



# CHINA SANDI HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

Stock code: 910



**2015-2016**

Interim Report

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## CORPORATE INFORMATION

### EXECUTIVE DIRECTORS

Mr. Guo Jiadi (*Chairman*)  
Ms. Amika Lan E Guo  
Mr. Lin Jianbin

### INDEPENDENT NON-EXECUTIVE DIRECTORS

Dr. Wong Yun Kuen  
Mr. Yu Pak Yan, Peter  
Mr. Chan Yee Ping, Michael  
Mr. Zheng Jinyun  
Mr. Zheng Yurui

### 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. Chiu Ngam, Chris

### 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

Hang Seng Bank Limited  
83 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

910

### WEBSITE

[www.chinasandi.com.hk](http://www.chinasandi.com.hk)

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		For the six months ended 30 September	
		2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
	Notes		
Revenue	3	56,062	67,368
Other income	3	2,265	1,613
Other net gains	5	49,367	49,018
Fair value gain/(loss) on investment property		74,356	(190,017)
Fair value loss on derivative financial instrument		–	(1,087)
Loss on early redemption of convertible notes		–	(50,907)
Staff costs		(3,180)	(4,659)
Depreciation of property, plant and equipment		(781)	(830)
Other operating expenses		(16,479)	(17,613)
Finance costs	7	(32,201)	(45,713)
<hr/>			
Profit/(loss) before income tax	6	129,409	(192,827)
Income tax (expense)/credit	8	(22,055)	43,958
<hr/>			
<b>Profit/(loss) for the period</b>		<b>107,354</b>	<b>(148,869)</b>

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		For the six months ended 30 September	
		2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
	Notes		
<b>Other comprehensive income, after tax, that may be reclassified subsequently to profit or loss:</b>			
Exchange differences on translating foreign operations		(110,645)	36,082
Fair value gain on available-for-sale financial assets		–	2,965
Other comprehensive income for the period, after tax		(110,645)	39,047
<b>Total comprehensive income for the period</b>		<b>(3,291)</b>	<b>(109,822)</b>
<b>Profit/(loss) attributable to:</b>			
Owners of the Company		107,368	(148,857)
Non-controlling interests		(14)	(12)
		107,354	(148,869)
<b>Total comprehensive income attributable to:</b>			
Owners of the Company		(2,112)	(110,151)
Non-controlling interests		(1,179)	329
		(3,291)	(109,822)
<b>Earnings/(loss) per share</b>			
– Basic and diluted	10	<b>HK9.00 cents</b>	HK(13.67) cents

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	At 30 September 2015 (Unaudited) HK\$'000	At 31 March 2015 (Audited) HK\$'000
<b>Non-current assets</b>			
Investment property		3,890,880	3,985,783
Property, plant and equipment	11	3,971	4,712
<b>Total non-current assets</b>		<b>3,894,851</b>	3,990,495
<b>Current assets</b>			
Trade receivables	12	2,772	1,683
Other receivables, deposits and prepayments		110,882	156,630
Investments held for trading	13	190,384	141,017
Cash and cash equivalents		26,213	15,626
<b>Total current assets</b>		<b>330,251</b>	314,956
<b>Total assets</b>		<b>4,225,102</b>	4,305,451
<b>Current liabilities</b>			
Trade payables	16	9,725	10,888
Other payables and accruals		48,698	87,455
Amounts due to related parties	21(a)	36,194	14,075
Bank and other borrowings	17	78,036	115,625
<b>Total current liabilities</b>		<b>172,653</b>	228,043

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	At 30 September 2015 (Unaudited) HK\$'000	At 31 March 2015 (Audited) HK\$'000
<b>Net current assets</b>		<b>157,598</b>	86,913
<b>Total assets less current liabilities</b>		<b>4,052,449</b>	4,077,408
<b>Non-current liabilities</b>			
Deferred taxation		<b>717,874</b>	727,042
Bank and other borrowings	17	<b>567,857</b>	629,877
<b>Total non-current liabilities</b>		<b>1,285,731</b>	1,356,919
<b>Net assets</b>		<b>2,766,718</b>	2,720,489
<b>Capital and reserves attributable to owners of the Company</b>			
Share Capital	14	<b>8,245</b>	6,871
Reserves	15	<b>2,731,979</b>	2,685,945
<b>Equity attributable to owners of the Company</b>		<b>2,740,224</b>	2,692,816
Non-controlling interest		<b>26,494</b>	27,673
<b>Total equity</b>		<b>2,766,718</b>	2,720,489

