

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



CHINA SANDI HOLDINGS LIMITED

中國三迪控股有限公司

(incorporated in Bermuda with limited liability)

(Stock code: 00910)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2014

The board of directors (the “Board” or “Directors”) of China Sandi Holdings Limited (the “Company”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30 September 2014 (the “Period”), being the interim results of the Group for the financial year ending 31 March 2015 of the Company.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		For the six months ended 30 September	
		2014	2013
		(Unaudited)	(Unaudited)
	<i>Notes</i>	HK\$'000	HK\$'000
Continuing operations:			
Revenue	3	67,368	64,421
Fair value loss on derivative financial instrument		(1,087)	(612)
Fair value (loss)/gain on investment property		(190,017)	593,110
Other income	3	1,613	436
Other net gains/(losses)	5	49,018	(23,518)
Loss on early redemption of convertible notes		(50,907)	–
Staff costs		(4,659)	(4,074)
Depreciation of property, plant and equipment		(830)	(1,117)
Other operating expenses		(17,613)	(20,556)
Finance costs	7	(45,713)	(53,789)
		<hr/>	<hr/>
(Loss)/profit before income tax credit/(expense)	6	(192,827)	554,301
Income tax credit/(expense)	8	43,958	(149,854)
		<hr/>	<hr/>
(Loss)/profit for the period from continuing operations		(148,869)	404,447

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(Continued)

		For the six months ended	
		30 September	
		2014	2013
		(Unaudited)	(Unaudited)
	<i>Notes</i>	HK\$'000	HK\$'000
Discontinued operations:			
Loss for the period from discontinued operations	9	—	(1,279,816)
Loss for the period		(148,869)	(875,369)
Other comprehensive income, after tax, that may be reclassified subsequently to profit and loss:			
Exchange differences on translating foreign operations		36,082	113,118
Fair value gain on available-for-sale financial assets		2,965	360
Other comprehensive income for the period, after tax		39,047	113,478
Total comprehensive income for the period		(109,822)	(761,891)
Loss attributable to:			
Owners of the Company		(148,857)	(875,369)
Non-controlling interests		(12)	—
		(148,869)	(875,369)
Total comprehensive income attributable to:			
Owners of the Company		(110,151)	(761,891)
Non-controlling interests		329	—
		(109,822)	(761,891)
(Loss)/earnings per share			
	<i>11</i>		
From continuing and discontinued operations:			
— Basic and diluted		HK(13.67) cents	HK(80.40) cents
From continuing operations:			
— Basic and diluted		HK(13.67) cents	HK37.15 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		At 30 September 2014 (Unaudited) <i>HK\$'000</i>	At 31 March 2014 (Audited) <i>HK\$'000</i>
	<i>Notes</i>		
Non-current assets			
Investment property		4,161,396	4,295,700
Property, plant and equipment	12	5,398	6,118
Available-for-sale investments		11,031	8,066
Derivative financial instrument	16	180	3,617
		4,178,005	4,313,501
Total non-current assets			
Current assets			
Trade receivables	13	4,705	4,313
Other receivables, deposits and prepayments		198,307	156,882
Investments held for trading	14	140,263	94,321
Cash and cash equivalents		5,934	449,170
		349,209	704,686
Total current assets			
		4,527,214	5,018,187
Total assets			
Current liabilities			
Trade payables	18	10,421	15,554
Other payables and accruals		76,977	70,360
Amounts due to related parties	23(a)	9,373	9,668
Bank and other borrowings	19	106,856	41,209
Tax payable		3,573	3,527
		207,200	140,318
Total current liabilities			
		142,009	564,368
Net current assets			
		4,320,014	4,877,869
Total assets less current liabilities			

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Continued)

		At 30 September 2014 (Unaudited) HK\$'000	At 31 March 2014 (Audited) HK\$'000
	<i>Notes</i>		
Non-current liabilities			
Convertible notes payables	16	46,878	330,802
Deferred taxation		767,178	800,804
Bank and other borrowings	19	660,435	732,368
Total non-current liabilities		1,474,491	1,863,974
Net assets		2,845,523	3,013,895
Capital and reserves attributable to owners of the Company			
Share capital	15	6,871	6,871
Convertible preference shares	15	283,858	283,858
Reserves	17	2,527,995	2,696,696
Equity attributable to owners of the Company		2,818,724	2,987,425
Non-controlling interests		26,799	26,470
Total equity		2,845,523	3,013,895

