal of subsidiaries	**–**	–
At 31 March	**–**	860,951
Classified as current assets	**–**	18,211
Classified as non-current assets	**–**	842,740

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2014

23. PREPAID LEASE PAYMENTS *(continued)*

The above prepaid lease payments comprised the following:

	2014 HK$'000	2013 HK$'000
Land portion from the consideration in respect of the forest acquisitions (note)	–	814,475
Others	–	46,476
	–	860,951

Note:

It represented the amount allocated as land portion from the consideration in respect of the forests acquired by the Group in the PRC. The Group had obtained forest right certificates granted by local forestry bureaus in respect of prepaid lease payments for total areas of approximately 5 million Chinese Mu. For forests without forest right certificates of approximately 1.4 million Chinese Mu, the Group has lodged applications for forest right certificates to respective forestry bureaus since acquisitions. Due to change of rules and regulations in previous years, the approval process has been suspended as of the date of disposal of the ecological forestry business. However, the Group had obtained letters issued by the respective forestry bureaus and the legal opinion confirming the ownerships of these forests.

24. INTANGIBLE ASSETS

	Goodwill HK$'000	Patent HK$'000	Total HK$'000
Cost			
At 1 April 2012 and 31 March 2013	189,607	541,441	731,048
Disposal of subsidiaries	(189,607)	(541,441)	(731,048)
At 31 March 2014	–	–	–
Accumulated amortisation and impairment			
At 1 April 2012 and 31 March 2013	189,607	541,441	731,048
Disposal of subsidiaries	(189,607)	(541,441)	(731,048)
At 31 March 2014	–	–	–
Net carrying amount			
At 31 March 2014	–	–	–
At 31 March 2013	–	–	–

Goodwill

Goodwill acquired in a business combination was allocated, at acquisition, to the following cash-generating units at their carrying amounts, in ecological forestry business segment:

	2014 HK$'000	2013 HK$'000
Paper mulberry trees and other forest assets	**–**	85,511
Jatropha plantation and bio-diesel production	**–**	104,096
	–	189,607
Less: write-off	**–**	(189,607)
	–	–

In prior years, with reference to an independent valuation performed by an independent valuer on the recoverable amount of both cash-generating units, which had taken into account of the reduction in the development size of both paper mulberry trees business and Jatropha based bio-diesel business, the Group's latest business development strategies and current economic environment, the entire carrying amount of goodwill was impaired.

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24. INTANGIBLE ASSETS *(continued)*

Patent

The Group's patent is in relation to the technology in the coding protein and application of a Broussonetia Papyrifera Dehydration-Responsive Element Binding transcription factor gene to regulate and enhance the tolerance of Broussonetia Papyrifera to stress conditions such as drought, low temperature and high salt.

Patent amortisation is provided on a straight-line basis over the estimated useful live of 20 years.

The directors have performed impairment assessment of patent in prior years and wrote-off its carrying value as the Group decided to terminate the paper mulberry trees business in view of the Group's latest business development strategies and current economic environment.

During the year, the ecological forestry business was disposed of as detailed in note 14.

25. INTERESTS IN SUBSIDIARIES

	2014 **HK$'000**	2013 HK$'000
Unlisted shares, at cost	**4,291**	700,689
Due from subsidiaries	**1,537,240**	2,976,975
Less: impairment losses	**(114,507)**	(172,363)
	1,427,024	3,505,301

At 31 March 2014 and 2013, the amounts due from subsidiaries principally represent advances which are unsecured and interest-free. These advances are considered as quasi-equity loans to the subsidiaries of which the repayment/settlement is neither planned nor likely to happen in the foreseeable future.

An impairment was recognised for certain investments in subsidiaries and amounts due from subsidiaries with a carrying amount of HK$114,507,000 (2013: HK$172,363,000) (before deducting the impairment loss) because the respective subsidiaries had been loss-making for some time and no future economic benefits were expected.

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for the year ended 31 March 2014

25. INTERESTS IN SUBSIDIARIES *(continued)*

Particulars of the Company's principal subsidiaries as at 31 March 2014 were as follows:

Name	Place of incorporation/ establishment and operation	Paid-up share/ registered capital	Percentage of equity attributable to the Company	Principal activities
Indirectly held				
Fujian Sinco Industrial Company Limited (the "Fujian Sinco")	The PRC	Paid-up and registered RMB290,000,000	100%	Property investment
Fujian Jiake Industrial Company Limited (the "Fujian Jiake")	The PRC	Paid-up RMB131,200,000 Registered RMB216,000,000	51%	Property development

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

26. LONG-TERM PREPAYMENTS

	2014 **HK$'000**	2013 HK$'000
Long-term prepayments	–	116,740
Less: Impairment loss	–	(116,740)
	–	–

Long-term prepayments represented deposits paid to relevant PRC local authorities for the construction of forest farms infrastructure in the PRC for the Group.

There are no movements in the provision for impairment of long-term prepayments for the year ended 31 March 2014 and 2013.