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended  
30 September

	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
<b>Cash flows from operating activities</b>		
Profit/(loss) before income tax	129,409	(192,827)
Bank interest income	(53)	(551)
Dividend income from listed investments	(81)	(1,062)
Interest income from debts securities	(2,131)	–
Finance costs	32,201	45,713
Depreciation of property, plant and equipment	781	830
Net realised gain on disposal of investments held for trading	–	(17,179)
Fair value gain on investments held for trading	(49,367)	(31,839)
Fair value loss on derivative financial instrument	–	1,087
Fair value (gain)/loss on an investment property	(74,356)	190,017
Loss on early redemption of convertible notes	–	50,907
Effect of foreign exchange difference	2,034	–
Operating profit before working capital changes	38,437	45,096
Increase in trade receivables	(1,178)	(336)
Decrease/(increase) in other receivables, deposits and prepayments	40,439	(39,871)
Decrease in investments held for trading	–	3,076
Decrease in trade payables	(724)	(5,333)
(Decrease)/increase in other payables and accruals	(36,424)	5,887
Cash generated from operations	40,550	8,519
PRC income tax paid	–	–
<b>Net cash generated from operating activities</b>	<b>40,550</b>	<b>8,519</b>



## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	For the six months ended 30 September	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
<b>Cash flows from investing activities</b>		
Interest received	53	551
Dividend income received from listed investments	81	1,062
Interest income received from debt securities	2,131	–
Purchase of property, plant and equipment	(128)	(76)
Payments to construction of investment property	(651)	(288)
<b>Net cash generated from investing activities</b>	<b>1,486</b>	<b>1,249</b>
<b>Cash flows from financing activities</b>		
Repayment of bank borrowings	(84,387)	(18,973)
Payment of early redemption of convertible notes	–	(400,000)
Interest paid	(28,612)	(34,038)
Proceeds from issue of ordinary shares	49,520	–
Proceeds from issue of bonds	9,267	–
Increase/(decrease) in amounts due to related parties	23,121	(379)
<b>Net cash used in financing activities</b>	<b>(31,091)</b>	<b>(453,390)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>10,945</b>	<b>(443,622)</b>
Cash and cash equivalents at beginning of period	15,626	449,170
Effect of foreign exchange rate changes	(358)	386
<b>Cash and cash equivalents at end of period</b>	<b>26,213</b>	<b>5,934</b>
<b>Analysis of balance of cash and cash equivalents at end of period</b>		
Bank and cash balances	26,213	5,934

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	For the six months ended 30 September 2015						
	Share capital HK\$'000	Convertible preference share HK\$'000	Share premium and other reserves HK\$'000	Accumulated losses HK\$'000	Equity attributable to owners of the Company HK\$'000	Non- controlling interest HK\$'000	Total HK\$'000
Balance at 1 April 2015 (Audited)	6,871	283,858	3,372,133	(970,046)	2,692,816	27,673	2,720,489
Loss for the period	-	-	-	107,368	107,368	(14)	107,354
Other comprehensive income	-	-	(109,480)	-	(109,480)	(1,165)	(110,645)
<b>Total comprehensive income</b>	-	-	(109,480)	107,368	(2,112)	(1,179)	(3,291)
Lapse of share option	-	-	(10,761)	10,761	-	-	-
Issue of ordinary shares (note 14)	1,374	-	48,146	-	49,520	-	49,520
<b>Balance at 30 September 2015 (Unaudited)</b>	<b>8,245</b>	<b>283,858</b>	<b>3,300,038</b>	<b>(851,917)</b>	<b>2,740,224</b>	<b>26,494</b>	<b>2,766,718</b>

  

	For the six months ended 30 September 2014						
	Share capital HK\$'000	Convertible preference share HK\$'000	Share premium and other reserves HK\$'000	Accumulated losses HK\$'000	Equity attributable to owners of the Company HK\$'000	Non- controlling interest HK\$'000	Total HK\$'000
Balance at 1 April 2014 (Audited)	6,871	283,858	3,444,801	(748,105)	2,987,425	26,470	3,013,895
Loss for the period	-	-	-	(148,857)	(148,857)	(12)	(148,869)
Other comprehensive income	-	-	38,706	-	38,706	341	39,047
<b>Total comprehensive income</b>	-	-	38,706	(148,857)	(110,151)	329	(109,822)
Early redemption of convertible notes	-	-	(58,550)	-	(58,550)	-	(58,550)
Transfer upon redemption of convertible notes	-	-	(1,875)	1,875	-	-	-
<b>Balance at 30 September 2014 (Unaudited)</b>	<b>6,871</b>	<b>283,858</b>	<b>3,423,082</b>	<b>(895,087)</b>	<b>2,818,724</b>	<b>26,799</b>	<b>2,845,523</b>

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 1. GENERAL

China Sandi Holdings Limited (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 “Stock Exchange”). The address of registered office and principal place of business of the Company are located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and Unit 3309, 33/F., West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong respectively.

The principal activity of the Company is investment holding. The Company and its Subsidiaries (referred to as the “Group”) are engaged in property investment and property development.