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	For the six months ended 30 September 2014						
	Share capital <i>HK\$'000</i>	Convertible preference share <i>HK\$'000</i>	Share premium and other reserves <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Attributable to owners of the Company <i>HK\$'000</i>	Non- controlling interest <i>HK\$'000</i>	Total <i>HK\$'000</i>
Balance at 1 April 2014 (Audited)	6,871	283,858	3,444,801	(748,105)	2,987,425	26,470	3,013,895
Loss for the period	-	-	-	(148,857)	(148,857)	(12)	(148,869)
Other comprehensive income	-	-	38,706	-	38,706	341	39,047
Total comprehensive income	-	-	38,706	(148,857)	(110,151)	329	(109,822)
Early redemption of convertible notes	-	-	(58,550)	-	(58,550)	-	(58,550)
Transfer upon redemption of convertible notes	-	-	(1,875)	1,875	-	-	-
Balance at 30 September 2014 (Unaudited)	<u>6,871</u>	<u>283,858</u>	<u>3,423,082</u>	<u>(895,087)</u>	<u>2,818,724</u>	<u>26,799</u>	<u>2,845,523</u>
	For the six months ended 30 September 2013						
	Share capital <i>HK\$'000</i>	Convertible preference share <i>HK\$'000</i>	Share premium and other reserves <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Attributable to owners of the Company <i>HK\$'000</i>	Non- controlling interest <i>HK\$'000</i>	Total <i>HK\$'000</i>
Balance at 1 April 2013 (Audited)	6,871	283,858	4,224,440	(446,134)	4,069,035	66	4,069,101
Loss for the period	-	-	-	(875,369)	(875,369)	-	(875,369)
Other comprehensive income	-	-	113,478	-	113,478	-	113,478
Total comprehensive income	-	-	113,478	(875,369)	(761,891)	-	(761,891)
Balance at 30 September 2013 (Unaudited)	<u>6,871</u>	<u>283,858</u>	<u>4,337,918</u>	<u>(1,321,503)</u>	<u>3,307,144</u>	<u>66</u>	<u>3,307,210</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. GENERAL

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

The principal activity of the Company is investment holding. The Group is engaged in property investment and property development.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS AND ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 September 2014 (the “Interim Financial statements”) have been prepared in accordance with the applicable disclosure requirements of Appendix 16 of the Rules Governing the listing of securities on The Stock Exchange of Hong Kong Limited and the Hong Kong Accounting standard (the “HKAs”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

The Interim Financial statements have been prepared under the historical cost basis except for investment property and certain financial instruments which are measured at fair value.

The accounting policies adopted for preparation of the Interim Financial statements are consistent with those applied in the preparation of the annual financial statements of the Group for the year ended 31 March 2014 (the “Annual Financial statements”), except for the adoption of the new and revised Hong Kong Financial Reporting standards (the “HKFRSs”) (which in collective term includes all applicable HKFRSs, Hong Kong Accounting standards (the “HKASs”) and Interpretations) issued by the HKICPA as disclosed in note 2 to these Interim Financial statements.

In addition, in the current interim period, the Group has applied, for the first time, the following new and revised Hong Kong Financial Reporting standards (“new or revised HKFRSs”) issued by the HKICPA, which are effective for the Interim Financial Statements.

Amendments to HKAS 32	Offsetting Financial Assets and Financial liabilities
Amendments to HKFRs 10, HKFRs 12 and HKAs 27 (2011)	Investment Entities
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting
Amendments to HKAS 36	Recoverable Amount disclosures for Non-Financial Assets
IFRIC-Int 21	Levies

There are no other amended standards or interpretations that are effective for the first time for the accounting period beginning on or after 1 April 2014 that would be expected to have a material impact on the Group.

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

HKFRS 9 (2014)	Financial Instruments ⁵
Amendments to HKAS 19 (2011)	Defined Benefit Plans: Employee Contributions ¹
HKFRSs (Amendments)	Annual Improvements 2010–2012 Cycle ²
HKFRSs (Amendments)	Annual Improvements 2011–2013 Cycle ¹
HKFRSs (Amendments)	Annual Improvements 2012–2014 Cycle ³
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation ³
HKFRS 15	Revenue from Contracts with Customers ⁴

¹ Effective for annual periods beginning on or after 1 July 2014

² Effective for annual periods beginning, or transactions occurring, on or after 1 July 2014

³ Effective for annual periods beginning on or after 1 January 2016

⁴ Effective for annual periods beginning on or after 1 January 2017

⁵ Effective for annual periods beginning on or after 1 January 2018

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

3. REVENUE AND OTHER INCOME

The Group is currently engaged in property investment and property development business (2013: property investment and forestry business). Revenue and other income recognised during the period are as follows:

	For the six months ended	
	30 September	
	2014	2013
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Continuing operations:		
Revenue	67,368	64,421
Other income		
Bank interest income	551	436
Dividend income from listed investments	1,062	–
	1,613	436
	68,981	64,857
Discontinued operations:		
Other income		
Bank interest income	–	64
	–	64

4. SEGMENTAL INFORMATION

Reportable segment

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

The Group has identified three reportable segments, the business of ecological forestry operation, property investment and property development. During the period ended 30 September 2013, the ecological forestry business was presented as discontinued operations which details were set out in note 9. The ecological forestry business was disposed of on 28 March 2014. 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 period ended 30 September 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.

