



CHINA SANDI HOLDINGS LIMITED
(Incorporated in Bermuda with limited liability)
Stock code: 910

2014/15

ANNUAL REPORT



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CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Mr. Guo Jiadi (Chairman)
(appointed on 12 December 2014)
Ms. Zhang Jianchan
(resigned on 5 March 2015)
Ms. Amika Lan E Guo
(appointed on 9 July 2014)
Mr. Lin Jianbin
(appointed on 5 March 2015)

NON-EXECUTIVE DIRECTOR

Mr. Chi Chi Hung, Kenneth
(re-designated on 31 January 2015)

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
(resigned on 21 October 2014)
Mr. Lam Wai Fung, Dominic
(appointed on 21 October 2014)

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 2015. The Group recorded a loss of HK\$266.5 million, representing a loss of HK24 cents per share during the year ended 31 March 2015, comparing to a loss of HK\$439.3 million for the year ended 31 March 2014 (loss of HK40 cents per share).

STATUS OF INDUSTRY DEVELOPMENT AND MARKET REVIEW

Regarding the performance of the property investment business, despite the continued competitions from other nearby properties, the property investment business has continued to provide stable rental and property management fee income to the Group. The Group will endeavor to support and advertise the property in order to generate higher profit margins and more revenue to the Group. The Group will also seek for opportunities to acquire optimal scale completed properties as investment in the future.

Moreover, the Group has also positioned property development as its core business and strategy. The Group will be focusing on projects related to hotel, elderly care related, tourism related and commercial property investment and development opportunities. In order to penetrate the property development market in a faster pace, to obtain experience and knowledge from market experts, and to reduce necessary capital requirements, the Group's strategy is to identify suitable strategic partners to co-invest in different property development projects in the People's Republic of China (the "PRC").

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 sectors, so as to provide appropriate returns to the shareholders with appropriate business risks.

The directors of the Company (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 of Directors (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.

Guo Jiadi
Chairman

Hong Kong, 23 June 2015

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL HIGHLIGHTS

During the year, the Group recorded a turnover of approximately HK\$133.0 million (2014: HK\$130.8 million), representing an increase of 1.7% compared with the year ended 31 March 2014. The Group's loss attributable to shareholders for the year ended 31 March 2015 was approximately HK\$266.5 million, representing a basic loss per share of HK24 cents (2014: loss of HK\$439.3 million, representing a basic loss per share of HK40 cents).

DIVIDEND

The Board does not recommend the payment of any final dividend for the year ended 31 March 2015 (2014: 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 provide positive operating cashflow to the Group for the period under review.

The Group has positioned property development as its core business and strategy. The Group will be focusing on projects related to hotel, elderly care related or tourism related and commercial property investment and development opportunities. On 2 April 2015, the Group signed a strategic cooperation memorandum of understanding with 上海中展實業投資有限公司 (Shanghai Zhong Zhan Industrial Investment Co., Ltd.*), an independent third party, to identify and invest in potential projects in the Eastern China. The Group will continue to identify suitable strategic partners and/or projects in other areas of the PRC for property development.

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 Industrial Co., Ltd ("Fujian Sinco"), an indirect wholly owned subsidiary of the Company, 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\$49.0 million (2014: HK\$46.7 million) and property management and related fee income of approximately HK\$84.0 million (2014: HK\$84.1 million). The plaza had an occupancy rate of approximately 82.1% which represent a decrease in the occupancy rate as compared to last year of 92.8%. The decrease in occupancy rate is a result of the adverse property market conditions and the continuous competitions from other shopping malls which posted a negative impact to the occupancy rate. Nevertheless, the Board is confident on this property investment business and believes it will continuously bring a positive and stable return to the Group in the future.

MANAGEMENT DISCUSSION AND ANALYSIS

The property development business

On 7 August 2013, Fujian Sinco entered into a joint venture agreement with Fuzhou Gaojia Real Estate Development Co. Ltd. ("Fuzhou Gaojia"), a company controlled by the Chairman and an executive Director of the Company who is also the ultimate beneficial owner of 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 "Project"), 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. Having considered the reconstruction office of the Project expected 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 entered into a supplemental agreement to amend certain terms of the JV Agreement in connection with the delay in timetable. The re-location of the existing tenants in the parcel of land in Xian is ongoing.

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 part of the future capital requirements from the property development business.

OPERATING RESULTS AND FINANCIAL REVIEW

Revenue

The sales for the year has been increased slightly despite the decrease in occupancy rate as the unexpired rental contract has mitigated such decrease.

Other net gains and losses

Other net gains and losses for the year ended 31 March 2015 mainly represents fair value gain on investments held for trading (equity and debt securities listed in Hong Kong) amounting to approximately HK\$37.5 million (2014: HK\$19.3 million), the net realised gain on the disposal of investments held for trading amounted to HK\$29.0 million (2014: loss of HK\$44.9 million).

Change in fair value of an investment property

The change in the fair value of investment property represents the depreciation of a home improvement plaza situated in Fuzhou, the PRC. Such depreciation is due to the adverse property market condition in PRC as well as the decreased occupancy rate from 92.8% to 82.1% during the year.

Loss on early redemption of convertible notes

The loss on early redemption of the convertible notes amounted to HK\$56.5 million represent the loss arising from the early redemption of convertible notes on 6 June 2014 and 26 March 2015.

MANAGEMENT DISCUSSION AND ANALYSIS

Other operating expenses

The Group's other operating expenses for the year ended 31 March 2015 in the amount of approximately HK\$33.5 million (2014: HK\$43.9 million) mainly included various administrative and selling expenses. The reason for decrease in other operating expenses is mainly due to the decrease in advertising expense from HK\$4.5 million in 2014 to HK\$2.5 million in 2015; the decrease in legal and consultancy fee from HK\$13.7 million in 2014 to HK\$4.7 million in 2015.

Finance costs

Finance costs for the year ended 31 March 2015 amounted to HK\$77.8 million (2014: HK\$110.6 million) 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 these convertible notes during the year.

Income tax credit/(expense)

Income tax credit for the year ended 31 March 2015 amounted to HK\$90.0 million (2014: income tax expense of HK\$142.6 million). 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 year.

Other receivables, deposits and prepayments

Included in other receivables, deposits and prepayment is an amount of RMB120 million paid to 西安曲江大明宮遺址區保護改造辦公室 (Xi'an Qujiang Daming Palace Heritage Area Protection And Reconstruction Office*) as earnest monies for the bidding of a parcel of land in Xi'an.

Convertible notes payables

The fair value of the liabilities component of the convertible notes payable as at 31 March 2015 amounted to HK\$Nil (31 March 2014: HK\$330.8 million). 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 and HK\$61.7 million on 26 March 2015.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 March 2015, the Group's cash and bank balances, which were principally Renminbi and Hong Kong dollar denominated, amounted to approximately a total of HK\$15.6 million (31 March 2014: 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 2015, the Group had bank and other borrowings and convertible notes payable approximately amounted to HK\$745.5 million (31 March 2014: HK\$1,104.4 million) and therefore, the Group's gearing ratio is 27.1%, 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 2014: 21.9%).

The Group's currently available liquidity resources are sufficient to meet its capital commitments. As at 31 March 2015, the Group's net current assets amounted to approximately HK\$86.9 million (31 March 2014: HK\$564.4 million). The Group's current ratio, being the percentage of its current assets in its current liabilities, amounted to 138.1% (31 March 2014: 502.2%).

As at 31 March 2015, the share capital of the Company is consisted of 687,052,446 ordinary shares of HK\$0.01 each (the "Shares") and 401,666,666 convertible preference shares of HK\$0.01 each.

MANAGEMENT DISCUSSION AND ANALYSIS

SIGNIFICANT EVENT AFTER THE END OF THE REPORTING PERIOD

On 28 April 2015, the Company entered into a placing agreement through the placing agent, to procure the placees to subscribe for the 4-year 7% coupon unlisted bonds and the 7.5-year 7% coupon unlisted bonds of up to an aggregate principal amount of HK\$100,000,000 and HK\$100,000,000, respectively, during the placing period commencing from 28 April 2015 and ending on 27 October 2015. For details, please refer to the announcement of the Company dated 28 April 2015.

On 29 April 2015, the Company entered into a placing agreement through placing agent, to place up to 137,410,000 placing shares at the placing price of HK\$0.37 per placing share. The completion of the placing in accordance with the terms and conditions of the placing agreement took place on 15 May 2015. For details, please refer to the announcements of the Company dated 29 April 2015 and 15 May 2015.

CHARGE ON THE GROUP'S ASSETS

As at 31 March 2015, investment property with respective fair value of approximately HK\$3,985.8 million (31 March 2014: HK\$4,295.7 million) were pledged to secure a subsidiary's bank loan.

CONTINGENT LIABILITIES

As at 31 March 2015 and 2014, the Group did not have any material contingent liabilities.

CAPITAL COMMITMENTS

As at 31 March 2015, the Group has capital commitments in respect of construction in progress amounted to HK\$1.2 million (2014: HK\$Nil).

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 2015, the Group employed a total of approximately 15 employees of which 2 were employed in Hong Kong. Total remuneration paid to the employees for the year ended 31 March 2015 amounted to HK\$9.3 million. 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.

* for identification purpose only.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE

During the year ended 31 March 2015 and up to the date of this report, the Company has complied with the code provisions (“Code Provisions”) set out in the Corporate Governance Code (the “CG Code”) contained in Appendix 14 of the Rules Governing the Listing of Securities (the “Listing Rules”) 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

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.

Prior to the appointment of Mr. Guo Jiadi as an executive Director and the chairman of the Board (the “Chairman”) effective on 12 December, 2014, no individual was appointed as the Chairman, Mr. Chi Chi Hung, Kenneth was the chief executive officer of the Company (the “Chief Executive Officer”) but ceased to act as the Chief Executive Officer after Mr. Chi Chi Hung, Kenneth re-designated from an executive Director to a non-executive Director which took effect from 31 January 2015. The role of the Chairman (prior to the appointment of Mr. Guo Jiadi as 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.

Since the re-designation of Mr. Chi Chi Hung, Kenneth from an executive Director to a non-executive Director, no individual was appointed as the Chief Executive Officer. The day-to-day management of the Group’s business is monitored by the executive Directors and senior management.

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 9 Directors, whose biographical details and their relationships are set out in the “Biographical Details of the Directors of the Company and Senior Management of the Group” on pages 25 to 29 of the Report of the Directors. There are 3 executive Directors, namely Mr. Guo Jiadi, Ms. Amika Lan E Guo and Mr. Lin Jianbin; 1 non-executive Director, namely Mr. Chi Chi Hung, Kenneth; 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 2015. 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, non-executive Director and the independent non-executive Directors is 3 years. The existing Bye-laws of the Company provide that at each annual general meeting (the “AGM”), 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 AGM 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 as set out in Appendix 10 of the Listing Rules (the “Model Code”) as the code of conduct 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 all Directors have confirmed that they have complied with the Model Code during the year ended 31 March 2015.

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.

CORPORATE GOVERNANCE REPORT

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

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 2015 and interim results for the six months ended 30 September 2014 have been reviewed by the Audit Committee chaired by Mr. Chan Yee Ping, Michael.

During the year ended 31 March 2015, 2 meetings had been held by the Audit Committee. Attendance of each member at the Audit Committee meeting is set out in the table under the section headed "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 2015.

Services Rendered	Remuneration Paid/Payable
Audit services	400,000
Non-audit services	90,000
	<hr/>
	490,000

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 2015.

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 AGM 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 6 meetings during the year ended 31 March 2015. Attendance of each member at the Nomination Committee meeting is set out in the table under the section headed "Meeting Attendance" of this report.

CORPORATE GOVERNANCE 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.

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 2015. 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.

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)

CORPORATE GOVERNANCE REPORT

REMUNERATION COMMITTEE *(continued)*

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 new share option scheme adopted by the shareholders of the Company in November 2011. The remuneration packages of the executive Directors will be proposed by the Chairman 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 AGM.

The Remuneration Committee held 5 meetings during the year ended 31 March 2015. Attendance of each member at the Remuneration Committee meeting is set out in the table under the section headed "Meeting Attendance" of this report.

Summary of work

During the year, the Remuneration Committee reviewed the existing remuneration policy and structure of the Company and 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.