## 2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS AND ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 September 2015 (the “Interim Financial statements”) have been prepared in accordance with the applicable disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities on the Stock Exchange and the Hong Kong Accounting standard (the “HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

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

The accounting policies adopted for preparation of the Interim Financial Statements are consistent with those applied in the preparation of the annual financial statements of the Group for the year ended 31 March 2015 (the “Annual Financial statements”), except for the adoption of the new and revised Hong Kong Financial Reporting standards (the “HKFRSS”) (which in collective term includes all applicable HKFRSS, Hong Kong Accounting standards (the “HKASs”) and Interpretations) issued by the HKICPA as disclosed in note 2 to these Interim Financial Statements.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS AND ACCOUNTING POLICIES (CONTINUED)

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

Amendments to HKAS 19 HKFRSs (Amendments)	Defined Benefit Plans: Employee Contributions
HKFRSs (Amendments)	Annual Improvements 2010-2012 Cycle
HKFRSs (Amendments)	Annual Improvements 2011-2013 Cycle

There are no other amended standards or interpretations that are effective for the first time for the accounting period beginning on or after 1 April 2015 that would be expected to have a material impact on the Group.

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

HKFRSs (Amendments)	Annual Improvements 2012-2014 Cycle <sup>1</sup>
Amendments to HKAS 1	Disclosure Initiative <sup>1</sup>
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation <sup>1</sup>
Amendments to HKAS 27	Equity Method in Separate Financial Statements <sup>1</sup>
HKFRS 9 (2014)	Financial Instruments <sup>3</sup>
HKFRS 14	Regulatory Deferral Accounts <sup>1</sup>
HKFRS 15	Revenue from Contracts with Customers <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2016

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2017

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2018

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

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 3. REVENUE AND OTHER INCOME

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

	<b>For the six months ended 30 September</b>	
	<b>2015 (Unaudited) HK\$'000</b>	2014 (Unaudited) HK\$'000
Revenue	<b>56,062</b>	67,368
Other income		
Bank interest income	<b>53</b>	551
Dividend income from listed investments	<b>81</b>	1,062
Interest income from debts securities	<b>2,131</b>	–
	<b>2,265</b>	1,613
	<b>58,327</b>	68,981

### 4. SEGMENTAL INFORMATION

#### Reportable segment

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

The Group has identified two reportable segments, the business of property investment and property development. The following summary describes the operations in each of the Group's reportable segments:

- Property investment business – letting properties and providing property management services
- Property development business – development of properties

During the periods ended 30 September 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 CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 4. SEGMENTAL INFORMATION (CONTINUED)

#### (a) Business Segments

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

	Property investment business For the six months ended 30 September		Property development business For the six months ended 30 September		Total For the six months ended 30 September	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
	Reportable segment revenue	56,062	67,368	-	-	56,062
Reportable segment profit/(loss)	83,030	(174,997)	(28)	(25)	83,002	(175,022)
Interest revenue	6	6	1	-	7	6
Interest expense	(31,993)	(36,744)	-	-	(31,993)	(36,744)
Depreciation	(260)	(312)	-	-	(260)	(312)
Income tax (expense)/credit	(22,055)	43,958	-	-	(22,055)	43,958
Fair value gain/(loss) on investment property	74,356	(190,017)	-	-	74,356	(190,017)

#### *Assets and liabilities information*

	Property investment business		Property development business		Total	
	At 30 September 2015 (Unaudited) HK\$'000	At 31 March 2015 (Audited) HK\$'000	At 30 September 2015 (Unaudited) HK\$'000	At 31 March 2015 (Audited) HK\$'000	At 30 September 2015 (Unaudited) HK\$'000	At 31 March 2015 (Audited) HK\$'000
	Segment assets	3,902,482	4,004,122	103,415	153,941	4,005,897
Addition to non-current assets	761	1,971	-	-	761	1,971
Segment liabilities	1,408,460	1,568,351	33,559	-	1,442,019	1,568,351

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 4. SEGMENTAL INFORMATION (CONTINUED)

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

	For the six months ended 30 September	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
<b>Revenue</b>		
Reportable segment revenue	56,062	67,368
Elimination of inter-segment revenue	–	–
Consolidated revenue	56,062	67,368

	For the six months ended 30 September	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
<b>Profit/(loss) before income tax</b>		
Reportable segment profit/(loss)	83,002	(175,022)
Fair value gain on investments held for trading	49,367	31,839
Net realised gain on disposal of investments held for trading	–	17,179
Unallocated corporate income	2,233	1,607
Loss on early redemption of convertible notes	–	(50,907)
Finance costs	(208)	(8,969)
Fair value loss on derivative financial instrument	–	(1,087)
Unallocated corporate expenses	(4,985)	(7,467)
Consolidated profit/(loss) before income tax	129,409	(192,827)

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 4. SEGMENTAL INFORMATION (CONTINUED)

#### (c) Geographical information

During the periods ended 30 September 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.

#### (d) Major customers

There are no customer contributing over 10% of the Group's turnover for the periods ended 30 September 2015 and 2014.