(a) Business Segments

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

	Continuing Operations				Discontinued Operations		Total	
	Property Investment Business		Property Development Business		Ecological Forestry Business			
	For the six months ended 30 September		For the six months ended 30 September		For the six months ended 30 September		For the six months ended 30 September	
	2014	2013	2014	2013	2014	2013	2014	2013
(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Reportable segment revenue	67,368	64,421	-	-	-	-	67,368	64,421
Reportable segment (loss)/profit	(174,997)	605,675	(25)	-	-	(1,279,816)	(175,022)	(674,141)
Interest revenue	6	436	-	-	-	64	6	500
Interest expense	(36,744)	(35,934)	-	-	-	(2,598)	(36,744)	(38,532)
Depreciation	(312)	(317)	-	-	-	(3,450)	(312)	(3,767)
Income tax credit/(expense)	43,958	(149,854)	-	-	-	-	43,958	(149,854)
Release of prepaid lease payment	-	-	-	-	-	(16,507)	-	(16,507)
Loss arising from changes in fair value less costs to sell of biological assets	-	-	-	-	-	(344,876)	-	(344,876)
Fair value (loss)/gain on investment property	(190,017)	593,110	-	-	-	-	(190,017)	593,110
Loss on measurement of disposal group at fair value less costs to sell	-	-	-	-	-	(906,067)	-	(906,067)

Assets and liabilities information

	Property Investment Business		Property Development Business		Total	
	At 30 September 2014	At 31 March 2014	At 30 September 2014	At 31 March 2014	At 30 September 2014	At 31 March 2014
	(Unaudited) HK\$'000	(Audited) HK\$'000	(Unaudited) HK\$'000	(Audited) HK\$'000	(Unaudited) HK\$'000	(Audited) HK\$'000
Segment assets	4,173,666	4,308,432	151,813	149,904	4,325,479	4,458,336
Segment liabilities	1,624,265	1,661,694	–	–	1,624,265	1,661,694

(b) Reconciliation of reportable segment revenues and profit or loss

	For the six months ended 30 September	
	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
Revenue		
Reportable segment revenue	67,368	64,421
Elimination of inter-segment revenue	–	–
Consolidated revenue	67,368	64,421
	For the six months ended 30 September	
	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
(Loss)/profit before income tax		
Reportable segment (loss)/profit	(175,022)	605,675
Segment loss before income tax from discontinued operations	–	(1,279,816)
Fair value gain/(loss) on investments held for trading	31,839	(23,518)
Net realised gain on disposal of investment held for trading	17,179	–
Unallocated corporate income	1,607	–
Loss on early redemption of convertible notes	(50,907)	–
Finance costs	(8,969)	(17,855)
Fair value loss on derivative financial instrument	(1,087)	(612)
Unallocated corporate expenses	(7,467)	(9,389)
Consolidated loss before income tax	(192,827)	(725,515)

(c) Geographical information

During the periods ended 30 September 2014 and 2013, the Group's major operations and assets are situated in the PRC in which all of its revenue was derived.

(d) Major customers

During the periods ended 30 September 2014 and 2013, no customer contributed revenue to more than 10% of the Group's revenue.

5. OTHER NET GAINS/(LOSSES)

	For the six months ended 30 September	
	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
Continuing operations:		
Fair value gain/(loss) on investments held for trading	31,839	(23,518)
Net realised gain on disposal of investments held for trading	17,179	–
	<u>49,018</u>	<u>(23,518)</u>
Discontinued operations:		
Others	–	1,852
	<u>–</u>	<u>1,852</u>

6. (LOSS)/PROFIT BEFORE INCOME TAX CREDIT/(EXPENSE)

The Group's (loss)/profit before income tax credit/(expense) is arrived at after charging:

	For the six months ended 30 September	
	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
Continuing operations:		
Auditor's remuneration	90	–
Minimum lease payments under operating leases on leasehold properties	960	1,074
Staff costs:		
Basic salaries and allowances	4,446	3,888
Retirement benefits scheme contribution	213	186
	<u>5,709</u>	<u>5,148</u>
Discontinued operations:		
Auditor's remuneration	–	725
Minimum lease payments under operating leases on leasehold properties	–	421
Staff costs:		
Basic salaries and allowances	–	2,876
Retirement benefits scheme contribution	–	5
	<u>–</u>	<u>3,027</u>