In view of the target for proactively addressing climate change and the additional afforestation for boosting "greening" efforts and improving forest carbon sequestration highlighted by the PRC Government, the Group had to recognised its logging operation and reduce its plantation activities and suspend the construction of infrastructure. As a result, the Group suspended the infrastructure work and full impairment had been made in prior years.

During the year, the ecological forestry business was disposed of as detailed in note 14.

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27. BIOLOGICAL ASSETS

	Jatropha HK$'000 (note (a))	Other forest assets HK$'000 (note (b))	Total HK$'000
As at 1 April 2012	147,659	1,139,323	1,286,982
Exchange adjustment	1,336	8,963	10,299
(Loss)/gain arising from changes in fair value less costs to sell (note 14)	(32,737)	198,933	166,196
Plantation expenditure incurred	9,444	299	9,743
Write-off	–	(25,406)	(25,406)
As at 31 March 2013	125,702	1,322,112	1,447,814
Exchange adjustment	1,871	21,727	23,598
Loss arising from changes in fair value less costs to sell (note 14)	(41,369)	(477,565)	(518,934)
Plantation expenditure incurred	7,690	192	7,882
Disposal of subsidiaries (note 45)	(93,894)	(866,466)	(960,360)
As at 31 March 2014	–	–	–

During the year, the ecological forestry business was disposed of as detailed in note 14.

Notes:

(a) Jatropha

The Group's Jatropha are located in Yunnan Province, the PRC. They were valued by an independent valuer (the "Valuer") as at 28 March 2014, date of disposal, under the Net Present Value approach "NPV" approach.

In valuing the Group's Jatropha, the Valuer employed NPV approach by using a discount rate of 15.65% (2013: 13%) and the following major assumptions:

— The cash flows are those arising from the current rotation of Jatropha only. No account is taken of revenues or costs from re-establishment following harvest, or of land not yet planted.

— The estimated jatropha seed yield at maturity for the jatropha plantations are 100kg/mu (2013: 183kg/mu) which is estimated to be achieved in 5 years.

27. BIOLOGICAL ASSETS *(continued)*

Notes: (continued)

(b) Other forest assets

Other forest assets are standing trees in the natural, man-made and mixed forest farms located in various locations in the PRC.

The Group's other forest assets in the PRC were independently valued by the Valuer as at 28 March 2014. In valuing the Group's other forest assets, the Valuer applied the income expectation approach based on projected wood flows of the Group's forest assets, the projected future after 10% harvest tax cash flows, based on their assessment of current timber log price, and a discounted rate of 15.65% (2013: 11.5%).

The principal valuation methodology and assumptions adopted are as follows:

- Annual logging volume was based on the growth rate of the forests.
- The cash flows are those arising from the current rotation of trees only. No account is taken of revenues or costs from re-establishment following harvest, or of land not yet planted.
- The cash flows do not take into account income tax and finance costs.
- The cash flows have been prepared in real terms and have not therefore included inflationary effects.
- The impact of any planned future activity of the business that may impact the pricing of the logs harvested from the forest is not taken into account.
- Costs are current average cost. No allowances have been made for cost improvements in future operations.

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 one of the subsidiaries of the Group in 2007 were being cancelled. As such, the Group has written off the related forest lands. The fair value of the biological assets of the related forest lands was HK$25,406,000 and the carrying value of prepaid lease payments was HK$3,098,000.

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28. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2014 **HK$'000**	2013 HK$'000
Other receivables	**6,338**	79,259
Deposits	**150,421**	878
Prepayments	**123**	302
	156,882	80,439
Less: Impairment loss	**–**	(75,552)
	156,882	4,887

During the year, the ecological forestry business was disposed of as detailed in note 14. As at 31 March 2013, included in the Group's other receivables were receivables of HK$54,158,000 arising from the disposal of several forest farms to the third parties in prior years. Full impairment had been made in prior years.

Movements in the provision for impairment of other receivables are as follows:

	2014 **HK$'000**	2013 HK$'000
At 1 April	**75,552**	74,928
Disposal of subsidiaries	**(76,337)**	–
Exchange adjustment	**785**	624
At 31 March	**–**	75,552

As at 31 March 2013, included in the above impairment loss is a full provision for individually impaired other receivables of approximately HK$75,552,000. The individually impaired other receivables relate to other debtors that were in financial difficulties or in default of payments. The Group did not hold any collateral or other credit enhancements over these balances.

The carrying amounts of the remaining other receivables that were neither past due nor impaired relate to other debtors for whom there was no recent history of default.

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for the year ended 31 March 2014

29. INVENTORIES

	2014 HK$'000	2013 HK$'000
Seeds	–	3,068

At 31 March 2013, no inventories were carried at net realisable value.

30. TRADE RECEIVABLES

	2014 HK$'000	2013 HK$'000
Trade receivables	4,313	45,812
Less: Impairment loss	–	(45,097)
	4,313	715

During the year, the ecological forestry business was disposed of as detailed in note 14. In last year, for ecological forestry business, the Group normally allowed credit terms to established customers ranging from 90 to 120 days. For property investment business, the Group normally received rental income one month in advance. The Group seeks to maintain strict control over its outstanding receivables to recognised credit risk, with overdue balances regularly reviewed by senior management. Trade receivables are generally non-interest bearing and their carrying amounts approximate their fair values.