### 5. OTHER NET GAINS

	For the six months ended 30 September	
	<b>2015</b>	2014
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	HK\$'000
Fair value gain on investments held for trading	<b>49,367</b>	31,839
Net realised gain on disposal of investments held for trading	–	17,179
	<b>49,367</b>	49,018

### 6. PROFIT/(LOSS) BEFORE INCOME TAX

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

	For the six months ended 30 September	
	<b>2015</b>	2014
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	HK\$'000
Auditor's remuneration	<b>90</b>	90
Depreciation of property, plant and equipment	<b>781</b>	830
Minimum lease payments under operating leases on leasehold properties	<b>960</b>	960
Staff costs (including directors' emoluments):		
Basic salaries and allowances	<b>2,976</b>	4,446
Retirement benefits scheme contribution	<b>204</b>	213



## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 7. FINANCE COSTS

	For the six months ended 30 September	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
Imputed interest on convertible notes	–	8,969
Interest on bank and other borrowings	31,993	36,744
Interest on bonds	208	–
	<b>32,201</b>	45,713

### 8. INCOME TAX EXPENSE/(CREDIT)

	For the six months ended 30 September	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
PRC enterprise income tax – deferred tax expense/(credit)	22,055	(43,958)

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

The Group's subsidiaries in the PRC are subject to the PRC enterprise income tax. The applicable PRC enterprise income tax is 25%.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

Loss attributable to owners of the Company for the period ended 30 September 2015 dealt with in the financial statements of the Company was approximately HK\$4,856,000 (for the six months ended 30 September 2014: HK\$67,628,000).

No dividend was paid or proposed during the period ended 30 September 2015 (for the six months ended 30 September 2014: Nil), nor has any dividend been proposed since 30 September 2015.

### 10. EARNINGS/(LOSS) PER SHARE

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

	For the six months ended 30 September	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
<b>Profit/(loss) attributable to owners of the Company</b>		
Profit/(loss) for the purpose of basic earnings per share	<b>107,368</b>	(148,857)
Effect of dilutive potential ordinary shares:		
Share options	-	-
Convertible notes	-	-
Profit/(loss) for the purpose of diluted earnings/(loss) per share calculation	<b>107,368</b>	(148,857)

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 10. EARNINGS/(LOSS) PER SHARE (CONTINUED)

	Number of shares	
	'000	'000
Weighted average number of ordinary shares and convertible preference shares for the purposes of basic earnings/(loss) per share	1,192,909	1,088,719
Effect of dilutive potential ordinary shares:		
Share options	–	–
Convertible notes	–	–
Weighted average number of ordinary shares and convertible preference shares for the purposes of diluted earnings/(loss) per share	1,192,909	1,088,719

#### Share options:

For the periods ended 30 September 2015 and 2014, the computation of diluted earnings/(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 2015 and 2014.

#### Convertible notes:

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

On 6 June 2014 and 26 March 2015, the Company early redeemed all the convertible notes and there were no convertible notes held by the Company during the period ended 30 September 2015.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 11. PROPERTY, PLANT AND EQUIPMENT

During the period, additions of property, plant and equipment amounted to approximately HK\$128,000 (for the six months ended 30 September 2014: HK\$76,000).

### 12. TRADE RECEIVABLES

The Group normally received rental income one month in advance. The Group seeks to maintain strict control over its outstanding receivables to recognised credit risk, with overdue balances regularly reviewed by senior management. The ageing analysis of the trade receivables as at the end of reporting period, based on the date of revenue recognition, is as follows:

	<b>At 30 September 2015 (Unaudited) HK\$'000</b>	At 31 March 2015 (Audited) HK\$'000
0-90 days	2,472	1,637
91-180 days	208	46
Over 180 days	92	–
	<b>2,772</b>	1,683

### 13. INVESTMENTS HELD FOR TRADING

	<b>At 30 September 2015 (Unaudited) HK\$'000</b>	At 31 March 2015 (Audited) HK\$'000
Equity securities listed in Hong Kong, at fair value	160,469	111,706
Debt securities listed in Hong Kong, at fair value	29,915	29,311
	<b>190,384</b>	141,017

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 14. SHARE CAPITAL

	At 30 September 2015		At 31 March 2015	
	Number of shares '000	Amount HK\$'000 (Unaudited)	Number of shares '000	Amount HK\$'000
<b>Authorised:</b>				
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
	Number of shares '000	Amount HK\$'000 (Unaudited)	Number of shares '000	Amount HK\$'000
<b>Issued and fully paid:</b>				
Ordinary shares of HK\$0.01 each				
At beginning of period/year	687,053	6,871	687,053	6,871
Issue of ordinary shares (note)	137,410	1,374	–	–
At end of period/year	824,463	8,245	687,053	6,871
Convertible preference shares	401,667	283,858	401,667	283,858

Note:

On 15 May 2015, the Company issued 137,410,000 ordinary shares with par value of HK\$0.01 each, at a price of HK\$0.37 per share by way of a placing. The net proceeds from the placing, after deducting the related placing commission, professional fees and all related expenses, is approximately HK\$49,520,000, out of which HK\$1,374,000 and HK\$48,146,000 were recorded in share capital and share premium respectively.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 15. RESERVES

	Share premium account HK\$'000	Convertible preference share HK\$'000	Share-based compensation reserve HK\$'000	Investment revaluation reserve HK\$'000	Capital reserve HK\$'000	Exchange fluctuation reserve HK\$'000	Conversion option reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
Balance at 1 April 2015 (Audited)	3,284,858	283,858	10,761	-	5,733	70,781	-	(970,046)	2,685,945
Profit for the period	-	-	-	-	-	-	-	107,368	107,368
Other comprehensive income	-	-	-	-	-	(109,480)	-	-	(109,480)
Total comprehensive income	-	-	-	-	-	(109,480)	-	107,368	(2,112)
Lapse of share options	-	-	(10,761)	-	-	-	-	10,761	-
Issue of ordinary shares (note 14)	48,146	-	-	-	-	-	-	-	48,146
Balance at 30 September 2015 (Unaudited)	3,333,004	283,858	-	-	5,733	(38,699)	-	(851,917)	2,731,979

### 16. TRADE PAYABLES

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

	<b>At 30 September 2015 (Unaudited) HK\$'000</b>	At 31 March 2015 (Audited) HK\$'000
Current or less than 1 month	-	4
1 to 3 months	2	66
More than 3 months but less than 12 months	300	571
More than 12 months	<b>9,423</b>	10,247
	<b>9,725</b>	10,888

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 17. BANK AND OTHER BORROWINGS

	Notes	At 30 September 2015 (Unaudited) HK\$'000	At 31 March 2015 (Audited) HK\$'000
Bank loans – secured	(i)	636,561	683,963
Other loan – unsecured	(ii)	–	61,539
Long term bond	(iii)	9,332	–
		<b>645,893</b>	745,502
Total current and non-current bank and other borrowing were repayable as follows:			
Loans repayable:			
Within one year		78,036	115,625
More than one year, but not exceeding two years		92,456	95,013
More than two years, but not exceeding five years		365,399	347,986
After five years		110,002	186,878
		<b>645,893</b>	745,502
Portion classified as current liabilities		<b>(78,036)</b>	(115,625)
Portion classified as non-current liabilities		<b>567,857</b>	629,877

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 17. BANK AND OTHER BORROWINGS (CONTINUED)

- (i) The bank loans are secured by the subsidiary's investment property with carrying value of approximately HK\$3,890,880,000 (as at 31 March 2015: HK\$3,985,783,000). As at 30 September 2015, the bank loans include loan principal amounts of HK\$143,476,000 (as at 31 March 2015: HK\$159,939,000) and HK\$528,917,000 (as at 31 March 2015: HK\$564,864,000) which bear interest at 7.86% (as at 31 March 2015: 7.86%) per annum and 7.86% (as at 31 March 2015: 7.86%) per annum respectively 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\$143,476,000 (as at 31 March 2015: HK\$159,939,000), 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 was unsecured, interest bearing at 13% per annum and was repaid on 9 June 2015.
- (iii) On 24 July 2015, the Company with The Bank of New York Mellon, acting through its Hong Kong Branch, as the bond agent, issued a long term unsecured bond of HK\$11,000,000, with a maturity period of 4 years and a fixed nominal interest rate of 7% per annum. The principal will be repaid at the end of the term on 23 July 2019. The interest will be payable semi-annually in arrears on 23 January and 23 July in each year prior to the earlier of the maturity date and the redemption date.

### 18. CAPITAL COMMITMENTS

As at 30 September 2015 and 31 March 2015, the Group had the following commitments:

	<b>At 30 September 2015 (Unaudited) HK\$'000</b>	At 31 March 2015 (Audited) HK\$'000
Capital commitments contracted but not provided for:		
Construction in progress	<b>735</b>	1,162



## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 19. LEASES

The Group leases its office properties for the periods ended 30 September 2015 and 2014. Leases for office properties are negotiated for terms for two years.

#### The Group as lessee

At 30 September 2015 and 31 March 2015, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	<b>At 30 September 2015 (Unaudited) HK\$'000</b>	At 31 March 2015 (Audited) HK\$'000
Within one year	<b>640</b>	1,600

#### The Group as lessor

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

	<b>At 30 September 2015 (Unaudited) HK\$'000</b>	At 31 March 2015 (Audited) HK\$'000
Within one year	<b>85,800</b>	54,395
In the second to fifth years, inclusive	<b>52,352</b>	54,444
More than five years	<b>56,563</b>	63,184
	<b>194,715</b>	172,023

## **NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

### **20. CONTINGENT LIABILITIES**

As at 30 September 2015 and 31 March 2015, the Company and the Group did not have contingent liabilities.