7. FINANCE COSTS

	For the six months ended 30 September	
	2014	2013
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Continuing operations:		
Imputed interest on convertible notes	8,969	17,855
Interest on bank and other borrowings	<u>36,744</u>	<u>35,934</u>
	<u><u>45,713</u></u>	<u><u>53,789</u></u>
Discontinued operations:		
Imputed interest arising from the discounting of the consideration payables for the acquisitions of certain forest farms	<u>-</u>	<u>2,598</u>

8. INCOME TAX (CREDIT)/EXPENSE

	For the six months ended 30 September	
	2014	2013
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Continuing operations:		
PRC enterprise income tax — deferred tax (credit)/expense	<u>(43,958)</u>	<u>149,854</u>

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

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

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

Pursuant to the Implementation Rules, Wan Fu Chun Forest Resources Development Company Limited ("WFC"), a wholly-owned subsidiary of the Group should be entitled to full exemption from the PRC enterprise income tax as it was 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 period ended 30 September 2013.

Yunnan Shenyu New Energy Company Limited ("Yunnan Shenyu"), a wholly owned subsidiary of the Group, was also operating in forestry business during the period ended 30 September 2013. Pursuant to the approval obtained from the relevant PRC tax authority, Yunnan Shenyu was 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 ended 30 September 2013.

Both WFC and Yunnan Shenyu were disposed of on 28 March 2014.

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

9. DISCONTINUED OPERATIONS

On 27 September 2013 and 25 October 2013, the Company entered into a sale and purchase (the “Agreement”) and a supplemental agreement 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, a wholly-owned subsidiary of the Company, which holds the entire ecological forestry business of the Group at HK\$399,999,900 and (ii) a sale loan at HK\$100, at a total 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 six months ended 30 September 2013 were as follows:

	<i>Notes</i>	30 September 2013 (Unaudited) <i>HK\$'000</i>
Loss arising from changes in fair values less costs to sell of biological assets		(344,876)
Other income	3	64
Other gains and losses	5	1,852
Staff cost		(2,881)
Other operating expenses		(5,353)
Finance costs	7	(2,598)
Depreciation of property, plant and equipment		(3,450)
Release of prepaid lease payment		<u>(16,507)</u>
Loss before income tax credit	6	(373,749)
Income tax credit		<u>–</u>
Loss after income tax credit		(373,749)
Loss on measurement of disposal group at fair value less costs to sell		<u>(906,067)</u>
Loss for the period from discontinued operations		<u><u>(1,279,816)</u></u>

Loss for the period from discontinued operations has not taken into account an impairment of approximately HK\$253,580,000 which represents the required impairment exceeds the carrying value of the non-current assets within the scope of the measurement rules under HKFRS 5 as at 30 September 2013.

The net cash flows of the discontinued operations for the six months ended 30 September 2013 were as follows:

	30 September 2013 (Unaudited) <i>HK\$'000</i>
Net cash outflows from operating activities	(12,543)
Net cash outflows from investing activities	<u>(8,760)</u>
Net cash flows incurred by the discontinued operations	<u><u>(21,303)</u></u>

10. LOSS FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY AND DIVIDEND

The loss for the period attributable to owners of the Company for the period ended 30 September 2014 dealt with in the financial statements of the Company was loss of approximately HK\$67,628,000 (for the six months ended 30 September 2013: HK\$27,560,000).

No dividend was paid or proposed during the period ended 30 September 2014 (for the six months ended 30 September 2013: Nil), nor has any dividend been proposed since 30 September 2014.

11. (LOSS)/EARNINGS PER SHARE

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

For continuing and discontinued operations:

	For the six months ended 30 September	
	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
Loss attributable to owners of the Company		
Loss for the purpose of basic earnings per share	(148,857)	(875,369)
Effect of dilutive potential ordinary shares:		
Share options	—	—
Convertible notes	—	—
	<u>(148,857)</u>	<u>(875,369)</u>
Loss for the purpose of diluted loss per share calculation	<u>(148,857)</u>	<u>(875,369)</u>
	For the six months ended 30 September	
	2014 (Unaudited) Number of shares '000	2013 (Unaudited) '000
Weighted average number of ordinary shares and convertible preference shares for the purposes of basic loss per share	1,088,719	1,088,719
Effect of dilutive potential ordinary shares:		
Share options	—	—
Convertible notes	—	—
	<u>1,088,719</u>	<u>1,088,719</u>
Weighted average number of ordinary shares and convertible preference shares for the purposes of diluted loss per share	<u>1,088,719</u>	<u>1,088,719</u>

For continuing operations:

	For the six months ended	
	30 September	
	2014	2013
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Loss for the period attributable to owners of the Company	(148,857)	(875,369)
Less: Loss for the period from discontinued operations	<u>–</u>	<u>(1,279,816)</u>
(Loss)/earnings for the purposes of basic earnings per share from continuing operations	(148,857)	404,477
Effect of dilutive potential ordinary shares:		
Share options	–	–
Convertible notes	<u>–</u>	<u>–</u>
	<u>(148,857)</u>	<u>404,477</u>

For discontinued operations

For the period ended 30 September 2013, basic and diluted losses per share for the discontinued operation are HK117.55 cents per share, based on the loss for the period from the discontinued operations of HK\$1,279,816,000 and the denominators detailed above for both basic and diluted (loss)/earnings per share.