CORPORATE GOVERNANCE REPORT

REMUNERATION COMMITTEE *(continued)*

Summary of work *(continued)*

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 2015 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 2015 are set out in the note 18 to the financial statements.

MEETING ATTENDANCE

During the year ended 31 March 2015, 11 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 at the board meetings, board committee meetings and general meetings of the Company, on a named basis, during the year ended 31 March 2015 is set out in the table below.

	Number of meetings attended/ Number of meetings held during the Directors' tenure of office				
		Remuneration	Nomination	Audit	
	Board Meetings	Committee Meetings	Committee Meetings	Committee Meetings	General Meetings
Mr. Guo Jiadi (note (a))	4/4	N/A	N/A	N/A	0/0
Ms. Amika Lan E Guo (note (a))	9/9	N/A	N/A	N/A	2/2
Mr. Lin Jianbin (note (a))	2/2	N/A	N/A	N/A	0/0
Ms. Zhang Jianchan (note (b))	10/10	N/A	N/A	N/A	0/2
Mr. Chi Chi Hung, Kenneth	11/11	N/A	N/A	N/A	1/2
Dr. Wong Yun Kuen	11/11	5/5	6/6	2/2	1/2
Mr. Yu Pak Yan, Peter	11/11	5/5	6/6	2/2	1/2
Mr. Chan Yee Ping, Michael (note (a))	9/9	3/3	4/4	1/1	1/2
Mr. Zheng Jinyun	11/11	N/A	N/A	N/A	0/2
Mr. Zheng Yurui	11/11	N/A	N/A	N/A	1/2
Mr. Chan Chi Yuen (note (b))	3/3	2/2	2/2	1/1	0/0

Notes:

(a): These Directors were appointed during the financial year.

(b): These Directors resigned during the 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 40 and 41.

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.

The Group will be focusing on projects related to hotel, elderly care related, tourism related and commercial property investment and development opportunities. In order to penetrate the property development market in a faster pace, to obtain experience and knowledge from market experts, and to reduce necessary capital requirements, the Group's strategy is to identify suitable strategic partners to co-invest in different property development projects in the PRC.

CORPORATE GOVERNANCE REPORT

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 2014 to the year ended 31 March 2015, 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, 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.

Mr. Chi Chi Hung, Kenneth resigned as the Company Secretary and Mr. Lam Wai Fung, Dominic was appointed as the Company Secretary, both with effect from 21 October 2014.

During the year under review, Mr. Lam 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.

CORPORATE GOVERNANCE REPORT

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 2015, 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.

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 AGM 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 2015, 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).

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

In the year 2015, the Group continued with initiatives to foster the well-being of the community, its employees and the environment. We have factored the concept of corporate social responsibility into our business practice while conveying the message of sustainability.

Going forward, the Group will continue to identify new opportunities in promoting sustainability through its business operations, as well as to provide a safe and good working condition to our employees.

WORKPLACE QUALITY AND WORKING CONDITIONS

The Group treasures talent as it is the key for driving the success and maintaining sustainability of the corporation. The Group is dedicated to provide employees with good working conditions and a safe working environment and promote a healthy living style.

Competitive remuneration is offered to employees and reviewed individually on an annual basis reflecting each employee's work performance and contributions, and also the market developments. Other fringe benefits include comprehensive medical, life and travel insurance coverage, annual leave, sick leave and maternity leave, as well as educational and training sponsorship. Red pocket money, gift coupons and cash bonus are distributed to staff in festivals.

Besides, employees are encouraged to have a good balance among work, health and social activities which has been supported by adopting a five-day work per week and arranging early release from work for festivals.

Moreover, it is always the policy of the Group to promote equal opportunities in recruitment, internal transfer and promotion. The Group also hosts various lunch at which the colleagues can interact socially and enjoy the fellowship.

In providing a safe working environment for employees, risk assessments of workstations, equipment and tools for all users are performed on a regular basis. Upgrades and maintenance are performed in line with the pace of technology advancement and the needs and demands of colleagues. To ensure hygienic working conditions, cleaning of air-conditioning systems and disinfection treatment of carpets are carried out at regular intervals.

The Group strives to develop employees by providing them with opportunities to advance their career. Employees of the Group are encouraged to take part in external training courses and examinations. The Group's policy is to support employees who attend job related training courses or professional seminars through sponsoring.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ENVIRONMENTAL PROTECTION

As a responsible corporate citizen, the Group aims to protect the environment and recognize the importance of weaving environmental sustainability into our daily business operations. Although we generate very little CO₂ as our Group's main operation is running an investment property for rental purpose in PRC, the Group has set an ambitious target to reduce CO₂ emissions of our business. We have established several targets to ensure that our efforts are on the right track. We are further committed to reduce our CO₂ emissions in specific areas include electricity, gasoline and paper consumption from our business activities annually. More specifically, the environmental policy of the Group is as follows:

- Ensure compliance with all applicable environmental and related legislation and encourage staff, business partners and other stakeholders to meet their environmental obligations;
- Identify environmental impacts associated with our operations, and set targets to continually improve our environmental performance;
- Improve energy efficiencies by adopting best practicable designs and technologies without compromising service;
- Minimize waste generation whenever practical in daily operations through source reduction and recycling;
- Embrace green purchase practices and adopt best practicable technologies to conserve natural resources where applicable;
- Provide good indoor environmental quality in our mall and office to ensure that all the working environments are healthy;

The Group has adopted a number of exercises to reduce energy consumption. These include:

- Zoning for optimal control of escalator in the shopping mall;
- Control of temperature of the air-conditioner in the office and shopping mall;
- Double side printing;
- Setting copiers to turn off automatically after a designated time interval when not in use;
- Use of energy-saving lightings;
- Lighting control with the help of timers;
- Reducing water consumption;
- Adopting policy for smart-use of the Group's vehicles;

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Hopefully, by encouraging more offices to become greener, we will create a more eco-aware and therefore sustainable society with more fresh air and a more beautiful environment.

OPERATING PRACTICES

The Group is committed to upholding high standards of business integrity, honesty and transparency in its business dealings and to respecting the rights and interests of customers.

In line with the Group's commitment to integrity in business, employees and stakeholders who deal with the Group including customers and suppliers are encouraged to report any suspected impropriety, misconduct or malpractice with the Group.

COMMUNITY INVOLVEMENT

The Group is committed to make a positive contribution to the communities in which it operates. During the year, the Group continued to actively support meaningful activities in the community.

The Group supports a barrier-free environment in the community. The shopping malls of the Group situated in Fuzhou provide barrier-free access and facilities for people in need including persons with disabilities such as the provision of automatic doors opening device for the exit doors and premise with disabled toilets.

REPORT OF THE DIRECTORS

The Directors herein present their report and the audited consolidated financial statements of the Group for the year ended 31 March 2015.

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 2015 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 2015 are set out in the consolidated statement of profit or loss and other comprehensive income on pages 42 and 43.

The Board has resolved not to recommend the payment of any dividend for the year ended 31 March 2015.

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 2015 are those set out in the accompanying financial statements on pages 42 to 120. The amounts for the year ended 31 March 2014 and before are extracted from previously published audited financial statements of the Company as appropriate.

Results

	Year ended 31 March				
	2015 HK\$'000	2014 HK\$'000	2013 HK\$'000	2012 HK\$'000 (Restated)	2011 HK\$'000
REVENUE	132,964	130,838	118,674	23,864	2,761
(LOSS)/PROFIT FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY	(266,506)	(439,261)	155,614	(632,501)	(1,203,652)

REPORT OF THE DIRECTORS

SUMMARY OF FINANCIAL INFORMATION *(continued)*

Assets, liabilities and non-controlling interests

	As at 31 March				
	2015 HK\$'000	2014 HK\$'000	2013 HK\$'000	2012 HK\$'000 (Restated)	2011 HK\$'000
NON-CURRENT ASSETS	3,990,495	4,313,501	6,047,537	5,818,661	3,812,351
CURRENT ASSETS	314,956	704,686	320,091	155,453	938,563
TOTAL ASSETS	4,305,451	5,018,187	6,367,628	5,974,114	4,750,914
CURRENT LIABILITIES	228,043	140,318	578,137	532,408	350,265
NON-CURRENT LIABILITIES	1,356,919	1,863,974	1,720,390	1,567,134	297,611
TOTAL LIABILITIES	1,584,962	2,004,292	2,298,527	2,099,542	647,876
NON-CONTROLLING INTERESTS	27,673	26,470	66	66	67
NET ASSETS	2,720,489	3,013,895	4,069,101	3,874,572	4,103,038

PRINCIPAL PROPERTY

Details of the principal property held for investment purposes are set out in note 21 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 2015 and subsequent thereto are set out in note 32 to the consolidated financial statements.

Details of movements in the Company's share options during the year ended 31 March 2015 are set out in note 34 to the consolidated financial statements.

CONVERTIBLE NOTES

Details of movements in the Company's convertible notes during the year ended 31 March 2015 are set out in note 37 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

Save as disclosed under the section headed “Early Redemption of Convertible Notes” below, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities during the year.

DISTRIBUTABLE RESERVES

The Company’s reserves available for distribution amounted to approximately HK\$1,111,646,000 as at 31 March 2015.

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

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, any of their close associates or any substantial shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company’s issued share capital) had any beneficial interest in the Group’s five largest customers and suppliers.

REPORT OF THE DIRECTORS

DIRECTORS

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

Executive Directors

Mr. Guo Jiadi (appointed on 12 December 2014)

Mr. Chi Chi Hung, Kenneth (re-designated as non-executive Director on 31 January 2015)

Ms. Zhang Jianchan (resigned on 5 March 2015)

Ms. Amika Lan E Guo (appointed on 9 July 2014)

Mr. Lin Jianbin (appointed on 5 March 2015)

Non-executive Director

Mr. Chi Chi Hung, Kenneth (re-designated from executive Director and ceased to act as the Chief Executive Officer on 31 January 2015)

Independent non-executive Directors

Dr. Wong Yun Kuen

Mr. Yu Pak Yan, Peter

Mr. Zheng Jinyun

Mr. Zheng Yurui

Mr. Chan Yee Ping, Michael (appointed on 9 July 2014)

Mr. Chan Chi Yuen (resigned on 9 July 2014)

In accordance with the Bye-laws 111(A) and 111(B) of the Bye-laws of the Company, Mr. Chi Chi Hung, Kenneth, Mr. Yu Pak Yan, Peter and Dr. Wong Yun Kuen shall retire from office by rotation and being eligible, Mr. Yu Pak Yan, Peter and Dr. Wong Yun Kuen will offer themselves for re-election at the forthcoming AGM while Mr. Chi Chi Hung, Kenneth decided not to stand for re-election in order to concentrate on his other career commitments. Mr. Chi Chi Hung, Kenneth confirmed that he has no disagreement with the Board and nothing relating to the affairs of the Company needed to be brought to the attention of the shareholders of the Company.

In accordance with the Bye-law 115 of the Bye-laws of the Company, Mr. Guo Jiadi and Mr. Lin Jianbin, being the newly appointed Directors, shall retire from office and, being eligible, will offer themselves for re-election at the forthcoming AGM.

REPORT OF THE DIRECTORS

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

Executive Directors

Mr. Guo Jiadi, aged 56, is a merchant and was appointed as the Chairman and an executive Director of the Company with effect from 12 December 2014. Mr. Guo is also a director of certain subsidiaries of the Company, incorporated in Hong Kong and the British Virgin Islands (the "BVI") respectively engaged in investment holding and also a director and legal representative of two operating subsidiaries of the Company in the PRC. Mr. Guo is also an ultimate beneficial owner of a substantial shareholder of the Company.

Mr. Guo started his business in international trading and, in 20 years, diversified into businesses including footwear manufacturing, chemical technology, mining, real estate development and hotel investment with presence throughout Europe, the United States, Hong Kong, Shanghai, Fujian, Shaanxi and Jilin. Mr. Guo has over 25 years of experience in trading business and over 15 years of experience in property development.

Mr. Guo entered into the property market in the PRC by establishing Fuzhou Gaojia and has since acted as its chairman. Fuzhou Gaojia has obtained 中華人民共和國房地產開發企業資質證書（壹級）(Qualification Certificate (Class 1) for Real Estate Development Enterprise in the PRC*) from 中華人民共和國住房和城鄉建設部 (Department of Housing and Urban and Rural Development of the PRC*). Fuzhou Gaojia has completed certain real estate projects in Fuzhou and Putian.