(i) The ageing analysis of the trade receivables as at the end of reporting period, based on the date of recognition of the sales, was as follows:

	2014 HK$'000	2013 HK$'000
0–90 days	4,313	–
Over 90 days	–	45,812
Less: Impairment loss	–	(45,097)
	4,313	715

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for the year ended 31 March 2014

30. TRADE RECEIVABLES *(continued)*

(ii) The movement in the impairment loss of trade receivables during the year:

	2014 **HK$'000**	2013 HK$'000
As at 1 April	**45,097**	44,725
Less: Disposal of subsidiaries	**(45,566)**	–
Exchange adjustment	**469**	372
As at 31 March	**–**	45,097

At 31 March 2013, the Group's trade receivables of HK$45,097,000 were individually determined to be impaired. The individually impaired trade receivables related to customers that were in financial difficulties and management assessed that only a portion of the receivables is expected to be recovered. Consequently, an accumulative impairment loss of HK$45,097,000 was made in last year. The Group did not hold any collateral over these balances.

31. INVESTMENTS HELD FOR TRADING

	2014 **HK$'000**	2013 HK$'000
Equity securities listed in Hong Kong, at fair value	**94,321**	171,971

The above equity securities are classified as investments held for trading as they have been acquired principally for the purpose of selling in the near term, or are part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. Changes in their fair values are recorded in profit or loss as other net gains and losses (note 10).

32. AVAILABLE-FOR-SALE INVESTMENTS

	The Group and the Company	
	2014 **HK$'000**	2013 HK$'000
Equity securities listed in London, at fair value	**8,066**	5,896

The above investments represent investments in listed equity securities which are designated as available-for-sale investments by the directors. They offer the Group and Company the opportunity for return through dividend income and fair value gains. They have no fixed maturity or coupon rate. The fair value of these securities is based on quoted market prices as at the end of reporting period.

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for the year ended 31 March 2014

33. CASH AND CASH EQUIVALENTS

At 31 March 2014, the cash and cash equivalents denominated in RMB amounted to approximately HK$4 million (2013: HK$95 million). Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations. The remaining balance of the cash and cash equivalents of the Company was denominated in Hong Kong dollar.

34. SHARE CAPITAL

	2014 Number of shares '000	2014 Amount HK$'000	2013 Number of shares '000	2013 Amount HK$'000
Authorised:				
Ordinary shares of HK$0.01 each	**200,000,000**	**2,000,000**	200,000,000	2,000,000
Convertible preference shares of HK$0.01 each	**602,000**	**6,020**	602,000	6,020
Issued and fully paid:				
Ordinary shares of HK$0.01 each	**687,053**	**6,871**	687,053	6,871
Convertible preference shares of HK$0.01 each	**401,667**	**283,858**	401,667	283,858

35. CONVERTIBLE PREFERENCE SHARES

On 30 January 2012, the Company issued 601,666,666 convertible preference shares. Convertible preference share of notional value of HK$3 each shall be convertible into one new ordinary share, subject to adjustment in the customary manner, including share consolidations, share subdivision, capitalisation issues, capital distributions, rights issues and issues of other securities for cash as discount of more than 20%. The convertible preference shares will rank (a) in priority to the ordinary shares of the Company and any other class of shares to return of capital; and (b) pari passu with ordinary shares of the Company as to any dividends accumulated on the convertible preference shares. The holder of each convertible preference share shall not have any voting rights. The convertible preference shares shall be non-redeemable and will not be listed on any stock exchange. The fair value of the convertible preference shares at the initial recognition was credited to convertible preference share.

There is no convertible preference shares converted during the years ended 31 March 2014 and 2013.

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for the year ended 31 March 2014

36. EQUITY-SETTLED SHARE-BASED TRANSACTIONS

The Company operates an equity-settled, share-based compensation plan for the purpose of providing incentives and rewards to eligible participants for their contribution to the success of the Group's operations. Pursuant to this objective, on 25 October 1998, the Company adopted a share option scheme (the "Scheme 1998") whose eligible participants include directors and employees of the Company and its subsidiaries as determined by the directors of the Company.

In compliance with the amendments to the Listing Rules, the directors of the Company consider that it is in the interest of the Company to terminate the Scheme 1998 and to adopt a share option scheme (the "Old Scheme"). An ordinary resolution was passed at the annual general meeting of the Company held on 23 November 2001 for the approval of the said adoption of the Old Scheme and termination of the Scheme 1998.

Eligible participants of the Old Scheme include directors and employees of the Company and its subsidiaries. The Old Scheme was terminated on 16 September 2011. The outstanding options granted shall continue to be valid and exercisable after the termination of the Old Scheme.