Share options:

For the period ended 30 September 2014 and 2013, the computation of diluted loss/(earnings) 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 2014 and 2013.

Convertible notes:

In calculating the diluted loss per share attributable to the owners of the Company for the period ended 30 September 2014, the adding back of imputed interest on the potential issue of shares arising from the conversion of the Company's convertible notes of HK\$9.0 million; adding back of fair value loss of HK\$1.2 million and loss on early redemption of convertible note of HK\$50.9 million are not taken into account as they would decrease the loss per share attributable to the owners of the Company and have an anti-dilutive effect.

12. PROPERTY, PLANT AND EQUIPMENT

During the period, additions of property, plant and equipment amounted to approximately HK\$76,000 (for the six months ended 30 September 2013: HK\$1,061,000).

13. TRADE RECEIVABLES

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. The ageing analysis of the trade receivables as at the end of reporting period, based on the date of revenue recognition, is as follows:

	At 30 September 2014 (Unaudited) <i>HK\$'000</i>	At 31 March 2014 (Audited) <i>HK\$'000</i>
0–90 days	<u>4,705</u>	<u>4,313</u>

14. INVESTMENTS HELD FOR TRADING

	At 30 September 2014 (Unaudited) <i>HK\$'000</i>	At 31 March 2014 (Audited) <i>HK\$'000</i>
Equity securities listed in Hong Kong, at fair value	109,254	94,321
Debt securities, at fair value	<u>31,009</u>	<u>–</u>
	<u>140,263</u>	<u>94,321</u>

15. SHARE CAPITAL

	Number of shares '000	Amount <i>HK\$'000</i>
Authorised:		
As at 31 March 2014 and 30 September 2014, ordinary shares of HK\$0.01 each	200,000,000	2,000,000
As at 31 March 2014 and 30 September 2014, convertible preference shares of HK\$0.01 each	<u>602,000</u>	<u>6,020</u>
	Ordinary share	
	Number of shares '000	Amount <i>HK\$'000</i>
Issued and fully paid:		
As at 31 March 2014 and 30 September 2014, ordinary shares of HK\$0.01 each	<u>687,053</u>	<u>6,871</u>

	Convertible preference share Number of shares '000	Amount HK\$'000
--	---	----------------------------

Issued and fully paid:

As at 31 March 2014 and 30 September 2014,
convertible preference shares of HK\$0.01 each

401,667	283,858
---------	---------

16. CONVERTIBLE NOTES PAYABLE

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

	Liability component HK\$'000	Derivative financial instrument HK\$'000
At 1 April 2014	330,802	(3,617)
Imputed interest expense (i)	8,969	–
Change in fair value	–	1,087
Early redemption of convertible notes (ii)	(292,893)	2,350
	<u>46,878</u>	<u>(180)</u>
At 30 September 2014	<u>46,878</u>	<u>(180)</u>

(i) The liability component is calculated 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.

(ii) On 6 June 2014, the Company early redeemed convertible notes with principal amount of HK\$400,000,000 held by two noteholders, Deluxe Pacific Limited and Acelead Limited, representing approximately 86.64% of the outstanding principal amount of the convertible notes at the date of the redemption. Both noteholders were beneficially owned by Mr. Guo Jiadi, the major shareholder of the Company. As a result of the redemption, the liability component of the convertible notes was re-measured at its fair value at the date of the redemption and compared to the carrying amount of the convertible notes. A loss of approximately HK\$50,907,000 was recognised in the profit or loss.

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

	At 30 September 2014	At 31 March 2014
Expected volatility (<i>Note a & b</i>)	<u>56%</u>	<u>66%</u>

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 period, loss of HK\$1,087,000 (for the period ended 30 September 2013: HK\$612,000) was recognised as a change in fair value of derivative financial instrument.