Mr. Guo is the father of Ms. Amika Lan E Guo, who is an executive Director of the Company. Apart from the aforesaid, Mr. Guo does not have any other relationship with any Director, senior management, substantial or controlling shareholder(s) of the Company.

Ms. Zhang Jianchan, aged 54, is a senior economist, who completed the Master of Business Administration courses in Renmin University of China 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 郭氏投資集團有限公司 (Guo Shi Investment Group Company Limited), a company controlled by Mr. Guo Jiadi, the Chairman and an executive Director and an ultimate beneficial owner of a 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 紅星美凱龍福州三迪商場 (Macalline Fuzhou Sandi Shopping Mall). 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. Zhang Jianchan was appointed as an executive Director on 11 April 2012 and resigned as an executive Director on 5 March 2015.

REPORT OF THE DIRECTORS

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

Executive Directors *(continued)*

Ms. Amika Lan E Guo, aged 29, was appointed as an executive Director of the Company with effect from 9 July 2014. Ms. Guo is also a director of certain Hong Kong and BVI subsidiaries of the Company engaged in investment holding. Ms. Guo 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 the Chairman and an executive Director and the ultimate beneficial owner of a 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.

Mr. Lin Jianbin, aged 44, was appointed as an executive Director of the Company with effect from 5 March 2015. Mr. Lin obtained a MBA degree from the Open University of Hong Kong and a bachelor's degree in 福建金融管理幹部學院. Prior to joining the Group, he worked in banks and commercial sector including property development and construction companies for over ten years. Mr. Lin is responsible for the financial and operating performance for the various subsidiaries of the Company in the PRC.

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

Non-executive Director

Mr. Chi Chi Hung, Kenneth, aged 46, was appointed as an executive Director on 19 May 2010 and was re-designated as a non-executive Director on 31 January 2015. 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.

Mr. Chi is currently an executive director of Ceneric (Holdings) Limited (formerly known as "Morning Star Resources Limited") (stock code: 542), E-KONG GROUP LIMITED (stock code: 524), 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 the chairman and chief executive officer of GET Holdings Limited (formerly known as "M Dream Inworld Limited") (Stock code: 8100) from July 2010 to June 2014, and he was also an independent non-executive director of EverChina Int'l Holdings Company Limited (formerly known as "Interchina Holdings Company") (stock code: 202) from October 2011 to August 2012.

Mr. Chi 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

Dr. Wong Yun Kuen, aged 57, was appointed as an independent non-executive Director on 18 September 2009. Dr. Wong was appointed as the chairman of the Nomination Committee and a member of the Audit Committee and Remuneration Committee of the Company. He 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) from 30 August 2004 and became its chairman since 30 April 2015, and is an independent non-executive director of Sincere Watch (Hong Kong) Limited (stock code: 444) since 18 September 2012, Bauhaus International (Holdings) Limited (stock code: 483) and Far East Holdings International Limited (stock code: 36) since 1 December 2014. Dr. Wong was an independent non-executive director of Harmony Asset Limited (stock code: 428) from 3 September 2004 to 1 January 2015, KuangChi Science Limited (formerly known as “Climax International Co., Limited”) (stock code: 439) from 26 June 2007 to 23 August 2014, Kaisun Energy Group Limited (stock code: 8203), China Yunnan Tin Minerals Group Company Limited (stock code: 263) and Kong Sun Holdings Limited (stock code: 295) from 20 April 2007 to 7 November 2014, Kingston Financial Group Limited (stock code: 1031), Guocang Group Limited (formerly known as “Hua Yi Copper Holdings Limited”) (stock code: 559) and Huajun Holdings Limited (formerly known as New Island Development Holdings Limited) (stock code: 377) from 21 October 2010 to 25 September 2014. 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 Director, senior management, substantial or controlling shareholder(s) of the Company.

Mr. Chan Chi Yuen, aged 48, 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 was appointed as an independent non-executive Director on 18 September 2009 and resigned as an independent non-executive Director on 9 July 2014.

Mr. Chan did 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. Yu Pak Yan, Peter, aged 64, was appointed as an independent non-executive Director on 31 December 2010. Mr. Yu was also appointed as the chairman of the Remuneration Committee and a member of the Audit Committee and the Nomination Committee of the Company. Mr. Yu has over 30 years of experience in real estate and financial services industries. Mr. Yu obtained 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 to 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 of Far East Holdings International Limited (stock code: 36) since 12 November 2014, is currently an independent non-executive director of Kingston Financial Group Limited (stock code: 1031) and Noble Century Investment Holdings Limited (formerly known as "Sam Woo Holdings Limited") (stock coded: 2322). He was an executive director of Kong Sun Holdings Limited (stock code: 295) from 1 August 2008 to 30 September 2013 and became its chairman from 30 September 2013 to 1 September 2014, Mr. Yu was an independent non-executive director of GET Holdings Limited (formerly known as M Dream Inworld Limited) (stock code: 8100) from 30 July 2010 to 29 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 52, was appointed as an independent non-executive Director on 11 April 2012. Mr. Zheng Jinyun 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 Jinyun has commenced his own international trading business since 1978 and expanded his business to the global market. Mr. Zheng Jinyun started to expand his business to the development and management of residential and commercial properties in 2006. Mr. Zheng Jinyun 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 Jinyun does not have any relationship with any Director, senior management, substantial or controlling shareholder(s) of the Company.

Mr. Zheng Yurui, aged 60, was appointed as an independent non-executive Director on 11 April 2012. Mr. Zheng Yurui 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 Yurui 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 Yurui founded his own footwear manufacturing company, acting the chairman. From 2008 to the present, Mr. Zheng Yurui has served as a director of a property development company concurrently. Mr. Zheng Yurui 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 Yurui 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. Chan Yee Ping, Michael, aged 38, was appointed as an independent non-executive Director with effect from 9 July 2014. Mr. Chan was also appointed as the chairman of the Audit Committee and a member of the Nomination Committee and Remuneration Committee of the Company. 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 has over 10 years of working experience in the fields of accounting and audit, corporate secretarial management and corporate governance.

He is currently the company secretary of Birmingham International Holdings Limited (Stock Code: 2309) and China Sunshine Paper Holdings Company Limited (Stock Code: 2002), which are listed on the Main Board of the Stock Exchange, as well as Northeast Electric Development Co., Limited (Stock Code: 0042), a joint stock limited company incorporated in the PRC and listed on the Shenzhen Stock Exchange and the Main Board of the Stock Exchange respectively. He was also an independent non-executive director of Yueshou Environmental Holdings Limited (Stock code: 1191) from 7 October 2013 to 17 July 2014. Mr. Chan has been appointed as an independent non-executive director of China Renji Medical Group Limited (Stock code: 648) since 15 July 2014. Mr. Chan is the director of MCI CPA Limited.

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

Senior Management

Mr. Lam Wai Fung, Dominic, aged 42, is the Company Secretary and financial controller of the Company. He joined the Group in November 2012 and is responsible for the corporate finance, accounting and corporate governance of the Group. Prior to joining the Group, Mr. Lam worked for an international accounting firm in Hong Kong for over 7 years for assurance and business advisory services and has been worked in finance roles in commercial sector including listed company 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.

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

DIRECTORS' SERVICE CONTRACTS

Each of Dr. Wong Yun Kuen and Mr. Chan Chi Yuen, being an independent non-executive Director, 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 had been renewed for a further term of three years commencing on 18 September 2012. Mr. Chan Chi Yuen resigned as an independent non-executive Director on 9 July 2014.

Mr. Chi Chi Hung, Kenneth, entered into service contract with the Company as an executive Director for an initial term of three years commencing on 19 May 2010 and the service contract had been renewed for a further term of three years commencing on 19 May 2013. On 31 January 2015, Mr. Chi had been re-designated as the non-executive Director and he entered into a new service contract with the Company for a term of three years commencing on 31 January 2015.

REPORT OF THE DIRECTORS

DIRECTORS' SERVICE CONTRACTS *(continued)*

Mr. Guo Jiadi, being an executive Director, entered into service contract with the Company for an initial term of three years commencing on 12 December 2014.

Mr. Lin Jianbin, being an executive Director, entered into service contract with the Company for an initial term of three years commencing on 5 March 2015.

Each of Ms. Amika Lan E Guo and Mr. Chan Yee Ping, Michael, being an executive Director and independent non-executive Director, respectively, 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, entered into service contract with the Company for a term of three years commencing on 31 December 2011 and the service contract had been renewed for a further term of three years commencing on 31 December 2014.

Each of Ms. Zhang Jianchan, being an executive Director, Mr. Zheng Jinyun and Mr. Zheng Yurui, being an independent non-executive Director, entered into a service contract with the Company for a term of three years commencing on 11 April 2012 and the service contracts for Mr. Zheng Jinyun and Mr. Zheng Yurui had been renewed for a further term of three years commencing on 11 April 2015. Ms. Zhang Jianchan resigned as an executive Director on 5 March 2015.

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 forthcoming 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.

EARLY REDEMPTION OF CONVERTIBLE NOTES

On 5 June 2014, Deluxe Pacific Limited ("Deluxe Pacific") and Acelead Limited ("Aceland"), the holders of the convertible notes issued by the Company 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 term and conditions of the Convertible Notes, the Company redeemed the Convertible Notes subject to the early redemption at 100% of their principal amounts, totaling HK\$400,000,000 on 6 June 2014.

On 23 March 2015, Deluxe Pacific and Acelead requested for the early redemption of the Convertible Notes in the principal amount of HK\$3,173,150 and HK\$58,502,778, 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 redeemed the Convertible Notes subject to the early redemption at 100% of their principal amounts, totaling HK\$61,675,928 on 26 March 2015.

REPORT OF THE DIRECTORS

EARLY REDEMPTION OF CONVERTIBLE NOTES *(continued)*

After completion of the early redemption of the Convertibles Notes, there are no outstanding Convertibles Notes in issue as at the date of this report.

CHANGE OF USE OF NET PROCEEDS AVAILABLE FROM A DISPOSAL

As disclosed in the circular of the Company dated 10 January 2014 (the “Circular”), net proceeds of approximately HK\$395.4 million (the “Net Proceeds”) from the disposal of the entire equity interest in Success Standard Investments Limited (the “Disposal”) by the Group will be used for investing in other potential property development and investment projects and general working capital of the Group.

When the Company entered into the agreement in relation to the Disposal and issued the Circular, the Company did not anticipate the early redemption (the “Early Redemption”) request of the Convertible Notes by the holders as described under the section headed “Early Redemption of Convertible Notes” above. Due to the requests for the Early Redemption made by Deluxe Pacific and Acelead in June 2014, the Directors decided to use approximately HK\$360,000,000 out of the Net Proceeds to fund the Early Redemption. The Directors considered it to be in the interests of the Company and the shareholders of the Company as whole to fund the Early Redemption by a substantial part of the Net Proceeds having considered various factors, including the positive financial impact of the Early Redemption to the Group. For details, please refer to the Company’s announcement dated 5 June 2014.

VARIATIONS TO MAJOR AND CONNECTED TRANSACTIONS

On 7 August 2013, an indirect subsidiary of the Company, Fujian Sinco entered into a JV agreement with Fuzhou Gaojia, a company controlled by Mr. Guo Jiadi, an executive Director and the ultimate beneficial owner of a substantial shareholder of the Company, 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 the Project, for property development.

As Fuzhou Gaojia was controlled by Mr. Guo Jiadi, who is an executive Director and the single Largest shareholder of the Company and the father of Ms. Amika Lan E Guo, the executive Director, and his associates, Fuzhou Gaojia, is a connected person of the Company.

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 (the “Supplemental Agreement”) to amend the capital contribution schedule for Fujian Jiake. It is agreed that the latest date for Fujian Sinco and Fuzhou Gaojia to contribute the remaining 80% of total capital contribution was extended from within 12 months to 24 months from the date of establishment of Fujian Jiake (i.e. 24 September 2013) as shown on the business license of Fujian Jiake, but shall not be later than the date of the transfer notice in relation to the land bidding in Xi’an. In addition, in view of Fujian Sinco has already made its entire contribution to Fujian Jiake, after arm’s length negotiation, 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. The Supplemental Agreement was approved by shareholders of the Company at the special general meeting held on 16 September 2014, and the completion of the Supplemental Agreement took place on 24 September 2014. For details, please refer to the announcements dated 30 July and 24 September 2014 and the circular dated 27 August 2014 of the Company.