### **21. RELATED PARTY TRANSACTIONS**

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

- (a) Amounts due to related parties are unsecured, interest-free and repayable on demand.
- (b) Mr. Guo Jiadi has granted a guarantee to a bank for the bank loan with principal amount of HK\$143,476,000 (as at 31 March 2015: HK\$159,939,000), for due performance of the covenants of bank facilities granted to a subsidiary of the Company.
- (c) A rental agreement for leasing a portion of a floor of the shopping mall in Fuzhou was signed between the Group and a company of which Mr. Guo Jiadi was beneficially interested in. Rental income charged for the period amounted to HK\$450,000 (for the period ended 30 September 2014: HK\$455,000).

### **22. EVENTS AFTER THE REPORTING PERIOD**

As disclosed in the Company's announcement dated 28 October 2015, the Company proposes to implement rights issue on the basis of two rights shares for every one ordinary share held on the record date on 16 December 2015 or such other date that the Company and United Century International Limited, the sole underwriter of the rights issue, may agree in writing, at the subscription price of HK\$0.20 per rights share. The Company will raise proceeds of approximately HK\$329,800,000 before expenses by way of issue of 1,648,924,892 rights shares.

# MANAGEMENT DISCUSSION AND ANALYSIS

## FINANCIAL HIGHLIGHTS

For the six months ended 30 September 2015, the Group recorded a turnover of approximately HK\$56.1 million, representing a decrease of 16.8% compared with the corresponding period ended 30 September 2014 and the Group's profit attributable to shareholders was approximately HK\$107.4 million, and its basic earnings per share for the period was HK9 cents (2014: loss of HK\$148.9 million, representing a loss per share of HK13.67 cents).

## DIVIDENDS

The board (the "Board") of directors of the Company (the "Directors") does not recommend the payment of an interim dividend for the six months ended 30 September 2015 (2014: Nil).

## BUSINESS REVIEW

The Group is principally engaged in property development and holding of property for investment and rental purpose. Currently, the Group owns a shopping mall in Fuzhou as an investment property.

A strategic cooperation memorandum of understanding ("Strategic Cooperation MOU") dated 2 April 2015 was entered into between Shanghai Zhong Zhan Industrial Investment Co., Ltd. (上海中展實業投資有限公司) and the Group. The Strategic Cooperation MOU was used to look for hotel, elderly care related or tourism related property investment and development opportunities in eastern part of the People's Republic of China (the "PRC") for one year from the date of the Strategic Cooperation MOU or such later date as mutually agreed. Further details are set out in the announcement of the Company dated 2 April 2015.

A placing agreement dated 28 April 2015 was entered into between the Company and a placing agent in respect of the placing of the bonds. An aggregate principal amount of HK\$11 million of the bonds had been successfully placed. As to the proceeds raised from the bonds, the Company intends to utilise for financing potential property development and investment project(s) in the PRC as announced, which has not been utilised yet as at the date of this interim report. Further details are set out in the announcements of the Company dated 28 April 2015, 22 July 2015 and 28 October 2015.

# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW (CONTINUED)

A placing agreement dated 29 April 2015 was entered into between the Company and a placing agent in respect of the placing of up to 137,410,000 ordinary shares of the Company (“Ordinary Share”) at the placing price of HK\$0.37 per ordinary share of the Company (“Share Placing”) with net proceeds of approximately HK\$49.3 million which had strengthened the financial position of the Group. With respect to the funds raised from the Shares Placing, approximately HK\$35 million was utilised to repay debts of the Group in June and September 2015 and a further HK\$3 million was utilised for financing operating expenses instead of applying for financing potential property development and investment project(s) of the Group in the PRC as disclosed in the announcement in relation to the Share Placing. The debts repaid included bank loans (approximately HK\$16.3 million) and interest free loans owed to companies 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 (approximately HK\$18.7 million) provided to the Group as working capital and for repayment of debts owed by the Group to third parties. As the Company has not identified any property development and investment project(s) in the PRC with satisfactory potential returns since completion of the Shares Placing, the Directors resolved to apply part of the proceeds from the Shares Placing to reduce the debts of the Group which would otherwise be left idle. The Directors considered that such change in use of the proceeds from the Shares Placing would reduce interest expenses, lower the gearing ratio of the Group and allow the Group to meet its more imminent financial needs and is therefore an appropriate use of the Shares Placing proceeds and in the interest of the shareholders of the Company (the “Shareholders”) and the Company as a whole. Further details are set out in the announcements of the Company dated 29 April 2015, 15 May 2015 and 28 October 2015 respectively.