17. RESERVES

	Share premium account <i>HK\$'000</i>	Share- based compensation reserve <i>HK\$'000</i>	Investment revaluation reserve <i>HK\$'000</i>	Capital reserve <i>HK\$'000</i>	Exchange fluctuation reserve <i>HK\$'000</i>	Conversion option reserve <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Total <i>HK\$'000</i>
Balance at 1 April 2014 (Audited)	3,284,858	50,695	7,911	4,922	26,673	69,742	(748,105)	2,696,696
Loss for the period	-	-	-	-	-	-	(148,857)	(148,857)
Other comprehensive income	-	-	2,965	-	35,741	-	-	38,706
Total comprehensive income	-	-	2,965	-	35,741	-	(148,857)	(110,151)
Early redemption of convertible notes	-	-	-	-	-	(58,550)	-	(58,550)
Transfer upon redemption of convertible notes	-	-	-	-	-	(1,875)	1,875	-
Balance at 30 September 2014 (Unaudited)	<u>3,284,858</u>	<u>50,695</u>	<u>10,876</u>	<u>4,922</u>	<u>62,414</u>	<u>9,317</u>	<u>(895,087)</u>	<u>2,527,995</u>

18. TRADE PAYABLES

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

	At 30 September 2014 (Unaudited) <i>HK\$'000</i>	At 31 March 2014 (Audited) <i>HK\$'000</i>
Current or less than 1 month	28	4,162
1 to 3 months	456	1,315
More than 3 months but less than 12 months	3,696	2,965
More than 12 months	6,241	7,112
	<u>10,421</u>	<u>15,554</u>

19. BANK AND OTHER BORROWINGS

	At 30 September 2014 (Unaudited) HK\$'000	At 31 March 2014 (Audited) HK\$'000
Bank loans — secured	705,970	713,038
Other loan — secured	61,321	60,539
	<u>767,291</u>	<u>773,577</u>

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

	At 30 September 2014 (Audited) HK\$'000	At 31 March 2014 (Unaudited) HK\$'000
Within one year	106,856	41,209
More than one year, but not exceeding two years	87,261	120,452
More than two years, but not exceeding five years	316,201	289,942
After five years	256,973	321,974
	<u>767,291</u>	<u>773,577</u>
Portion classified as current liabilities	<u>(106,856)</u>	<u>(41,209)</u>
Portion classified as non-current liabilities	<u>660,435</u>	<u>732,368</u>

- (i) The bank loans are secured by the subsidiary's investment property with carrying value of approximately HK\$4,161,396,000 (as at 31 March 2014: HK\$4,295,700,000). The bank loans include loan principal amounts of HK\$169,492,000 and HK\$575,512,000 which bear interest at 7.86% per annum and 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\$169,492,000 (as at 31 March 2014: HK\$173,576,000), 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.

20. CAPITAL COMMITMENTS

As at 30 September 2014 and 31 March 2014, the Group did not have any significant capital commitment.

21. LEASES

As at 30 September 2014 and 31 March 2014, the Group leases its office properties under operating leases arrangements. Leases for properties are negotiated for terms for one to two years.

The Group as lessee

At 30 September 2014 and 31 March 2014, the Group had total future minimum lease payments under non-cancellable operating leases in respect of the Group falling due as follows:

	At 30 September 2014 (Unaudited) <i>HK\$'000</i>	At 31 March 2014 (Audited) <i>HK\$'000</i>
Within one year	1,938	1,974
In the second to fifth years, inclusive	<u>640</u>	<u>1,600</u>
	<u><u>2,578</u></u>	<u><u>3,574</u></u>

The Group as lessor

As at 30 September 2014 and 31 March 2014, the Group's total future minimum lease payments receivable under non-cancellable operating leases are as follows:

	At 30 September 2014 (Unaudited) <i>HK\$'000</i>	At 31 March 2014 (Audited) <i>HK\$'000</i>
Within one year	121,998	62,546
In the second to fifth years, inclusive	55,857	57,835
More than five years	<u>48,913</u>	<u>81,536</u>
	<u><u>226,768</u></u>	<u><u>201,917</u></u>

22. CONTINGENT LIABILITIES

As at 30 September 2014 and 31 March 2014, the Company and the Group did not have contingent liabilities.

23. RELATED PARTY BALANCES AND TRANSACTIONS

Save as disclosed elsewhere in this financial statement, the Group has the following balances and transactions with related parties:

- (a) Amounts due to related parties are unsecured, interest free and repayable on demand.
- (b) Mr. Guo Jiadi has granted a guarantee to a bank for the bank loan with principal amount of HK\$169,492,000 (as at 31 March 2014: HK\$173,576,000), in which the guarantee is to fulfill the covenants of bank facilities if the subsidiary has breached the covenants of bank facilities.
- (c) On 30 July 2014, the Company's indirect wholly-owned subsidiary, Fujian Sinco Industrial Co., Ltd. ("Fujian Sinco"), and Fuzhou Gaojia Real Estate Development Co., Ltd. ("Fuzhou Gaojia") has entered into a supplemental agreement (the "Supplemental Agreement") to supplement the agreement between Fujian Sinco and Fuzhou Gaojia dated 7 August 2013 to form a company, Fujian Jiake Industrial Co., Ltd. ("Fujian Jiake"). The Supplemental Agreement is to amend the capital contribution schedule for Fujian Jiake, which was effective on 24 September 2014. In addition, it is agreed that Fuzhou Gaojia shall pay a fee to Fujian Jiake on any outstanding amount of the capital contribution due from it to Fujian Jiake at a rate of 6% per annum from time to time and shall be payable on a quarterly basis. The fee shall be calculated from 25 September 2014. For details, please refer to the Company's announcements dated 30 July 2014 and 24 September 2014.
- (d) During the year ended 31 March 2014, 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 period amounted to HK\$455,000 (for the period ended 30 September 2013: HK\$Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL HIGHLIGHTS

For the six months period ended 30 September 2014, the Group recorded a turnover of approximately HK\$67.4 million, representing an increase of 4.6% compared with the six months ended 30 September 2013 (the “period ended 30 September 2013”). The Group’s loss attributable to shareholders was approximately HK\$148.9 million, and its basic loss per share for the period was HK13.67 cents (for the period ended 30 September 2013: loss of HK\$875.4 million, representing a loss per share of HK80.4 cents).

DIVIDEND

The Board does not recommend any interim dividend for the six months period ended 30 September 2014.

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. Apart from the fair value loss on investment property which is non-cash in nature, the property investment business continued to contribute profit to the Group for the period under review.

On 7 August 2013, Fujian Sinco Industrial Co., Ltd. (“Fujian Sinco”) entered into a joint venture agreement with Fuzhou Gaojia Real Estate Development Co. Ltd. (“Fuzhou Gaojia”), 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 “JV Agreement”). The aforesaid joint venture, namely Fujian Jiake Industrial Company Limited (“Fujian Jiake”) has been established and the Group started to involve in property development business. The Board considers this business segment is one of the Group’s current and continuing business activities.

As the Company understood from the reconstruction office of the project that it shall take longer time for the relevant governmental departments to complete the relocation of the existing tenants in the parcel of land in Xi’an, on 30 July 2014, Fujian Sinco and Fuzhou Gaojia signed a supplemental agreement to amend certain terms of the JV Agreement in order to cope with this. The Board expects that the Transfer Notice will not be published by 31 October 2014, the original expected publication date of the Transfer Notice, and estimates that such relocation will be completed by no later than 31 October 2015.

Nevertheless, the effect of the delay of the land bidding is considered to be temporary and the Company’s strategy to enter into the property development business in the PRC remains unchanged.

The property investment business

The Group is optimistic about 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 six months period ended 30 September 2014, the property investment business had recorded approximately HK\$67.4 million rental income and management fee income. The plaza had an occupancy rate of approximately 86.3%.

The property development business

Through the signing of the Joint Venture Agreement on 7 August 2013 and as supplemented by the supplementary agreement dated 30 July 2014, the Group will participate in the land bidding for a parcel of land in Xi'an, the PRC for property development together with Fuzhou Gaojia. The Board expects that the Transfer Notice for such land bidding will be published by no later than 31 October 2015.

PROSPECTS

The Group regards property investment and property development as its core businesses. 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 the future capital requirements from the property development business.

OPERATING RESULTS AND FINANCIAL REVIEW

Revenue

Revenue during the six months period ended 30 September 2014 mainly represents rental income and management fee income received from a home improvement plaza in Fuzhou City of the PRC.

Fair value loss on investment property

The fair value loss of investment property represents the decrease in fair value of a home improvement plaza recognised during the six months period ended 30 September 2014.

Other net gains or losses

Other net gains in the six months period ended 30 September 2014 represents fair value gain on investments held for trading of HK\$31.8 million and net realized gain on disposal of investments held for trading of HK\$17.2 million. For the period ended 30 September 2013, the Group recorded fair value loss on investments held for trading of approximately HK\$23.5 million.

Loss on early redemption of convertible notes

The loss on early redemption of the convertible notes represent the loss arising from the early redemption of HK\$400,000,000 convertible notes on 6 June 2014.

Finance costs

Finance costs mainly represent imputed interest on convertible notes, bank interest expenses on bank loan and interest on borrowings from a financial institute. The decrease in the finance costs mainly due to the reduction in the imputed interest on convertible notes as a result of early redemption of part of these convertible notes during the period.

Income tax expense

The decrease in income tax expense mainly represents the corresponding deferred tax credit recognized on the decrease in fair value of the investment property during the six months period ended 30 September 2014.