At the annual general meeting of the Company held on 16 September 2011, the shareholders of the Company approved the adoption of a new share option scheme (the "New Scheme") and the termination of the Old Scheme. The purpose of the New Scheme is to provide the Company with a flexible and effective means of incentivizing, rewarding, remunerating, compensating and/or providing benefits to the Participants. There appears to be no material difference between the terms of the Old Scheme and New Scheme, other than the scope of participants which, under the New Scheme, is more specific than that covered under the Old Scheme. The New Scheme covers any employee (full time and part time) holding salaries, consultants, agents, contractors, consumers and suppliers as the Board in its sole discretion considers eligible. Moreover, in relation to the various circumstances under which an Option will lapse, e.g. death and termination of employment, the periods following such circumstances during which an option-holder may exercise their options are different under the two schemes.

36. EQUITY-SETTLED SHARE-BASED TRANSACTIONS *(continued)*

The exercise price, vesting period, the exercisable period and the number of Shares subject to each option will be determined by the Board at the time of grant. No option was granted by the Company under the New Scheme since its adoption to the date of this report.

The maximum number of unexercised share options currently permitted to be granted under the New Scheme is an amount equivalent, upon their exercise, to 30% of the shares of the Company in issue at any time. The maximum number of shares issuable under share options to each eligible participant in the New Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

Share options granted to a director or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors of the Company. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time and with an aggregate value (based on the price of the Company's shares at the date of the grant) in excess of HK$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options may be accepted within the date specified in the offer, upon payment of a nominal consideration of HK$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors of the Company, and commences after a certain vesting period and ends on a date which is not later than 10 years from the date of the grant of the share options or the expiry date of the New SO Scheme, if earlier.

On 30 November 2011, a special resolution was passed at a special general meeting to approve the Capital Reorganisation effective on 1 December 2011. The exercise prices and the number of shares which may be issued upon exercise of share options granted have been adjusted subsequent to the implementation of the Share Consolidation and Capital Reduction.

On 27 March 2007, a total of 9,255,000 share options were granted to the directors and employees of the Group at a cash consideration of HK$1 per grantee which entitle the grantees to subscribe for new ordinary shares of the Company at an exercise price of HK$19.60 per share. The option shall be vested in the following manner:

Starting from	1 April 2007	Not more than 40%
	2 April 2007 to 1 April 2008	Not more than 70%
	2 April 2008 to 1 April 2009	The outstanding balance

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36. EQUITY-SETTLED SHARE-BASED TRANSACTIONS *(continued)*

On 2 October 2007, a total of 450,000 shares options were granted to the directors of the Group at a cash consideration of HK$1 per grantee which entitle the grantees to subscribe for new ordinary shares of the Company at an exercise price of HK$52.20 per share. The option shall be vested in the following manner:

Starting from	3 October 2007	Not more than 40%
	4 October 2007 to 3 October 2008	Not more than 70%
	4 October 2008 to 3 October 2009	The outstanding balance

On 30 September 2008, a total of 7,450,000 shares options were granted to the directors and employees of the Group at a cash consideration of HK$1 per grantee which entitle the grantees to subscribe for new ordinary shares of the Company at an exercise price of HK$7.80 per share. The option shall be exercisable in the following manner:

Starting from	30 September 2008	100%

On 30 October 2008, a total of 600,000 shares options were granted to the employees of the Group at a cash consideration of HK$1 per grantee which entitle the grantees to subscribe for new ordinary shares of the Company at an exercise price of HK$4.84 per share. The option shall be vested in the following manner:

Starting from	30 October 2008	Not more than 40%
	1 November 2008 to 30 October 2009	Not more than 70%
	1 November 2009 to 30 October 2010	The outstanding balance

On 23 January 2009, a total of 1,000,000 shares options were granted to the directors of the Group at a cash consideration of HK$1 per grantee which entitle the grantees to subscribe for new ordinary shares of the Company at an exercise price of HK$5.72 per share. The option shall be vested in the following manner:

Starting from	23 January 2009	Not more than 40%
	24 January 2009 to 23 January 2010	Not more than 70%
	24 January 2010 to 23 January 2011	The outstanding balance

On 9 February 2009, a total of 15,330,000 shares options were granted to the directors and employees of the Group at a cash consideration of HK$1 per grantee which entitle the grantees to subscribe for new ordinary shares of the Company at an exercise price of HK$5.90 per share. The option shall be vested in the following manner:

Starting from	10 February 2009	Not more than 40%
	11 February 2009 to 10 February 2010	Not more than 70%
	11 February 2010 to 10 February 2011	The outstanding balance

36. EQUITY-SETTLED SHARE-BASED TRANSACTIONS *(continued)*

On 2 March 2010, a total of 32,905,000 shares options were granted to the directors, consultants and employees of the Group at a cash consideration of HK$1 per grantee which entitle the grantees to subscribe for new ordinary shares of the Company at an exercise price of HK$5.80 per share. The option shall be vested in the following manner:

For director

Starting from	2 March 2010	100%

For employee and consultants

Starting from	2 March 2010	Not more than 42%
	3 March 2010 to 2 March 2011	The outstanding balance

(a) The terms and conditions of the share options that existed at 31 March 2014 and 2013 are as follows:

Date of grant	Vesting period	Exercise period	Contractual exercise price	Contractual life of options	Number of options 2014	2013
Options granted to ex-directors:						
27 March 2007	2 years from the date of grant	1 April 2007 to 31 March 2017	HK$19.60	10 years	**300,000**	300,000
30 September 2008	Immediately	30 September 2008 to 29 September 2018	HK$7.80	10 years	**300,000**	300,000
9 February 2009	2 years from the date of grant	9 February 2009 to 8 February 2019	HK$5.90	10 years	**500,000**	500,000
Options granted to employees and consultants:						
27 March 2007	2 years from the date of grant	1 April 2007 to 31 March 2017	HK$19.60	10 years	**1,030,000**	1,030,000
2 October 2007	2 years from the date of grant	3 October 2007 to 2 October 2017	HK$52.20	10 years	**300,000**	300,000
30 September 2008	Immediately	30 September 2008 to 29 September 2018	HK$7.80	10 years	**5,150,000**	5,150,000
30 October 2008	2 years from the date of grant	30 October 2008 to 29 October 2018	HK$4.84	10 years	**500,000**	500,000
23 January 2009	2 years from the date of grant	23 January 2009 to 22 January 2019	HK$5.72	10 years	**1,000,000**	1,000,000
9 February 2009	2 years from the date of grant	9 February 2009 to 8 February 2019	HK$5.90	10 years	**5,680,000**	5,680,000
					14,760,000	14,760,000

At the end of reporting period, the Company had 14,760,000 share options outstanding under the Scheme, which represented approximately 2% of the Company's shares in issue as at that date. The exercise in full of the remaining share options would, under the present capital structure of the Company, result in the issue of 14,760,000 additional ordinary shares of the Company and additional share capital of HK$147,600 and share premium of HK$128,707,200 (before issue expenses).

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36. EQUITY-SETTLED SHARE-BASED TRANSACTIONS *(continued)*

(b) The number and weighted average exercise prices of share options are as follows:

	2014		2013	
	Weighted average exercise price HK$	Number of options	Weighted average exercise price HK$	Number of options
Outstanding at beginning of year	**8.73**	**14,760,000**	6.79	43,720,000
Forfeited during the year	**N/A**	**–**	5.80	(28,960,000)
Outstanding at end of year	**8.73**	**14,760,000**	8.73	14,760,000
Exercisable at end of year	**8.73**	**14,760,000**	8.73	14,760,000

The exercise price of the share options is determinable by the directors of the Company, but may not be less than the highest of: (i) the closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheet on the date of the offer of grant, which must be a trading day; (ii) the average closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheets for the five trading days immediately preceding the date of the offer of the grant; and (iii) the nominal value of the Company's shares.

The options outstanding at the end of the year have a weighted average remaining contractual life of 4.52 years (2013: 5.52 years).

(c) **Fair value of share options and assumptions**

There was no grant of equity-settled share options and no equity-settled share-based payment was charged to profit or loss during the years ended 31 March 2014 and 2013.

37. RESERVES

The Company

	Convertible Preference Share HK$'000 (note 35)	Share premium account HK$'000	Conversion option reserve HK$'000 (note i)	Share-based compensation reserve HK$'000 (note ii)	Investment revaluation reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 April 2012	283,858	3,284,858	69,742	92,224	–	(484,067)	3,246,615
Loss and total comprehensive income for the year	–	–	–	–	5,741	(63,960)	(58,219)
Lapse of share options	–	–	–	(41,529)	–	41,529	–
At 31 March 2013	283,858	3,284,858	69,742	50,695	5,741	(506,498)	3,188,396
Loss and total comprehensive income for the year	–	–	–	–	2,170	(1,643,332)	(1,641,162)
At 31 March 2014	283,858	3,284,858	69,742	50,695	7,911	(2,149,830)	1,547,234

Notes:

(i) Conversion option reserve represents equity portion of convertible notes issued by the Company.

(ii) Share-based compensation reserve represents the fair value of the actual or estimated number of unexercised share options granted to employees, directors and consultants of the Company recognised in accordance with the accounting policy adopted for share-based payments.

38. OTHER PAYABLES AND ACCRUALS

	The Group		The Company	
	2014 HK$'000	2013 HK$'000	**2014 HK$'000**	2013 HK$'000
Deferred income	**–**	62,183	**–**	–
Other payables and accruals	**18,236**	75,546	**7,309**	4,216
Deposits received from tenants	**17,324**	15,823	**–**	–
Accrued bank loans interest	**17,459**	29,638	**–**	–
Received in advance	**17,341**	26,979	**–**	–
Consideration payables for the acquisition of subsidiaries	**–**	49,788	**–**	29,788
Consideration payables for the acquisition of forest farms	**–**	165,286	**–**	–
	70,360	425,243	**7,309**	34,004

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39. CONVERTIBLE NOTES PAYABLE

The Company issued convertible notes with an aggregate principal amount of HK$461,676,000 as part of consideration of the acquisition of subsidiaries in February 2012. The convertible notes carry zero-coupon interest rate and have a maturity period of 5 years from the date of issue. The expiry date is 13 July 2017.