REPORT OF THE DIRECTORS

RELATED PARTY TRANSACTIONS

Details of the related party transactions undertaken by the Group during the year are set out in note 46 to the financial statements. The Company has complied with the applicable requirements under the Listing Rules for those related party transactions which constituted non-exempt connected transactions/continuing connected transactions. Other related party transactions either did not constitute connected transactions/continuing connected transactions or constituted connected transactions/continuing connected transactions but were exempted from all disclosure and independent shareholders' approval requirements under the Listing Rules.

DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as disclosed in the paragraph headed "Variations to Major and Connected Transactions" disclosed above and note 46 to the financial statements headed "Related Party Transactions", no other transactions, arrangements or 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 2015, the Directors and chief executives of the Company or their associates had the following 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:

(a) Interest in the Company:

Name of Director	Capacity	Number of Shares or underlying Shares	Approximate % of issued share capital in the Company
Mr. Guo Jiadi	Interest of controlled corporations	601,666,666 (L) (Note 1)	87.57

REPORT OF THE DIRECTORS

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES OR SHORT POSITION IN SHARES AND UNDERLYING SHARES *(continued)*

(a) Interest in the Company: *(continued)*

Notes:

1. The 601,666,666 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 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.
- (L) denotes a long position

(b) Interest in Fujian Jiake, a 51% owned subsidiary of the Company:

Name of Director	Capacity	Registered capital held	% of the registered capital of Fujian Jiake
Mr. Guo Jiadi	Interest of controlled corporations	Registered: RMB106,000,000 Paid up: RMB21,200,000	49

Note: Mr. Guo Jiadi held 49% equity interest in Fujian Jiake, through Fuzhou Gaojia. Fuzhou Gaojia is owned as to approximately 96.51% and 3.49% by 郭氏投資集團有限公司 (Guo Shi Investment Group Co. Limited*) ("Guo Shi") and 福建艾建商貿有限公司 (Fujian Ai Jian Trading Co., Limited*) ("Fujian Ai Jian") respectively. Guo Shi is owned as to 95% and 5% by Mr. Guo and Mr. Guo Dehai (郭德海), the father of Mr. Guo, respectively. Fujian Ai Jian is owned by third parties. Fuzhou Gaojia had only contributed 20% of the registered capital amounted to RMB21,200,000 and the remaining RMB84,800,000 will be contributed by 24 September 2015.

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 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 AGM 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 Group 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.

REPORT OF THE DIRECTORS

SHARE OPTION SCHEME *(continued)*

The Old Scheme *(continued)*

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.
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, 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.

REPORT OF THE DIRECTORS

SHARE OPTION SCHEME *(continued)*

Particulars of options movement under the Old Scheme during the year ended 31 March 2015 are as follows:

	Number of shares options					End of of the year	Exercise price per share	Date of grant of share option	Exercisable period
	Beginning of the year	Granted during the year	Exercised during the year	Cancelled during the year	Lapsed during the year				
Employees and consultants	1,330,000	-	-	-	(730,000)	600,000	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	-	-	-	(4,150,000)	1,300,000	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	-	-	-	(4,980,000)	1,200,000	HK\$5.90	9 February 2009	9 February 2009 to 8 February 2019
Total	14,760,000	-	-	-	(11,660,000)	3,100,000			

The New Scheme

At the AGM 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 2015 are set out in note 4(n) to the financial statements.

REPORT OF THE DIRECTORS

SUBSTANTIAL SHAREHOLDERS

As at 31 March 2015, 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 issued share capital in the Company
Mr. Guo Jiadi	Interest of controlled corporations	601,666,666 (L) (Note 1)	87.57
United Century International Limited	Beneficial owner	421,166,666 (L) (Note 2)	61.30
King Partner Holdings Limited	Beneficial owner	180,500,000 (L) (Note 3)	26.27
Mrs. Chu Yuet Wah	Interest of controlled corporation	42,500,000 (L) (Note 4)	6.19
Best China Limited	Beneficial owner	42,500,000 (L) (Note 5)	6.19

(L) denotes a long position

Notes:

- The 601,666,666 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;
 - 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.
- 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.
- This represents 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.
- The interests of Mrs. Chu Yuet Wah in 42,500,000 Shares comprise corporate interest in 42,500,000 Shares, held through Best China Limited.
- 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 2015, the Company had not been notified by any persons (other than the Directors and the chief executive of the Company) 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

Mr. Guo Jiadi carries out property development and investment businesses in the PRC through Fujian Sandi Property Development Company Limited ("Fujian Sandi") and Fuzhou Gaojia.

To deal with the potential conflict of interests between Mr. Guo Jiadi and the Company, each of Mr. Guo Jiadi, Fujian Sandi and Fuzhou Gaojia (the "Covenantor(s)") has given its non-compete undertakings in favour of the Company on the terms set out below:

- (a) The Covenantors will not, and will procure his/its close associates not to, directly or indirectly, carry on, engage, invest or be involved in any manner any business which competes with the business of the Company from time to time with the following exceptions:
 - (i) the holding of shares of a company which is engaged in the business of acquisition of land for development, building construction and acquisition of real properties (including projects with construction in progress) in the PRC for sale, lease or other investment purposes (the "Property Investment Business") and whose shares are listed on a recognised stock exchange provided that such shares represent not more than 10% of the voting rights at the general meetings of such company;
 - (ii) the engagement in the Property Investment Business through the Group;
 - (iii) the acquisition or holding of real property for self-use;
 - (iv) the property projects that the Covenantors have already engaged as at the date of the undertakings;
 - (v) the engagement of property projects in any province of the PRC in which the Group has not considered, planned to or invested in the development of its Property Investment Business;
 - (vi) the engagement of property projects in any province of the PRC in which the Group has considered, planned to or invested in the development of its Property Investment Business subject to the right of first refusal granted to the Group (on the terms set out in the undertakings).
- (b) The undertakings will expire on the earlier of the day on which the shares of the Company cease to be listed on the Stock Exchange or the day on which Mr. Guo Jiadi ceases to hold any position in the Group.

Save as disclosed, during the year and up to the date of this report, 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.

* for identification purpose only.

REPORT OF THE DIRECTORS

CORPORATE GOVERNANCE

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

PERMITTED INDEMNITY PROVISION INFORMATION

At no time during the year and up to the date of this report, there was or is, any permitted indemnity provision being in force for the benefit of any of the directors of the Company or associated companies.

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 the 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. The Audit Committee which comprised Mr. Chan Yee Ping, Michael, 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 2015 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

Guo Jiadi
Chairman

Hong Kong, 23 June 2015

* *for identification purpose only*

INDEPENDENT AUDITOR'S REPORT



Tel: +852 2218 8288
Fax: +852 2815 2239
www.bdo.com.hk

電話：+852 2218 8288
傳真：+852 2815 2239
www.bdo.com.hk

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

香港干諾道中111號
永安中心25樓

TO THE MEMBERS 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 (hereafter referred to as "the Group") set out on pages 42 to 120, which comprise the consolidated statement of financial position as at 31 March 2015, the consolidated statement of profit or loss and other 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 Section 90 of the Bermuda Companies Act 1981, 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.

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.

INDEPENDENT AUDITOR'S REPORT

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 March 2015 and of its financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BDO LIMITED

Certified Public Accountants

Lam Pik Wah

Practising Certificate number P05325

Hong Kong, 23 June 2015

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2015

	Notes	2015 HK\$'000	2014 HK\$'000
Continuing operations:			
Revenue	8	132,964	130,798
Other income	8	4,459	1,722
Other net gains and losses	10	66,451	(25,592)
Fair value (loss)/gain on an investment property	21	(380,264)	557,925
Fair value loss on derivative financial instrument	37	(1,257)	(3,273)
Impairment loss on available-for-sale investments	30	(155)	–
Loss on early redemption of convertible notes	37	(56,530)	–
Staff costs	13	(9,308)	(10,940)
Depreciation of property, plant and equipment	20	(1,606)	(1,696)
Other operating expenses		(33,459)	(43,943)
Finance costs	11	(77,811)	(110,582)
(Loss)/profit before income tax	13	(356,516)	494,419
Income tax credit/(expense)	12	89,992	(142,589)
(Loss)/profit for the year from continuing operations		(266,524)	351,830
Discontinued operations:			
Loss for the year from discontinued operations	14	–	(791,095)
Loss for the year		(266,524)	(439,265)
Other comprehensive income, after tax, that may be reclassified subsequently to profit or loss:			
	16		
Exchange differences on translating foreign operations		44,547	44,711
Fair value (loss)/gain on available-for-sale financial assets		(8,066)	2,170
Reclassification adjustment upon disposal of subsidiaries		–	(689,230)
Reclassification to profit or loss		155	–
Other comprehensive income for the year, after tax		36,636	(642,349)
Total comprehensive income for the year		(229,888)	(1,081,614)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2015

	Notes	2015 HK\$'000	2014 HK\$'000
Loss attributable to:			
Owners of the Company		(266,506)	(439,261)
Non-controlling interests		(18)	(4)
		(266,524)	(439,265)
Total comprehensive income attributable to:			
Owners of the Company		(230,309)	(1,081,236)
Non-controlling interests		421	(378)
		(229,888)	(1,081,614)
(Loss)/earnings per share	17		
From continuing and discontinued operations:			
— Basic		HK(24) cents	HK(40) cents
— Diluted		HK(24) cents	HK(32) cents
From continuing operations:			
— Basic		HK(24) cents	HK32 cents
— Diluted		HK(24) cents	HK31 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2015

	Notes	2015 HK\$'000	2014 HK\$'000
Non-current assets			
Biological assets	26	–	–
Investment property	21	3,985,783	4,295,700
Property, plant and equipment	20	4,712	6,118
Construction in progress	22	–	–
Intangible assets	24	–	–
Available-for-sale investments	30	–	8,066
Derivative financial instrument	37	–	3,617
Total non-current assets		3,990,495	4,313,501
Current assets			
Trade receivables	28	1,683	4,313
Prepaid lease payments	23	–	–
Other receivables, deposits and prepayments	27	156,630	156,882
Investments held for trading	29	141,017	94,321
Cash and cash equivalents	31	15,626	449,170
Total current assets		314,956	704,686
Total assets		4,305,451	5,018,187
Current liabilities			
Trade payables	39	10,888	15,554
Other payables and accruals	36	87,455	70,360
Amounts due to related parties	46(b)(i)	14,075	9,668
Bank and other borrowings	40	115,625	41,209
Tax payable		–	3,527
Total current liabilities		228,043	140,318
Net current assets		86,913	564,368
Total assets less current liabilities		4,077,408	4,877,869

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2015

	Notes	2015 HK\$'000	2014 HK\$'000
Non-current liabilities			
Convertible notes payable	37	–	330,802
Deferred taxation	38	727,042	800,804
Bank and other borrowings	40	629,877	732,368
Total non-current liabilities		1,356,919	1,863,974
Net assets		2,720,489	3,013,895
Capital and reserves attributable to owners of the Company			
Share capital	32	6,871	6,871
Reserves		2,685,945	2,980,554
Equity attributable to owners of the Company		2,692,816	2,987,425
Non-controlling interests	41	27,673	26,470
Total equity		2,720,489	3,013,895

On behalf of the Board

Guo Jiadi
Director

Amika Lan E Guo
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2015

	Share capital HK\$'000 (note 32)	Convertible preference share HK\$'000 (notes 32 and 33)	Share premium account HK\$'000	Share-based compensation reserve HK\$'000	Statutory reserve fund HK\$'000 (note 1)	Capital reserve HK\$'000	Exchange fluctuation reserve HK\$'000	Conversion option reserve HK\$'000 (notes ii and 37)	Investment Revaluation reserve HK\$'000	Accumulated losses HK\$'000	Equity attributable to owners of the Company HK\$'000	Non-controlling interests HK\$'000 (note 41)	Total HK\$'000
At 1 April 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 a subsidiary	-	-	-	-	(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
Loss for the year	-	-	-	-	-	-	-	-	-	(266,506)	(266,506)	(18)	(266,524)
Other comprehensive income	-	-	-	-	-	-	44,108	-	(8,066)	-	36,042	439	36,481
Reclassification to profit or loss	-	-	-	-	-	-	-	-	155	-	155	-	155
Total comprehensive income	-	-	-	-	-	-	44,108	-	(7,911)	(266,506)	(230,309)	421	(229,888)
Early redemption of convertible notes	-	-	-	-	-	-	-	(65,111)	-	-	(65,111)	-	(65,111)
Transfer upon redemption of convertible notes	-	-	-	-	-	-	-	(4,631)	-	4,631	-	-	-
Lapse of share option	-	-	-	(39,934)	-	-	-	-	-	39,934	-	-	-
Contribution from non-controlling interest (note 41)	-	-	-	-	-	811	-	-	-	-	811	782	1,593
At 31 March 2015	6,871	283,858	3,284,858	10,761	-	5,733	70,781	-	-	(970,046)	2,692,816	27,673	2,720,489