The Company intends to apply the proceeds raised from the Shares Placing that has not yet been utilised as at the date of this interim report (being approximately HK\$11.3 million) as general working capital instead for financing potential property development and investment project(s) in the PRC as previously announced. As disclosed in the preceding paragraph, the Company has not identified property development and investment project(s) in the PRC with satisfactory potential returns since completion of the Shares Placing, the Directors therefore resolved to apply the unused proceeds in the amount of HK\$11.3 million as general working capital, which has not been utilised yet as at the date of this interim report. The Directors considered that such change in use of the proceeds will allow the Group to deal with its more imminent financial needs and is therefore an appropriate use of the Shares Placing proceeds and in the interest of the Shareholders and the Group as a whole.

# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW (CONTINUED)

On 28 October 2015, the Board proposes to implement the rights issue on the basis of two rights shares for every one ordinary share at the subscription price of HK\$0.2 per rights share. The Company expects to raise proceeds of approximately HK\$329.8 million before expenses by way of issue of 1,648,924,892 rights shares. Further details are set out in the announcement of the Company dated 28 October 2015.

### The property investment business

The current property investment business is mainly operated by Fujian Sinco Industrial Co., Ltd. ("Fujian Sinco") which is engaged in development, operation and management of a home improvement plaza ("Sandi Plaza"). During the period under review, the Group recorded the rental, management and related fee income of approximately HK\$56.1 million (2014: HK\$67.4 million). The Sandi Plaza had an occupancy rate of approximately 67.1% which represent a decrease in the occupancy rate as compared to corresponding period in 2014 of approximately 86.3%. The decrease in occupancy rate is a result of the continuous competitions from other shopping malls, renovation works on one entire floor of the Sandi Plaza carrying out during the period under review and the construction works of the Fuzhou subway transportation in front of the Sandi Plaza, 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.

### The property development business

The Group has terminated the commercial property development project in Xi'an, the PRC due to the public bidding of the land located at Xi'an Qujiang Daming Palace Heritage Area (西安曲江大明宮遺址區) will not be able to take place by 31 October 2015. Further details are set out in the announcement dated 23 July 2015.

### Other business

A letter of intent dated 24 August 2015 was entered into among the Company as purchaser, the Shannan Tianyuan Investment Centre (山南天源投資中心) as first vendor and Shannan Shengyuan Investment Centre (山南盛源投資中心) as second vendor in respect of the proposed acquisition of a part of or the entire equity interests in Jiangsu Guosheng Hengtai Energy Development Co., Ltd (江蘇國盛恆泰能源發展有限公司) ("Jiangsu Guosheng"). Jiangsu Guosheng is principally engaged in the business of exploration and production of coalbed methane and provision of related technical services and consultation services. The Company was still in the course of conducting due diligence on the relevant target company, the earnest money had not yet been paid and the parties had not entered into any definitive agreement(s). Further details are set out in the announcement dated 24 August 2015.

# MANAGEMENT DISCUSSION AND ANALYSIS

## PROSPECTS

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.

The Group is optimistic to the residential and commercial property market of Mainland China in the long run and is seeking for opportunities to acquire optimal scale land parcels or completed properties for development and investment continuously and has identified Shanghai as the primary target to expand the Group's future investment due to Shanghai's status as the leading financial and economic centre of the PRC. The termination of the Xi'an Project also prompted the Group to seek fresh investment opportunities as soon as possible in order to generate return for the Shareholders.

## OPERATING RESULTS AND FINANCIAL REVIEW

### Revenue

Revenue during the six months ended 30 September 2015 mainly represents rental income and management fee income received from a home improvement plaza in Fuzhou City of the PRC.

### Change in fair value of an investment property

The fair value gain of investment property represents the increase in fair value of a home improvement plaza recognised during the six months ended 30 September 2015.

### Other net gains

Other net gains in the period under review represents fair value gain on investments held for trading.

### Finance costs

The decrease in the finance costs mainly because there is no imputed interest on convertible notes as a result of early redemption of part of these convertible notes for the period under review.

### Income tax expense

The income tax expense mainly represents the corresponding deferred tax recognised on the increase in fair value of the investment property during the six months ended 30 September 2015.

## LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 30 September 2015, the Group's cash and bank balances, which were principally Renminbi and Hong Kong dollar denominated, amounted to approximately a total of HK\$26.2 million (31 March 2015: HK\$15.6 million).

As at 30 September 2015, the Group had bank and other borrowings amounted to HK\$645.9 million and therefore, the Group's gearing ratio is 15.5%, measured on the basis of total borrowings less cash and cash equivalents and investment held for trading of HK\$190.4 million, and the sum of which as a percentage of total equity (31 March 2015: 21.6%).

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE (CONTINUED)**

The Group's currently available liquidity resources are sufficient to meet its capital commitments. As at 30 September 2015, the Group's net current assets amounted to approximately HK\$157.6 million (31 March 2015: HK\$86.9 million).

The Group's current ratio, being its current assets in its current liabilities, amounted to 1.9 (as at 31 March 2015: 1.4).