The holders are entitled to convert the convertible notes into ordinary shares of the Company at an initial conversion price of HK$3 per conversion share at any time during the period commencing from the date of issuance of the convertible notes. The conversion price is subject to adjustments upon the occurrence of, among other matters, subdivision or consolidations of shares, capitalisation issues, rights issues, issues of shares at discount of more than 20% and other dilutive events in accordance with the terms and conditions of the convertible notes.

The Company shall have the right to redeem any portion of the convertible notes outstanding at an amount equals to the principal amount of the convertible notes in its sole and absolute discretion at any time and from time to time prior to the date falling on the seventh business day prior to the maturity date by giving to the holders not less than 10 business days' prior written notice.

The holders shall have the right at any time before the date falling on the seventh business day prior to the maturity date to request the Company to redeem the whole or part of the outstanding principal amount of the convertible notes at a price equal to 100% of the amount to be redeemed, provided that the Company, having regard to the financial situation of the Group, accepts the request of the holders for early redemption.

The fair value of the convertible notes, at the initial recognition, was HK$287,919,000, comprising liability component of HK$258,280,000, conversion option component of HK$69,742,000 and early redemption option of HK$40,103,000. The conversion option component was credited to conversion option reserve and the early redemption option was recorded in derivative financial instrument under non-current assets.

39. CONVERTIBLE NOTES PAYABLE *(continued)*

The Group's and the Company's movements 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 (note 11)	32,287	–
Change in the fair value	–	20,754
At 31 March 2013	294,542	(6,890)
Imputed interest expense (note 11)	36,260	–
Change in the fair value	–	3,273
At 31 March 2014	330,802	(3,617)

The liability component was calculated by an independent valuer using discounted cash flow at an effective interest rate of 12.3% at 15 February 2012, date of completion of the acquisition of subsidiaries. The liability component carried on amortised cost basis until extinguished on conversion or redemption.

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39. CONVERTIBLE NOTES PAYABLE *(continued)*

Fair value hierarchy

The fair value measurement of the Group's and Company's derivative financial instrument at the end of each reporting period has been categorised into the three-level fair value hierarchy as defined in HKFRS 13 Fair value measurement (see note 2(a) and 51). The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique.

The Group's policy is to recognise transfers between levels of fair value hierarchy at the end of the reporting period in which they occur. There were no transfers between levels during the year.

Valuation technique and input used in Level 3 fair value measurement

The Company determined the fair value of the early redemption option based on the valuation preformed by an independent valuer using the Binomial Tree Pricing Model. The major unobservable input into the model was as follows:

	Notes	**At 31 March 2014**	At 31 March 2013
Expected volatility	(a), (b)	**66%**	64%

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) The higher the expected volatility, the higher the fair value.

During the year, a loss of HK$3,273,000 (2013: HK$20,754,000) was recognised as a change in fair value of derivative financial instrument.

40. DEFERRED TAXATION

(a) The following are the deferred tax liabilities recognised by the Group and the Company and movements thereon during the current and prior years:

	Notes	Fair value change on investment property HK$'000
At 1 April 2012		632,775
Deferred tax charged to profit or loss	12	15,837
Exchange adjustment		5,296
At 31 March 2013		653,908
Deferred tax charged to profit or loss	12	142,589
Exchange adjustment		4,307
At 31 March 2014		800,804

(b) Deferred income tax assets were recognised for tax losses carried forward to the extent that the realisation of the related tax benefit through the future taxable profits is probable. The Group has unrecognised tax losses of HK$223,066,000 (2013: HK$338,887,000) to be carried forward for offset against future taxable income which included tax losses of HK$75,939,000 (2013: HK$207,692,000) may be carried forward against future taxable income for a period of five years in accordance with the PRC tax law. The remaining tax losses may be carried forward indefinitely.

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41. 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 date, based on the receipt of goods purchased, was as follows:

	2014 **HK$'000**	2013 HK$'000
Current or less than 1 month	**4,162**	5,461
1 to 3 months	**1,315**	1,197
More than 3 months but less than 12 months	**2,965**	3,131
More than 12 months	**7,112**	18,762
	15,554	28,551

The directors consider that the carrying amount of the Group's trade payables at 31 March 2014 and 2013 approximates their fair values.

42. LONG TERM PAYABLES

	2014 **HK$'000**	2013 HK$'000
Consideration payables for acquisition of certain forest farms	**–**	71,660

The consideration payables for the acquisition of certain forest farms of the Group represent the present value of unpaid biological assets and prepaid lease payments, and their related imputed interest arisen from the discounting of such consideration payables.

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43. BANK AND OTHER BORROWINGS

	Notes	2014 HK$'000	2013 HK$'000
Bank loans — secured	(i)	**713,038**	734,885
Other loan — unsecured	(ii)	**60,539**	–
		773,577	734,885

Total current and non-current bank and other borrowings were repayable as follows:

	2014 HK$'000	2013 HK$'000
Loans repayable:		
Within one year	**41,209**	34,605
More than one year, but not exceeding two years	**120,452**	41,878
More than two years, but not exceeding five years	**289,942**	232,925
After five years	**321,974**	425,477
	773,577	734,885
Portion classified as current liabilities	**(41,209)**	(34,605)
Portion classified as non-current liabilities	**732,368**	700,280

The amounts due are based on the scheduled repayment dates in the loan agreements. The loan agreements do not contain any repayment on demand clause.