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 2015

	Notes	2015 HK\$'000	2014 HK\$'000
Cash flows from operating activities			
(Loss)/profit before income tax — continuing operations		(356,516)	494,419
Loss before income tax — discontinued operations		–	(791,095)
Bank Interest income		(557)	(913)
Dividend income from listed investments		(1,062)	(908)
Interest income from debts securities		(2,840)	–
Finance cost		77,811	115,677
Depreciation on property, plant and equipment		1,606	5,161
Net realised (gain)/loss on disposal of investments held for trading		(28,972)	44,915
Fair value gain on investments held for trading		(37,479)	(19,323)
Fair value loss on derivative financial instrument		1,257	3,273
Fair value loss/(gain) on an investment property		380,264	(557,925)
Release of prepaid lease payments		–	16,580
Impairment loss on available-for-sale investment		155	–
Loss on early redemption of convertible notes		56,530	–
Impairment on other receivables		378	–
Write-off of property plant and equipment		–	651
Loss on changes in fair value less costs to sell of biological assets		–	518,934
Loss on disposal of property, plant and equipment		–	440
Gain on disposal of subsidiaries	42	–	(674,750)
Loss on measurement of disposed group		–	909,280
Effect of foreign exchange difference		(443)	(21,738)
Operating profit before working capital changes		90,132	42,678
Decrease/(increase) in trade receivables		2,701	(4,320)
Decrease/(increase) in other receivables, deposit and prepayments		3,074	(162,145)
Increase in investments held for trading		19,755	52,058
Decrease in amounts due from related parties		–	494
(Decrease)/increase in trade payables		(4,922)	5,798
Increase in other payables and accruals		16,086	27,919
Cash generated from/(used in) operations		126,826	(37,518)
PRC income tax paid		–	–
Net cash generated from/(used in) operating activities		126,826	(37,518)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2015

Notes	2015 HK\$'000	2014 HK\$'000
Cash flows from investing activities		
Interest received	557	913
Dividend income received from listed investments	1,062	908
Interest income from debts securities	2,129	–
Increase of biological assets due to plantation	–	(7,882)
Purchase of property, plant and equipment	(160)	(1,981)
Payments to construction of investment properties	(1,858)	(13,566)
Settlement of payable of acquisition of biological assets (including prepaid lease payments)	–	(706)
Increase in construction in progress	–	(1,526)
Disposal of subsidiaries, net of cash disposed	–	396,836
Net cash generated from investing activities	1,730	372,996
Cash flows from financing activities		
Proceeds from new bank and other borrowings	–	60,539
Repayment of bank borrowings	(41,209)	(35,559)
Payment for early redemption of convertible notes	(461,676)	–
Interest paid	(65,176)	(68,752)
Contribution from non-controlling interests	1,593	26,474
Increase in amounts due to related parties	4,300	7,050
Net cash used in financing activities	(562,168)	(10,248)
Net (decrease)/increase in cash and cash equivalents	(433,612)	325,230
Cash and cash equivalents at beginning of year	449,170	120,745
Effect of foreign exchange rate changes	68	3,195
Cash and cash equivalents at end of year	15,626	449,170
Analysis of balances of cash and cash equivalents at end of year		
Bank and cash balances	15,626	449,170

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2015

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 holding of property for investment and rental purpose and property development.

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

(a) Adoption of new/revised HKFRSs — effective 1 April 2014

The Group has adopted the following new/revised HKFRSs (which include all HKFRSs, Hong Kong Accounting Standards ("HKAS") 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 2014.

Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 36	Impairment of Assets
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting
HK(IFRIC) 21	Levies

The adoption of the new/revised HKFRSs in the current year has had no material effect on the Group's consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2015

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.

HKFRS 9	Financial Instruments ¹
HKFRS 15	Revenue from contracts with customers ²
Amendments to HKFRS10, HKFRS 12 and HKAS 28	Investment entities: Applying the consolidation exception ⁴
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture ⁴
Amendments to HKFRS 11	Accounting for acquisitions of interests in joint operations ⁴
Amendments to HKAS 1	Disclosure initiative ⁴
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortization ⁴
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer plants ⁴
Amendments to HKAS 19	Defined benefit plans: Employee contributions ³
Amendments to HKAS 27	Equity method in separate financial statements ⁴
Amendments to HKFRSs	Annual improvements to HKFRSs 2010–2012 cycle ⁵
Amendments to HKFRSs	Annual improvements to HKFRSs 2011–2013 cycle ³
Amendments to HKFRSs	Annual improvements to HKFRSs 2012–2014 cycle ⁴

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

² Effective for annual periods beginning on or after 1 January 2017

³ Effective for annual periods beginning on or after 1 July 2014

⁴ Effective for annual periods beginning on or after 1 January 2016

⁵ Effective for annual periods beginning, or transactions occurring, on or after 1 July 2014

HKFRS 9 (2014) — Financial Instruments

HKFRS 9 introduces new requirements for the classification and measurement of financial assets. Debt instruments that are held within a business model whose objective is to hold assets in order to collect contractual cash flows (the business model test) and that have contractual terms that give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding (the contractual cash flow characteristics test) are generally measured at amortised cost. Debt instruments that meet the contractual cash flow characteristics test are measured at FVTOCI if the objective of the entity’s business model is both to hold and collect the contractual cash flows and to sell the financial assets. Entities may make an irrevocable election at initial recognition to measure equity instruments that are not held for trading at FVTOCI. All other debt and equity instruments are measured at FVTPL.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2015

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 (2014) — Financial Instruments (continued)

HKFRS 9 includes a new expected loss impairment model for all financial assets not measured at FVTPL replacing the incurred loss model in HKAS 39 and new general hedge accounting requirements to allow entities to better reflect their risk management activities in financial statements.

HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities designated at FVTPL, where the amount of change in fair value attributable to change in credit risk of the 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.

HKFRS 15 — Revenue from Contracts with Customers

The new standard establishes a single revenue recognition framework. The core principle of the framework is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. HKFRS 15 supersedes existing revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and related interpretations.

HKFRS 15 requires the application of a 5 steps approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to each performance obligation
- Step 5: Recognise revenue when each performance obligation is satisfied

HKFRS 15 includes specific guidance on particular revenue related topics that may change the current approach taken under HKFRS. The standard also significantly enhances the qualitative and quantitative disclosures related to revenue.

The Group is in the process of making an assessment of the potential impact of these new/revised HKFRSs and is not yet in a position to state whether substantial changes to the Group’s accounting policies and presentation of the financial statements will be resulted.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2015

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

(continued)

(c) Early adoption of Listing Rule regarding to New Hong Kong Companies Ordinance provisions relating to the preparation of financial statements

The requirements of Part 9 “Accounts and Audit” of the Hong Kong Companies Ordinance, Cap. 622 came into effect for the first time, during the current financial year. The adoption of the requirements has primarily impacted the presentation and disclosure of certain information in the consolidated financial statements. These changes mainly include the presentation of the Company’s statement of financial position as a note disclosure instead of a primary statement, updating any references to the Companies Ordinance to refer to the current Companies Ordinance and replacing certain terminology no longer used in the Companies Ordinance with terminology used in HKFRS.

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 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 and financial instruments which are measured at fair value as explained in the accounting policies set out below.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristic of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 “Share-based Payment”.

(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 2015

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 profit or loss and other comprehensive income from the dates of acquisition or up to the dates of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into 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 that represent present ownership interests in the subsidiary either at fair value or at the proportionate share of the acquiree’s identifiable net assets. All other non-controlling interests are measured at fair value unless another measurement basis is required by HKFRSs. 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2015

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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

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 interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interest. 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2015

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(c) Goodwill *(continued)*

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.

(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 accumulated 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.

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 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 2015

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2015

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 the recoverable amount (i.e. the greater of the fair value less costs to sell and value in use) of an asset is estimated to be less than its carrying amount, the carrying amount of the asset 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 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 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2015

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2015

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(k) Financial instruments *(continued)*

(i) Financial assets *(continued)*

Investments held for trading

These assets include financial assets held for trading. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments.

Where a contract contains one or more embedded derivatives, the entire hybrid contract may be designated as a financial asset at fair value through profit or loss, except where the embedded derivative does not significantly modify the cash flows or it is clear that separation of the embedded derivative is prohibited.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value, with changes in fair value recognised in profit or loss in the period in which they arise

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2015

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(k) Financial instruments *(continued)*

(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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2015

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(k) Financial instruments *(continued)*

(iii) Financial liabilities

The Group has one category of financial liabilities being financial liabilities at amortised costs. These liabilities, including trade and other payables, borrowings and amounts due to related companies, 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 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).

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2015

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(k) Financial instruments *(continued)*

(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 equity items 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2015

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(l) 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) 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;
- (ii) Rental income from properties letting under operating leases is recognised on a straight line basis over the lease terms;
- (iii) Property management income and related fee is recognised when the services are rendered;
- (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.

(m) Foreign currencies

Transactions entered into by group entities in currencies other than the currency of the primary economic environment in which it/they operate(s) (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 2015

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(m) 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.

(n) Employee benefits

(i) Short term employee benefits

Short term employee benefits are employee benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. Short term employee benefits are recognised in the year when the employees render the related service.

(ii) 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.

(iii) Termination benefits

Termination benefits are recognised on the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs involving the payment of termination benefits.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2015

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(o) 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2015

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2015

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(t) Income taxes *(continued)*

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 appropriate to the expected manner in which the carrying amount of the asset or liability is realised or settled and 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, 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 or when they related to items recognised directly in equity in which case the taxes are also recognised directly in equity.

(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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2015

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(u) Related party *(continued)*

- (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 2015

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) 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.

(b) 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.

(c) 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2015

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

(d) 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.

(e) 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.

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 37, bank and other borrowings disclosed in note 40, cash and cash equivalents and equity attributable to owners of the Company, comprising share capital, retained earnings and reserves as disclosed in notes 31, 32 and 35 respectively.

The gearing ratio at the year end was as follows:

	2015 HK\$'000	2014 HK\$'000
Net debts	729,876	655,209
Total equity	2,692,816	2,987,425
Net debts to equity ratio	27%	22%

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2015

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.

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 concentration 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 27 and 28.

The credit risk of the Group's other financial assets, which comprise cash and cash equivalents, is limited because the counterparties are banks with sound credit-ratings.

(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 and readily realisable marketable securities to meet its liquidity requirement in the short and longer term.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2015

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 non-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 can be required to pay.