Convertible notes payables

The decrease in convertible notes payables represents the reduction of the corresponding liability component for the early redemption of convertible notes in the principle amount of HK\$400 million on 6 June 2014.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 30 September 2014, the Group's cash and bank balances, which were principally Renminbi and Hong Kong dollar denominated, amounted to approximately a total of HK\$5.9 million. The Group was not exposed to any substantial risk in foreign exchange fluctuations. In general, the Group mainly used its Renminbi income receipt for operating expenses in China and did not use any financial instruments for hedging purpose.

As at 30 September 2014, the Group had bank and other borrowings amounted to HK\$767.3 million and therefore, the Group's gearing ratio is 28.7%, measured on the basis of total borrowings less cash and cash equivalents, and the sum of which as a percentage of total shareholders' funds (as at 31 March 2014: 21.9%).

The Group's currently available liquidity resources are sufficient to meet its capital commitments. As at 30 September 2014, the Group's net current assets amounted to approximately HK\$142.0 million (as at 31 March 2014: net current assets of HK\$564.4 million). The Group's current ratio, being the percentage of its current assets in its current liabilities, amounted to 168.5% (as at 31 March 2014: 502.2%).

As at 30 September 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.

CHARGE ON THE GROUP'S ASSETS

As at 30 September 2014, investment property with respective fair value of approximately HK\$4,161 million were pledged to secure bank loans of a subsidiary of the Group.

CONTINGENT LIABILITIES

As at 30 September 2014, the Group did not have any material contingent liabilities (as at 31 March 2014: NIL).

CAPITAL COMMITMENTS

As at 30 September 2014, the Group did not have any material capital commitments (as at 31 March 2014: NIL).

EXPOSURE TO FLUCTUATION IN EXCHANGE RATE

The majority of the Group's transactions and borrowings are denominated in Hong Kong dollars 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 30 September 2014, the Group employed a total of approximately 17 employees of which 3 were employed in Hong Kong. In addition to competitive remuneration package offered to the employees, other benefits included contributions to mandatory provident fund, as well as group medical and accident insurance. On-going training sessions were also conducted to enhance the competitiveness of the Group's human assets. The Company also maintains a share option scheme, pursuant to which share options may be granted to the directors, executives and employees of the Company to provide them with incentives in the growth of the Group.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for securities Transactions by directors of Listed Issuers as set out in Appendix 10 of the Listing Rules (the "Model Code") in respect of the securities dealing by the directors. The Company has made specific enquiry of all directors in respect of the securities dealing by the directors and is not aware of any non-compliance with the Model Code during the six months ended 30 September 2014.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES BY THE COMPANY

There was no purchase, redemption or sale of shares of the Company by the Company or its subsidiaries during the six months ended 30 September 2014.

EARLY REDEMPTION OF CONVERTIBLE NOTES

On 5 June 2014, Deluxe Pacific Limited (“Deluxe Pacific”) and Acelead Limited (“Acelead”), the holders of the convertible notes issued on 13 July 2012 (the “Convertible Notes”), requested for the early redemption of the Convertible Notes in the principal amount of HK\$320,000,000 and HK\$80,000,000, respectively, pursuant to the exercise of the respective early redemption rights of Deluxe Pacific and Acelead under the terms and conditions of the Convertible Notes.

In accordance with the terms and conditions of the Convertible Notes, the Company has redeemed the Convertible Notes subject to the Early Redemption at 100% of their principal amounts, totaling HK\$400,000,000.

DIRECTORS’ INTERESTS IN A COMPETING BUSINESS

During the period and up to the date of this announcement, no directors 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 were appointed as directors to represent the interest of the Company and/or the Group.

CORPORATE GOVERNANCE

For the period ended 30 September 2014, the Company has complied with the code provisions (“Code Provisions”) set out in the Code on Corporate Governance Practices (the “CG Code”) under Appendix 14 of the Rules (the “Listing Rules”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) 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 emphasis 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 CG Code throughout the period except for the following deviation:

Code Provision A.2.1

Up to the date of this announcement, no individual was appointed as chairman of the Company. 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.

Audit Committee

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

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

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This announcement is published on the websites of the Company (www.chinasandi.com.hk) and the Stock Exchange (www.hkexnews.hk). The Company's 2014 interim report for the six months ended 30 September 2014 will be published on the above websites and despatched to the shareholders of the Company in due course.

APPRECIATION

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

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

Hong Kong, 21 November 2014

As at the date of this announcement, the Board comprises Mr. Chi Chi Hung, Kenneth, Ms. Zhang Jianchan and Ms. Amika Lan E Guo, being the executive Directors and Dr. Wong Yun Kuen, Mr. Chan Yee Ping, Michael, Mr. Yu Pak Yan, Peter, Mr. Zheng Jinyun and Mr. Zheng Yurui, being the independent non-executive Directors.