Notes:

(i) The bank loans are secured by the subsidiary's investment property with carrying value of approximately HK$4,295,700,000. As at 31 March 2014, the bank loans include loan principal amounts of HK$173,576,000 (2013: HK$181,677,300) and HK$580,669,000 (2013: HK$599,411,500) which bear interest at 7.86% (2013: 7.86%) per annum and 8.16% (2013: 8.16%) per annum respectively and are repayable by instalments up to 26 September 2020 and 29 April 2021 respectively. Mr. Guo Jiadi, a major shareholder of the Company, has granted a guarantee to a bank for the bank loan with principal amount of HK$173,576,000 (2013: HK$181,677,300), in which the guarantee is to fulfill the covenants of bank facilities if the subsidiary has breached the covenants of bank facilities.

(ii) The other loan is unsecured, interest bearing at 13% per annum and is repayable on 9 June 2015 by one-off payment.

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44. NON-CONTROLLING INTERESTS

Fujian Jiake, established on 24 September 2013 in the PRC and a 51% indirectly owned subsidiary of the Company, has material non-controlling interests ("NCI"). As set out in note 25, the registered capital is RMB216,000,000, in which RMB110,000,000 and RMB106,000,000 are attributable to Fujian Sinco and Fuzhou Gaojia Real Estate development Co., Ltd. ("Fuzhou Gaojia") respectively. Fuzhou Gaojia is beneficially owned and controlled by Mr. Guo Jiadi, a major shareholder of the Company. As at 31 March 2014, Fujian Sinco's portion is paid up fully and RMB21,200,000 was paid up by Fuzhou Gaojia. The unpaid capital of RMB84,800,000 will be settled within one year since the date of establishment according to the cooperate agreement dated 7 August 2013.

All the other subsidiaries are directly or indirectly wholly owned by the Company.

Summarised financial information in relation to Fujian Jiake, before intra-group eliminations, is presented below:

	2014 HK$'000
For the period from 24 September 2013 (date of establishment) to 31 March 2014	
Revenue	–
Loss for the period	8
Loss allocated to NCI	4
For the period from 24 September 2013 (date of establishment) to 31 March 2014	
Cash flows from operating activities	(131,256)
Cash flows from financing activities	131,299
Net cash inflows	43
As at 31 March	
Current assets	131,193
Net assets	131,193
Accumulated non-controlling interests	26,470

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45. DISPOSAL OF SUBSIDIARIES

As set out in note 14, on 28 March 2014, the Group disposed of the entire interest in the ecological forestry business, through the disposal of 100% equity interest in the Success Standard and the Sale Loan.

The net assets of the disposed group at the date of disposal were as follows:

	Net carrying value HK$'000
Biological assets	960,360
Inventories	3,480
Trade receivables	722
Other receivables, deposits and prepayments	10,150
Cash and cash equivalents	3,164
Trade payables	(18,795)
Deferred revenue	(60,295)
Other payables and accruals	(332,725)
Tax payables	(84,498)
Long term payables	(70,738)
Net assets disposed of	410,825

Gain on disposal:	HK$'000
Cash consideration received	400,000
Net assets disposed of	(410,825)
Release of translation reserve upon disposal of subsidiaries	689,230
Expenses directly attributable to the disposal	(3,721)
Non-controlling interest	66
Gain on disposal	674,750
Net cash inflow arising on disposal:	
Cash consideration	400,000
Cash and bank balances disposed of	(3,164)
	396,836

An amount of approximately HK$1,342 million due to the Group by the disposed group represented the Sale Loan and was sold to the Purchaser at the date of disposal.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2014

46. CONTINGENT LIABILITIES

At 31 March 2014 and 2013, the Company and the Group did not have any contingent liabilities.

47. LEASES

The Group leases its office properties for the year ended 31 March 2014 and office properties and nursery gardens for the year ended 31 March 2013 under operating leases arrangements. Leases for office properties are negotiated for term of two years. Leases for nursery gardens were negotiated for term of six years.

The Group as lessee

The lease payment recognised as an expenses are as follows:

	Note	**2014** **HK$'000**	2013 HK$'000
Minimum lease payments	13	**3,319**	3,004

The Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	2014 **HK$'000**	2013 HK$'000
Within one year	**1,974**	1,108
In the second to fifth years, inclusive	**1,600**	77
More than five years	**–**	233
	3,574	1,418

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2014

47. LEASES *(continued)*

The Group as lessor

The Group's shopping mall was leased to a number of tenants for varying terms.