	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
2015						
Trade payables	10,888	10,888	10,888	-	-	-
Other payables and accruals	77,227	77,227	77,227	-	-	-
Amount due to related companies	14,075	14,075	14,075	-	-	-
Bank and other borrowings	745,502	987,723	179,088	150,381	458,017	200,237
	847,692	1,089,913	281,278	150,381	458,017	200,237
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	-
Amount 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

(c) Interest rate risk

The Group's interest rate risk arises primarily from convertible notes and bank borrowing as disclosed in notes 37 and 40 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 2015

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 financial assets at fair value through profit or loss 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-sales 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\$Nil (2014: HK\$807,000). If the price of the investments held for trading had been 10% higher/lower, loss for the year would decrease/increase by HK\$14,102,000 (2014: HK\$9,432,000) and reserves would decrease/increase by HK\$14,102,000 (2014: HK\$9,432,000).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2015

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:

	2015 HK\$'000	2014 HK\$'000
Continuing operations:		
Revenue		
Rental income	48,967	46,728
Property management and related fee income	83,997	84,070
	132,964	130,798
Other income		
Bank interest income	557	814
Dividend income from listed investments	1,062	908
Interest income from debts securities	2,840	–
	4,459	1,722
	137,423	132,520
Discontinued operations:		
Revenue		
Sale of forestry products	–	40
Other income		
Bank interest income	–	99
Government grant income	–	3,721
Others	–	19
	–	3,839
	–	3,879

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2015

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 ended 31 March 2014, the ecological forestry business was presented as discontinued operations which details were set out in note 10 to the financial statements. 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 years ended 31 March 2015 and 2014, 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 2015

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		Total	
	Property investment business		Property development business		Ecological forestry business			
	2015	2014	2015	2014	2015	2014	2015	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue from:								
External sales	132,964	130,798	-	-	-	40	132,964	130,838
Inter-segment sales	-	-	-	-	-	-	-	-
Reportable segment revenue	132,964	130,798	-	-	-	40	132,964	130,838
Reportable segment (loss)/profit	(343,447)	579,904	(36)	(7)	-	(791,095)	(343,483)	(211,198)
Interest revenue	12	446	-	126	-	99	12	671
Interest expense	(66,218)	(74,322)	-	-	-	(5,095)	(66,218)	(79,417)
Depreciation and amortisation	(568)	(661)	-	-	-	(3,465)	(568)	(4,126)
Release of prepaid lease payment	-	-	-	-	-	(16,580)	-	(16,580)
Loss arising from changes in fair value less costs to sell of biological assets	-	-	-	-	-	(518,934)	-	(518,934)
Fair value (loss)/gain on an investment property	(380,264)	557,925	-	-	-	-	(380,264)	557,925

Assets and liabilities information

	Continuing operations				Total	
	Property investment business		Property development business			
	2015	2014	2015	2014	2015	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment assets	4,004,122	4,308,432	153,941	149,904	4,158,063	4,458,336
Addition to non-current assets	1,971	14,064	-	-	1,971	14,064
Segment liabilities	1,568,351	1,661,694	-	-	1,568,351	1,661,694

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2015

9. SEGMENTAL INFORMATION *(continued)*

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

	2015 HK\$'000	2014 HK\$'000
Revenue		
Reportable segment revenue	132,964	130,838
Elimination of inter-segment revenue	–	–
Consolidated revenue	132,964	130,838

	2015 HK\$'000	2014 HK\$'000
Loss before income tax		
Reportable segment (loss)/profit	(343,483)	579,897
Segment loss from discontinued operations	–	(791,095)
Fair value gain on investments held for trading	37,479	19,323
Net realised gain/(loss) on disposal of investments held for trading	28,972	(44,915)
Finance costs	(11,594)	(36,260)
Fair value loss on derivative financial instrument	(1,257)	(3,273)
Impairment loss on available-for-sale investments	(155)	–
Loss on early redemption of convertible notes	(56,530)	–
Unallocated corporate expenses	(9,948)	(20,353)
Consolidated loss before income tax expense	(356,516)	(296,676)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2015

9. SEGMENTAL INFORMATION *(continued)*

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

	2015 HK\$'000	2014 HK\$'000
Assets		
Reportable segment assets	4,158,063	4,458,336
Non-current financial assets	–	11,683
Cash at bank	654	444,645
Investments held for trading	141,017	94,321
Unallocated corporate assets	5,717	9,202
Consolidated total assets	4,305,451	5,018,187

	2015 HK\$'000	2014 HK\$'000
Liabilities		
Reportable segment liabilities	1,568,351	1,661,694
Convertible notes payables	–	330,802
Unallocated corporate liabilities	16,611	11,796
Consolidated total liabilities	1,584,962	2,004,292

iii. Geographical information

During the years 2015 and 2014, the Group's major operations and assets are situated in the People's Republic of China ("PRC") in which all of its revenue was derived.

iv. Major customers

There are no customer contributing over 10% of the Group's turnover for the year ended 31 March 2015 and 2014.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2015

10. OTHER NET GAINS AND LOSSES

	2015 HK\$'000	2014 HK\$'000
Continuing operations:		
Fair value gain on investments held for trading	37,479	19,323
Net realised gain/(loss) on disposal of investments held for trading	28,972	(44,915)
Net gain/(loss) on investments held for trading	66,451	(25,592)
Discontinued operations:		
Loss on disposal of property, plant and equipment	–	(440)
Net exchange gain	–	132
Others	–	251
	–	(57)

11. FINANCE COSTS

	2015 HK\$'000	2014 HK\$'000
Continuing operations:		
Interest on bank and other borrowings	66,217	74,322
Imputed interest on convertible notes	11,594	36,260
	77,811	110,582
Discontinued operations:		
Imputed interest arising from the discounting of the consideration payables for the acquisitions of certain forest farms	–	5,095

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2015

12. INCOME TAX

	2015 HK\$'000	2014 HK\$'000
Continuing operations:		
Current tax — PRC tax		
— Provision for the year	—	—
— Over provision in respect of prior year	3,563	—
	3,563	—
Deferred tax credit/(expense)	86,429	(142,589)
Income tax credit/(expense)	89,992	(142,589)

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 2014.

Yunnan Shenyu New Energy Company Limited ("Yunnan Shenyu"), a wholly owned subsidiary of the Group before disposal, was also operating in forestry business during the year end 31 March 2014. 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 as it sustained loss for the year ended 31 March 2014.

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

The applicable PRC enterprise income tax is 25% for 2014 and 2015 for other PRC subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2015

12. INCOME TAX (continued)

The income tax expense for the year can be reconciled to the Group's (loss)/profit before income tax per the consolidated statement of profit or loss and other comprehensive income differs from the theoretical amount that would arise using the Hong Kong profits tax rate as follows:

	2015 HK\$'000	2014 HK\$'000
Continued operations:		
(Loss)/profit before income tax	(356,516)	494,419
Tax calculated at Hong Kong profits tax rate of 16.5% (2014: 16.5%)	(58,825)	81,579
Effect of different tax rates of subsidiaries operating in other jurisdictions	(40,709)	53,381
Tax effect of revenue not taxable for tax purposes	(90)	–
Tax effect of expense that are not deductible for tax purposes	12,060	6,698
Unrecognised temporary differences and tax losses	1,135	931
Over provision in prior year	(3,563)	–
Income tax (credit)/expense	(89,992)	142,589
Discontinued operations:		
Loss before income tax	–	(791,095)
Tax calculated at Hong Kong profits tax rate of 16.5%	–	(130,531)
Effect of different tax rates of subsidiaries operating in other jurisdictions	–	(47,305)
Tax effect of revenue not taxable for tax purposes	–	(140,573)
Tax effect of expense that are not deductible for tax purposes	–	287,728
Unrecognised temporary differences and tax losses	–	30,681
Income tax expense	–	–

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2015

13. (LOSS)/PROFIT BEFORE INCOME TAX

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

	2015 HK\$'000	2014 HK\$'000
Continuing operations:		
Auditor's remuneration	490	1,850
Minimum lease payments under operating leases on leasehold properties	1,920	1,861
Impairment on other receivable	378	–
Staff costs (including directors' emoluments):		
Wages and salaries	8,859	10,494
Retirement benefits scheme contribution	449	446
	9,308	10,940
Discontinued operations:		
Auditor's remuneration	–	478
Minimum lease payments under operating leases on leasehold properties	–	1,458
Staff costs (including directors' emoluments):		
Wages and salaries	–	4,900
Retirement benefits scheme contribution	–	924
	–	5,824

14. DISCONTINUED OPERATIONS

On 27 September 2013 and 25 October 2013, the Company entered into a share transfer agreement and a supplemental agreement with the purchaser, respectively, 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 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 completed on 28 March 2014.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2015

14. DISCONTINUED OPERATIONS (continued)

The ecological forestry business was classified as discontinued operations and the related results for the year ended 31 March 2014 were as follows:

	Notes	1/4/2013 to 28/3/2014 HK\$'000
Turnover	8	40
Cost of inventories and forestry products sold		(33)
Other income	8	3,839
Other gains and losses	10	(57)
Loss arising from changes in fair value less costs to sell of biological asset	26	(518,934)
Depreciation of property, plant and equipment	20	(3,465)
Release of prepaid lease payment	23	(16,580)
Other operating expenses		(16,280)
Finance cost	11	(5,095)
Loss before income tax expense from operations		(556,565)
Income tax expense	12	–
Loss before after tax expense from operations		(556,565)
Loss on measurement of disposed group at initial recognition		(909,280)
Gain on disposal of subsidiaries, net of tax	42	674,750
Loss for the year from discontinued operations		(791,095)

The net cash flows of the discontinued operations for the year ended 31 March 2014 were as follows:

	1/4/2013 to 28/3/2014 HK\$'000
Net cash outflows from operating activities	(20,809)
Net cash outflows from investing activities	(10,879)
Net cash outflows from financing activities	(1,025)
Effect of foreign exchange differences	5,850
Net cash flows incurred by the discontinued operations	(26,863)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2015

15. LOSS ATTRIBUTABLE TO OWNERS OF THE COMPANY AND DIVIDEND

Loss attributable to owners of the Company for the year ended 31 March 2015 dealt with in the financial statements of the Company was approximately HK\$82,502,000 (2014: HK\$1,537,096,000).

No dividend was paid or proposed during the year ended 31 March 2015 (2014: HK\$Nil), nor has any dividend been proposed since 31 March 2015.

16. OTHER COMPREHENSIVE INCOME, AFTER TAX

	2015			2014		
	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
Items that may be reclassified subsequently to profit or loss:						
Exchange differences on translating foreign operations	44,547	–	44,547	44,711	–	44,711
Fair value (loss)/gain on available-for-sale financial assets	(8,066)	–	(8,066)	2,170	–	2,170
Reclassification adjustment upon disposal of subsidiaries	–	–	–	(689,230)	–	(689,230)
Reclassification to profit or loss	155	–	155	–	–	–
	36,636	–	36,636	(642,349)	–	(642,349)

17. (LOSS)/EARNINGS PER SHARE

For continuing and discontinued operations:

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

Loss attributable to owners of the Company

	2015 HK\$'000	2014 HK\$'000
Loss for the purposes of basic earnings per share	(266,506)	(439,265)
Effect of dilutive potential ordinary shares:		
Share options	–	–
Convertible notes	–	39,532
Loss for the purposes of diluted loss per share	(266,506)	(399,733)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2015

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	
	2015 '000	2014 '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	–	153,892
Weighted average number of ordinary shares and convertible preference shares for the purposes of diluted loss per share	1,088,719	1,242,611

The calculation of basic loss per share attributable to the owners of the Company for the year ended 31 March 2015 is based on the loss attributable to the owners of the Company of approximately HK\$266.5 million (2014: HK\$439.3 million) and on the weighted average number of 1,088,719,000 (2014: 1,088,719,000) ordinary shares and convertible preference shares during the year.

Share options:

For the year ended 31 March 2015 and 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 2015 and 2014.

Convertible notes:

In calculating the diluted loss per share attributable to the owners of the Company for the year ended 31 March 2015 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\$11.6 million, adding back of fair value loss of HK\$1.3 million and loss on early redemption of convertible note of HK\$56.5 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. Therefore, the diluted loss per share attributable to the owners of the Company for the year ended 31 March 2015 is based on the loss attributable to the owners of the Company of approximately HK\$266.5 million and on the weighted average number of 1,088,719,000 ordinary shares and convertible preference shares during the year ended 31 March 2015.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2015

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

For continuing and discontinued operations: *(continued)*

Convertible notes: *(continued)*

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 and on the weighted average number of 1,242,611,000 ordinary shares and convertible preference shares during the year ended 31 March 2014.