	Group	
	2014	2013
	HK$'000	HK$'000
Not later than one year	**62,546**	36,445
Later than one year and not later than five years	**57,835**	24,083
Later than five years	**81,536**	54,611
	201,917	115,139

48. CAPITAL COMMITMENTS

At 31 March 2014 and 2013, the Group had the following commitments:

	2014	2013
	HK$'000	HK$'000
Capital commitments contracted but not provided for:		
Construction in progress	**–**	29,416
Leasehold improvement	**–**	422
	–	29,838

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2014

49. RELATED PARTY TRANSACTIONS

(a) Key management personnel compensation

The remuneration of directors and other members of key management personnel during the year was as follows:

	Year ended 31 March 2014 HK$'000	Year ended 31 March 2013 HK$'000
Salaries and other short-term employee benefits	**2,490**	2,467
Post-employment benefits	**15**	15
	2,505	2,482

(b) Transactions/balances with related parties

(i) During the year, interest expenses on the long term loans from related parties are HK$Nil (2013:HK$10,042,000). Amounts due from/(to) related parties are unsecured, interest free and repayable on demand.

(ii) Mr. Guo Jiadi has granted a guarantee to a bank for the bank loan with principal amount of HK$173,576,000 at 31 March 2014 (2013: HK$181,677,300), in which the guarantee is to fulfill the covenants of bank facilities if the subsidiary has breached the covenants of bank facilities.

(iii) During the year, a rental agreement for leasing a portion of a floor of the shopping mall in Fuzhou was signed between the Group and a company of which Mr. Guo Jiadi was beneficially interested in. Rental income charged for the year amounted to HK$380,000.

50. NATURAL RISK

One of the Group's business segment is ecological forestry segment. It generated revenue based on the ability to harvest wood which may be affected by unfavourable local weather conditions and natural disasters. Weather conditions such as floods, droughts, cyclones and windstorms and natural disasters such as earthquakes, fire, disease, insect infestation and pests are examples of such events. The occurrence of severe weather conditions or natural disasters may diminish the supply of trees available for harvesting in the concessions, or otherwise impede the Group's logging operations or the growth of the trees in the plantations, which in turn may have a material adverse effect on the Group's ability to produce the products in sufficient quantities and in a timely manner.

Moreover, bad weather may adversely affect the condition of the Group's transportation infrastructure, which is critical for the Group to supply timber to the Group's customers. The Group had developed a strategy for utilising different transportation modes and stockpiling, but its daily operations may be unfavourably affected by interruption of transportation due to bad weather or other reasons.

51. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY

The carrying amounts of the Group's financial assets and financial liabilities as at 31 March 2014 and 2013 are categorised as follows:

	The Group	
	2014	2013
	HK$'000	HK$'000
Financial Assets		
Investments held for trading	**94,321**	171,971
Derivative financial instrument	**3,617**	6,890
Available-for-sale investments measured at fair value	**8,066**	5,896
Loan and receivable (including cash and bank balances)	**610,365**	126,841
Financial Liabilities		
Financial liabilities measured at amortised cost	**1,182,620**	1,468,337

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2014

51. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY *(continued)*

(a) Financial instruments not measured at fair value

Financial instruments not measured at fair value include cash and cash equivalents, trade receivables, other receivables, deposits and prepayments, amounts due from related parties, trade payables, other payables and accruals, amounts due to related parties, bank and other borrowings, convertible notes payable and deferred taxation.

Due to their short term nature, the carrying value of cash and cash equivalents, trade receivables, other receivables, deposits and prepayments, trade payables, other payables and accruals and bank and other borrowings approximates fair value.

(b) Financial instruments measured at fair value

The fair value of financial assets and liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices.

The valuation technique and significant unobservable input used in determining the fair value measurement of level 3 financial instrument, as well as the relationship between key unobservable input and fair value are set out below.

Information about level 3 fair value measurements

The fair value of the derivative financial instrument is estimated using Binomial Tree Pricing Model.

Significant unobservable input	
Expected volatility	66%

The higher the expected volatility, the higher the fair value of the derivative financial instrument.

There was no change in valuation technique during the year.

The following table provides an analysis of financial instruments carried at fair value by level of fair value hierarchy:

Level 1:	Quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2:	Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
Level 3:	Inputs for the asset or liability that are not based on observable market data.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2014

51. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY

(continued)

31 March 2014

	Group			
	Level 1	**Level 2**	**Level 3**	**Total**
	HK$'000	**HK$'000**	**HK$'000**	**HK$'000**
Investments held for trading — listed	**94,321**	**–**	**–**	**94,321**
Available-for-sale investments — listed	**8,066**	**–**	**–**	**8,066**
Derivative financial instrument	**–**	**–**	**3,617**	**3,617**

31 March 2013

	Group			
	Level 1	Level 2	Level 3	Total
	HK$'000	HK$'000	HK$'000	HK$'000
Investments held for trading — listed	171,971	–	–	171,971
Available-for-sale investments — listed	5,896	–	–	5,896
Derivative financial instrument	–	–	6,890	6,890

During both years, there were no significant transfers between level measurement hierarchy.

52. EVENTS AFTER THE REPORTING PERIOD

As disclosed in the Company's announcement dated 5 June 2014, the holders of the convertible notes gave a written notice to the Company to request for redemption of the convertible notes in the aggregate principal amount of HK$400 million. The Company has agreed to redeem the convertible notes at a consideration of HK$400 million.

53. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 30 June 2014.