For continuing operations:

The calculation of the basic and diluted (loss)/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:

	2015 HK\$'000	2014 HK\$'000
Loss for the year attributable to owners of the Company	(266,506)	(439,261)
Less:		
Loss for the year from discontinued operations	–	(791,095)
(Loss)/earnings for the purposes of basic earnings per share from continuing operations	(266,506)	351,834
Effect of dilutive potential ordinary shares:		
Share options	–	–
Convertible notes	–	39,532
(Loss)/earnings for the purposes of diluted earnings per share from continuing operation	(266,506)	391,366

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:

For the year ended 31 March 2014, basic loss per share for the discontinued operation is HK73 cents per share and diluted loss per share for the discontinued operation is HK73 cents per share, based on the loss for the year from the discontinued operations of HK\$791.1 million and the denominators of 1,088,719,000 ordinary shares.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2015

18. DIRECTORS' REMUNERATION

The emoluments paid or payable to the Company's directors for the years ended 31 March 2015 and 2014 were as follows:

	Year ended 31 March 2015					Total HK\$'000
	Fees HK\$'000	Salaries, allowances and benefits in kind HK\$'000	Discretionary bonuses HK\$'000	Retirement benefit schemes contributions HK\$'000	Share- based payments HK\$'000	
Chairman:						
Guo Jiadi (i)	547	-	-	-	-	547
Executive directors:						
Amika Lan E Guo (iii)	-	393	-	14	-	407
Chi Chi Hung Kenneth (ii)	-	1,500	150	15	-	1,665
Zhang Jianchan (iv)	112	255	-	55	-	422
Lin Jianbin (v)	-	29	-	-	-	29
Non-executive director:						
Chi Chi Hung Kenneth (ii)	20	-	-	-	-	20
Independent non-executive directors:						
Wong Yun Kuen	100	-	-	-	-	100
Chan Chi Yuen (vi)	25	-	-	-	-	25
Chan Yee Ping, Michael (vii)	44	-	-	-	-	44
Yu Pak Yan Peter	100	-	-	-	-	100
Zheng Jinyun	60	-	-	-	-	60
Zheng Yurui	60	-	-	-	-	60
	1,068	2,177	150	84	-	3,479

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2015

18. DIRECTORS' REMUNERATION (continued)

	Year ended 31 March 2014					Total HK\$'000
	Fees HK\$'000	Salaries, allowances and benefits in kind HK\$'000	Discretionary bonuses HK\$'000	Retirement benefit schemes contributions HK\$'000	Share- based payments HK\$'000	
Chairman:						
Chi Chi Hung Kenneth	–	1,800	150	15	–	1,965
Executive director:						
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	2,091	150	70	–	2,851

- (i) Mr. Guo Jiadi appointed as Executive Director on 12 December 2014.
- (ii) Mr. Chi Chi Hung Kenneth was re-designated from Executive Director to Non-Executive Director on 31 January 2015.
- (iii) Ms. Amika Lan E Guo appointed as Executive Director on 9 July 2014.
- (iv) Ms. Zhang Jianchan resigned as Executive Director on 5 March 2015.
- (v) Mr. Lin Jianbin appointed as Executive Director on 5 March 2015.
- (vi) Mr. Chan Chi Yuen resigned as Independent Non-Executive Director on 9 July 2014.
- (vii) Mr. Chan Yee Ping, Michael appointed as Independent Non-Executive Director on 9 July 2014.

Comparative information has been prepared with reference to the provisions in the Ordinance and the Regulation.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2015

19. EMPLOYEES' EMOLUMENTS

The emoluments of the five individuals with highest emoluments in the Group for the year included one (2014: two) director, details of whose emoluments have been disclosed above.

Details of the emoluments of the remaining four (2014: three) non-directors, highest paid individuals for the year are as follows:

	2015 HK\$'000	2014 HK\$'000
Salaries, allowances and benefits in kinds	2,961	4,082
Retirement benefits scheme contributions	51	30
	3,012	4,112

The emoluments fell within the following bands:

	Number of individuals	
	2015	2014
HK\$		
Nil to 1,000,000	2	1
1,000,001 to 1,500,000	2	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	
	2015	2014
HK\$		
Nil to 1,000,000	–	–
1,000,001 to 1,500,000	1	1

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2015

20. PROPERTY, PLANT AND EQUIPMENT

	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 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 cost to sell	(4,775)	(22,489)	(12,404)	(5,848)	(7,222)	(52,738)
At 31 March 2014	2,964	-	-	-	8,516	11,480
Exchange adjustment	14	-	-	-	51	65
Additions	-	-	-	-	160	160
At 31 March 2015	2,978	-	-	-	8,727	11,705
Accumulated depreciation						
At 1 April 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 cost to sell	(4,267)	(10,776)	(3,101)	(2,600)	(3,211)	(23,955)
At 31 March 2014	1,292	-	-	-	4,070	5,362
Exchange adjustment	3	-	-	-	22	25
Depreciation	382	-	-	-	1,224	1,606
At 31 March 2015	1,677	-	-	-	5,316	6,993
Net book value						
31 March 2015	1,301	-	-	-	3,411	4,712
31 March 2014	1,672	-	-	-	4,446	6,118

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2015

21. INVESTMENT PROPERTY

	2015 HK\$'000	2014 HK\$'000
At 1 April	4,295,700	3,695,341
Additional costs	1,858	13,566
Fair value (loss)/gain	(380,264)	557,925
Exchange adjustment	68,489	28,868
At 31 March	3,985,783	4,295,700

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 40).

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 the end of reporting period 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 valuer who holds a recognised and relevant professional qualification and has recent experience in the location and category of the investment property being valued, 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2015

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 2014	4,295,700
Additional costs	1,858
Fair value loss	(380,264)
Exchange adjustment	68,489
<hr/>	
At 31 March 2015	3,985,783

Below is a summary of the valuation techniques used and the key unobservable inputs to the valuation of investments property categorised with Level 3 of the fair value hierarchy:

	Valuation techniques	Significant unobservable inputs	Range	Relationship of unobservable inputs to fair value
Mainland China — Furniture shopping mall	Direct capitalization approach	Discount rate	6.0% (2014: 5.8%)	The higher the discount rate, the lower the fair value
		Rental value (per square metre and per month)	RMB50 to RMB200 (2014: RMB60 to RMB500)	The higher the rental value, the higher the fair value
		Price per square metre	RMB15,000 to RMB70,100 (2014: RMB15,000 to RMB76,100)	The higher the price per square metre, the higher the fair value

There was no change to the valuation techniques during the year.

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2015

22. CONSTRUCTION IN PROGRESS

	HK\$'000
At 1 April 2013	10,569
Additions	1,526
Exchange adjustment	292
Loss on measurement at fair value less cost to sell	(12,387)
<hr/>	
At 31 March 2014 and 2015	–

The construction in progress mainly represented a production factory development project in Shuangbai county of Yunnan province. During the year ended 31 March 2014, the ecological forestry business was disposed of as detailed in note 14.

23. PREPAID LEASE PAYMENTS

The Group's prepaid lease payments represent land use rights in the PRC under a medium term lease. During the year ended 31 March 2014, the ecological forestry business was disposed of as detailed in note 14. Movements during the year ended 31 March 2014 were as follows:

	HK\$'000
At 1 April 2013	860,951
Exchange adjustment	23,739
Amount released to profit or loss	(16,580)
Loss on measurement at fair value less cost to sell	(868,110)
<hr/>	
At 31 March 2014 and 2015	–

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2015

24. INTANGIBLE ASSETS

	Goodwill HK\$'000	Patent HK\$'000	Total HK\$'000
Cost:			
At 1 April 2013	189,607	541,441	731,048
Disposal of subsidiaries	(189,607)	(541,441)	(731,048)
<hr/>			
At 31 March 2014 and 2015	–	–	–
<hr/>			
Accumulated amortisation and impairment:			
At 1 April 2013	189,607	541,441	731,048
Disposal of subsidiaries	(189,607)	(541,441)	(731,048)
<hr/>			
At 31 March 2014 and 2015	–	–	–
<hr/>			
Net carrying amount:			
At 31 March 2014 and 2015	–	–	–

Goodwill

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

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.

Patent

The Group's patent was 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 was provided on a straight-line basis over the estimated useful live of 20 years.

The directors had performed impairment assessment of patent at in prior years and a 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 ended 31 March 2014, the ecological forestry business was disposed of as detailed in note 14.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2015

25. INTERESTS IN SUBSIDIARIES

	2015 HK\$'000	2014 HK\$'000
Unlisted shares, at cost	4,291	4,291
Due from subsidiaries	1,509,454	1,537,240
Less: impairment losses	(110,713)	(114,507)
	1,403,032	1,427,024

At 31 March 2015 and 2014, 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\$110,713,000 (2014: HK\$114,507,000) (before deducting the impairment loss) because the respective subsidiaries had been loss-making for some time and no future economic benefits was expected.

Particulars of the Company's principal subsidiaries as at 31 March 2015 were as follows:

Name	Place of incorporation/ establishment and operation	Paid-up share/ registered capital	Percentage of equity attributable to the Company	Principal activities
<i>Indirectly held</i>				
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
Strike Again Group Limited	BVI	50,000 shares of US\$1 each	100%	Trading of securities

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2015

26. BIOLOGICAL ASSETS

	Jatropha	Other forest assets	Total
	HK\$'000 (note (a))	HK\$'000 (note (b))	HK\$'000
As at 1 April 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 42)	(93,894)	(866,466)	(960,360)
As at 31 March 2014 and 2015	–	–	–

During the year ended 31 March 2014, 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% 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 which is estimated to be achieved in 5 years.

(b) Other forest assets

Other forest assets were 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 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%.

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 allowance has been made for cost improvements in future operations.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2015

27. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2015 HK\$'000	2014 HK\$'000
Other receivables	3,782	6,338
Deposits	152,894	150,421
Prepayments	335	123
	157,011	156,882
Less: Impairment loss	(381)	–
	156,630	156,882

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

	2015 HK\$'000	2014 HK\$'000
At 1 April	–	75,552
Impairment loss recognised	378	–
Disposal of subsidiaries	–	(76,337)
Exchange adjustment	3	785
At 31 March	381	–

During the year ended 31 March 2014, the ecological forestry business was disposed of as detailed in note 14.

The Group did not hold any collateral or other credit enhancement 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2015

28. TRADE RECEIVABLES

	2015 HK\$'000	2014 HK\$'000
Trade receivables	1,683	4,313

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. The Group did not hold any collateral over these balances.

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

	2015 HK\$'000	2014 HK\$'000
0–90 days	1,637	4,313
91–180 days	46	–
	1,683	4,313

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

	2015 HK\$'000	2014 HK\$'000
As at 1 April	–	45,097
Less: Disposal of subsidiaries	–	(45,566)
Exchange adjustment	–	469
As at 31 March	–	–

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2015

29. INVESTMENTS HELD FOR TRADING

	2015 HK\$'000	2014 HK\$'000
Equity securities listed in Hong Kong, at fair value	111,706	94,431
Debt securities listed in Hong Kong, at fair value	29,311	–
	141,017	94,431

The above equity and debt 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 (note 10).

30. AVAILABLE-FOR-SALE INVESTMENTS

	2015 HK\$'000	2014 HK\$'000
Equity securities listed in London, at fair value	–	8,066

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

31. CASH AND CASH EQUIVALENTS

At 31 March 2015, the cash and cash equivalents denominated in RMB amounted to approximately HK\$15 million (2014: HK\$4 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2015

32. SHARE CAPITAL

	2015 Number of shares '000	2015 Amount HK\$'000	2014 Number of shares '000	2014 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	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	401,667	283,858	401,667	283,858

33. CONVERTIBLE PREFERENCE SHARES

On 30 January 2012, the Company issued 601,666,666 convertible preference shares. One 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 sub-division, capitalisation issues, capital distributions, rights issues and issues of other securities for cash as discount of more than 20%. The convertible preference shares 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 convertible preference shares do not carry any voting rights. The convertible preference shares are non-redeemable and are not listed on any stock exchange. The fair value of the convertible preference shares at the initial recognition was credited to convertible preference shares.

No convertible preference shares were converted into ordinary share during the year ended 31 March 2015 and 2014.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2015

34. 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2015

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2015

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

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%
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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

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%
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For employee and consultants

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2015

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

(a) The terms and conditions of the share options that existed at 31 March 2015 and 2014 is as follows:

Date of grant	Vesting period	Exercise period	Contractual exercise price	Contractual life of options	Number of options	
					2015	2014
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	300,000	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
30 September 2008	Immediately	30 September 2008 to 29 September 2018	HK\$7.80	10 years	1,000,000	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
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
9 February 2009	2 years from the date of grant	9 February 2009 to 8 February 2019	HK\$5.90	10 years	700,000	5,680,000
					3,100,000	14,760,000

As at 31 March 2015, the Company had 3,100,000 (2014: 14,760,000) share options outstanding under the Scheme, which represented approximately 0.45% (2014: 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 3,100,000 (2014: 14,760,000) additional ordinary shares of the Company and additional share capital of HK\$31,000 (2014: HK\$147,600) and share premium of HK\$28,954,000 (2014: HK\$128,707,200) (before issue expenses).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2015

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

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

	2015		2014	
	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	8.73	14,760,000
Lapsed during the year (note)	8.56	(11,660,000)	N/A	–
Outstanding at end of year	9.35	3,100,000	8.73	14,760,000
Exercisable at end of year	9.35	3,100,000	8.73	14,760,000

Note: The number of share options lapsed during the year was due to resignation of the grantee.

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 year end of the 31 March 2015 have a weighted average remaining contractual life of 3.35 years (2014: 4.52 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 2015 and 2014.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2015

35. RESERVES The Company

	Convertible preference share HK\$'000 (note 33)	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 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
Loss for the year	-	-	-	-	-	(78,708)	(78,708)
Other comprehensive income	-	-	-	-	(8,066)	-	(8,066)
Reclassification to profit or loss	-	-	-	-	155	-	155
Total comprehensive income for the year	-	-	-	-	(7,911)	(78,708)	(86,619)
Early redemption of convertible notes	-	-	(65,111)	-	-	-	(65,111)
Transfer upon redemption of convertible notes	-	-	(4,631)	-	-	4,631	-
Lapse of share option	-	-	-	(39,934)	-	39,934	-
At 31 March 2015	283,858	3,284,858	-	10,761	-	(2,183,973)	1,395,504

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.
- (iii) **Distributability of reserves**
As at 31 March 2015, the aggregate amount of reserves available for distribution to equity shareholders of the Company, as calculated under the provisions of Part 6 of the Hong Kong Companies Ordinance and including the distributable amounts disclosed above, was HK\$1,111,646,000 (2014: HK\$1,263,376,000).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2015

36. OTHER PAYABLES AND ACCRUALS

	2015 HK\$'000	2014 HK\$'000
Other payables and accruals	50,284	18,236
Deposits received from tenants	17,359	17,324
Accrued bank loan interests	9,584	17,459
Received in advance	10,228	17,341
	87,455	70,360

37. 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2015

37. CONVERTIBLE NOTES PAYABLE (continued)

On 6 June 2014 and 26 March 2015, the Company early redeemed convertible notes with principal amount of HK\$400,000,000 and HK\$61,676,000, respectively, which held by two noteholders, Deluxe Pacific Limited and Acelead Limited. Both noteholders were beneficially owned by Mr. Guo Jiadi, the director and major shareholder of the Company. The fair value of the liability component and early redemption option was re-measured at the date of redemption. As a result, a loss of HK\$56,530,000 was recognised to the profit or loss. Upon the redemption of all convertible notes, the remaining value of the conversion option reserve of HK\$4,631,000 was released to accumulated losses.

The Group's movements of the liability and derivative financial instrument components are as follows:

	Liability component HK\$'000	Derivative financial instrument HK\$'000
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)
Imputed interest expense (note 11)	11,594	–
Change in the fair value	–	1,257
Early redemption during the year	(342,396)	2,360
At 31 March 2015	–	–

The liability component was re-measured by an independent valuer using discounted cash flow at an effective interest rate of 5% at 6 June 2014 and 26 March 2015, dates of redemption.

Fair value hierarchy

The fair value measurement of the Group's derivative financial instrument at the end of reporting period or redemption date has been categorised into the three-level fair value hierarchy as defined in HKFRS 13 Fair value measurement (see note 2(a) and 47). 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2015

37. CONVERTIBLE NOTES PAYABLE *(continued)*

Valuation techniques and inputs used in Level 3 fair value measurement

The Group 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 inputs into the models were as follows:

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

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 amount, the higher the fair value.

During the year, a loss of HK\$1,257,000 (2014: HK\$3,273,000) was recognised as a change in fair value of derivative financial instrument.

38. DEFERRED TAXATION

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

	Notes	Fair value change on investment property HK\$'000
At 1 April 2013		653,908
Deferred tax charged to profit or loss	12	142,589
Exchange adjustment		4,307
At 31 March 2014		800,804
Deferred tax credited to profit or loss	12	(86,429)
Exchange adjustment		12,667
At 31 March 2015		727,042

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2015

38. DEFERRED TAXATION *(continued)*

- (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\$243,018,000 (2014: HK\$223,066,000) to be carried forward for offset against future taxable income which included tax losses of HK\$96,546,000 (2014: HK\$75,939,000) 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.

39. 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:

	2015 HK\$'000	2014 HK\$'000
Current or less than 1 month	4	4,162
1 to 3 months	66	1,315
More than 3 months but less than 12 months	571	2,965
More than 12 months	10,247	7,112
	10,888	15,554

The Directors consider that the carrying amount of the Group's trade payables at 31 March 2015 and 2014 approximates their fair values.

40. BANK AND OTHER BORROWINGS

	Notes	2015 HK\$'000	2014 HK\$'000
Bank loans — secured	(i)	683,963	713,038
Other loan — unsecured	(ii)	61,539	60,539
		745,502	773,577

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2015

40. BANK AND OTHER BORROWINGS *(continued)*

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

	2015 HK\$'000	2014 HK\$'000
Loans repayable:		
Within one year	115,625	41,209
More than one year, but not exceeding two years	95,013	120,452
More than two years, but not exceeding five years	347,986	289,942
After five years	186,878	321,974
	745,502	773,577
Portion classified as current liabilities	(115,625)	(41,209)
	629,877	732,368

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\$3,985,783,000 (2014: HK\$4,295,700,000). As at 31 March 2015, the bank loans include loan principal amounts of HK\$159,939,000 (2014: HK\$173,576,000) and HK\$564,864,000 (2014: HK\$580,669,000) which bear interest at 7.86% (2014: 7.86%) per annum and 7.86% (2014: 8.16%) per annum respectively and are repayable by instalments up to 26 September 2020 and 29 April 2021 respectively. Mr. Guo Jiadi, director of the Company, has granted a guarantee to a bank for the bank loan with principal amount of HK\$159,939,000 (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.

41. 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 director and 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2015

41. NON-CONTROLLING INTERESTS (continued)

On 30 July 2014, Fujian Sinco and Fuzhou Gaojia has entered into a supplemental agreement (the "Supplemental Agreement") to amend the capital contribution schedule for Fujian Jiake. Pursuant to the Supplemental Agreement, the requirement of paying the remaining amount of capital contribution is extended to 24 months from the date of establishment of Fujian Jiake but shall not be later than the announcement of the land bidding result. Both parties also agreed that starting from 24 September 2014, Fuzhou Gaojia shall pay an interest to Fujian Jiake on the unpaid capital at an interest rate of 6% per annum and payable on a quarterly basis as Fujian Sinco has already made its entire contribution. During the year ended 31 March 2015, an interest of RMB1,260,000 (equivalent to approximately HK\$1,593,000) was received and recognised as capital contribution.

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:

	2015 HK\$'000	2014 HK\$'000
For the year/period ended 31 March		
Revenue	–	–
Loss for the year	36	8
Loss allocated to NCI	18	4
For the year/period ended 31 March		
Cash outflows from operating activities	(37)	(163,909)
Cash inflows from financing activities	1,593	163,836
Cash inflows from investing activities	–	126
Net cash inflows	1,556	53
As at 31 March		
Current assets	168,094	163,828
Net assets	168,094	163,828
Accumulated non-controlling interests	27,673	26,470

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2015

42. 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 Success Standard Investments Limited and a 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
	HK\$'000
Gain on disposal:	
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 2015

43. CONTINGENT LIABILITIES

At 31 March 2015 and 2014, the Company and the Group did not have any contingent liabilities.

44. LEASES

The Group leases its office properties for the year ended 31 March 2015 and 2014. Leases for office properties are negotiated for term for two years.

The Group as lessee

The lease payment recognised as an expenses are as follows:

	Note	2015 HK\$'000	2014 HK\$'000
Minimum lease payments	13	1,920	3,319

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

	2015 HK\$'000	2014 HK\$'000
Within one year	1,600	1,974
In the second to fifth years, inclusive	–	1,600
	1,600	3,574

The Group as lessor

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

	2015 HK\$'000	2014 HK\$'000
Not later than one year	54,395	62,546
Later than one year and not later than five years	54,444	57,835
Later than five years	63,184	81,536
	172,023	201,917

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2015

45. CAPITAL COMMITMENTS

At 31 March 2015 and 2014, the Group had the following commitments:

	2015 HK\$'000	2014 HK\$'000
Capital commitments contracted but not provided for:		
Construction in progress	1,162	–

46. RELATED PARTY TRANSACTIONS

Save as those disclosed elsewhere in the financial statements, details of the Group's significant related party transactions as at follows:

(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 2015 HK\$'000	Year ended 31 March 2014 HK\$'000
Salaries and other short-term employee benefits	3,395	2,490
Post-employment benefits	84	15
	3,479	2,505

(b) Transactions/balances with related parties

- (i) Amounts due 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\$159,939,000 (2014: HK\$173,576,000), for due performance of the covenants of bank facilities granted to a subsidiary of the Company.
- (iii) During the year ended 31 March 2015, a rental agreement for leasing a portion of a floor of the shopping mall in Fuzhou was entered into between the Group and a company of which Mr. Guo Jiadi was beneficially interested in. Rental income charged for the year amounted to HK\$908,000 (2014: HK\$380,000).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2015

47. 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 2015 and 2014 are categorised as follows:

	2015 HK\$'000	2014 HK\$'000
Financial Assets		
Investments held for trading	141,017	94,321
Derivative financial instrument	–	3,617
Available-for-sale investment measured at fair value	–	8,066
Loan and receivable (including cash and bank balances)	173,604	610,365
Financial Liabilities		
Financial liabilities measured at amortised cost	847,692	1,182,620

(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, amount due from non-controlling interest, trade payables, other payables and accruals, amounts due to related parties, bank and other borrowings and convertible notes payable.

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 fair value of derivative financial instrument for disclosure purposes has been determined using Binomial Tree Pricing Model and is classified as level 3 in the fair value hierarchy.

The valuation techniques and significant unobservable inputs used in determining the fair value measurement of level 3 financial instruments, as well as the relationship between key observable inputs and fair value are set out below.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2015

47. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY

(continued)

(b) Financial instruments measured at fair value *(continued)*

Information about level 3 fair value measurements

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

Significant unobservable inputs

Expected volatility 66%

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

There were no changes in valuation techniques during the year.

The fair values of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market price; and
- the fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions.

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 2015

47. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY

(continued)

31 March 2015

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Investments held for trading — listed	141,017	–	–	141,017

31 March 2014

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total 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

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2015

48. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

at 31 March 2015

	Notes	2015 HK\$'000	2014 HK\$'000
Non-current assets			
Interests in subsidiaries	25	1,403,032	1,427,024
Property, plant and equipment		1,949	2,860
Available-for-sale investments		–	8,066
Derivative financial instrument		–	3,617
Total non-current assets		1,404,981	1,441,567
Current assets			
Other receivables, deposits and prepayments		2,453	6,138
Cash and cash equivalents		582	444,511
Total current assets		3,035	450,649
Total assets		1,408,016	1,892,216
Current liability			
Other payables and accruals		5,293	7,309
Amount due to a related company		348	–
		5,641	7,309
Net current (liabilities)/assets		(2,606)	443,340
Total assets less current liability		1,402,375	1,884,907
Non-current liability			
Convertible notes payable		–	330,802
Net assets		1,402,375	1,554,105
Capital and reserves			
Share capital	32	6,871	6,871
Reserves	35	1,395,504	1,547,234
Total equity		1,402,375	1,554,105

On behalf of the Board

Guo Jiadi
Director

Amika Lan E Guo
Director

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2015

49. EVENTS AFTER THE REPORTING PERIOD

As disclosed in the Company's announcement dated 28 April 2015, the Company entered into the Placing Agreement to which the Placing Agent has agreed to endeavor to procure Place who are not and whose ultimate beneficial owner(s), if applicable, are not, connected persons of the Company on a best effort basis to subscribe for the Series 1 Bonds and the Series 2 Bonds up to an aggregate principal amount of up to HK\$200,000,000 within the Placing Period. The Bonds will be placed in denomination of HK\$1,000,000.

As disclosed in the Company's announcement dated 29 April 2015, the Company entered into the Placing Agreement through Placing Agent, to place 137,410,000 Placing Shares at the Placing Price of HK\$0.37 per Placing Share. The completion of the Placing took place on 15 May 2015 in accordance with the terms and conditions of the Placing Agreement.

50. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 23 June 2015.