As at 30 September 2015, the share capital of the Company is consisted of 824,462,446 ordinary shares of HK\$0.01 each and 401,666,666 convertible preference shares of HK\$0.01 each.

### **CHARGE ON THE GROUP'S ASSETS**

As at 30 September 2015, investment property with respective fair value of approximately HK\$3,890.9 million (as at 31 March 2015: HK\$3,985.8 million) was pledged to secure bank loans of a subsidiary of the Group.

### **CONTINGENT LIABILITIES**

As at 30 September 2015, the Group did not have any material contingent liabilities (as at 31 March 2015: Nil).

### **CAPITAL COMMITMENTS**

As at 30 September 2015, the Group has capital commitments in respect of construction in progress amounted to approximately HK\$0.7 million (as at 31 March 2015: HK\$1.2 million).

### **EXPOSURE TO FLUCTUATION IN EXCHANGE RATE**

The majority of the Group's transactions and borrowings are denominated in Hong Kong dollars and Renminbi, which exposed the Group to foreign currency risk. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

### **EMPLOYEES**

As at 30 September 2015, the Group employed a total of approximately 20 employees. 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.

## DISCLOSURE OF ADDITIONAL INFORMATION

### CHANGES IN INFORMATION OF DIRECTORS

Apart from Mr. Chi Chi Hung, Kenneth retired as a non-executive Director on 21 August 2015, there is no other change in the information of Directors that is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the publication of the Company's 2015 Annual Report.

### DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Apart from as disclosed under the heading "Share Option Scheme" below, at no time during the period 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.

### SHARE OPTION SCHEME

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

Particulars of options granted under the Old Scheme remained outstanding up to 30 September 2015 are as follows:

	Number of shares options				As at 30 September 2015	Subscription per share	Date of grant of share option	Exercisable period
	As at 1 April 2015	Granted during the period	Exercised during the period	Cancelled during the period				
Employees and consultants	600,000	-	-	(600,000)	-	HK\$19.60	27 March 2007	1 April 2007 to 31 March 2017
	1,300,000	-	-	(1,300,000)	-	HK\$7.80	30 September 2008	30 September 2008 to 29 September 2018
	1,200,000	-	-	(1,200,000)	-	HK\$5.90	9 February 2009	9 February 2009 to 8 February 2019
Total	3,100,000	-	-	(3,100,000)	-			



## **DISCLOSURE OF ADDITIONAL INFORMATION**

### **SHARE OPTION SCHEME (CONTINUED)**

#### **The New Scheme**

At the annual general meeting of the Company held on 16 September 2011, the Shareholders approved the adoption of a 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.

### **DISCLOSURE OF INTERESTS OF DIRECTORS AND CHIEF EXECUTIVES**

As at 30 September 2015, the interests and short positions of the Directors and chief executives of the Company in the shares and, in respect of equity derivatives, underlying shares in, and debentures of, the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they have taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or, which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in the Listing Rules to be notified to the Company and the Stock Exchange were as follows:

## DISCLOSURE OF ADDITIONAL INFORMATION

### DISCLOSURE OF INTERESTS OF DIRECTORS AND CHIEF EXECUTIVES (CONTINUED)

#### (a) Long positions in the shares and underlying shares of the Company

Name of Director	Capacity	Number of Ordinary Shares	Number of underlying Ordinary shares	Approximate percentage of the Issued ordinary capital as at 30 September 2015
Mr. Guo Jiadi ("Mr. Guo")	Interest of controlled corporation	200,000,000 (Note 1)	–	24.26
	Interest of controlled corporation	–	221,166,666 (Notes 2 & 4)	26.83
	Interest of controlled corporation	–	180,500,000 (Notes 3 & 4)	21.89

Notes:

- These 200,000,000 Ordinary Shares were held by United Century International Limited ("United Century"), a company wholly-owned by Mr. Guo. By virtue of the SFO, Mr. Guo is deemed to be interested in the Ordinary Shares which United Century are interested.
- These 221,166,666 underlying Ordinary Shares were held by United Century, a company wholly-owned by Mr. Guo. By virtue of the SFO, Mr. Guo is deemed to be interested in these underlying Ordinary Shares.
- These 180,500,000 underlying Ordinary Shares were held by King Partner Holdings Limited ("King Partner"), a company wholly-owned by Mr. Guo. By virtue of the SFO, Mr. Guo is deemed to be interested in these underlying Ordinary Shares.
- These are Ordinary Shares issuable upon exercise of the conversion rights pursuant to the terms and condition of the convertible preference share ("CPS") at the initial conversion price of HK\$3 per share (subject to adjustment) during the period from 16 February 2012 to 4:00 p.m. (Hong Kong time) on the date of all CPS being converted or purchased in full (or such earlier date as may be required under the applicable laws of Bermuda, Hong Kong and the Company's constitution ("CPS Conversion Period").

## DISCLOSURE OF ADDITIONAL INFORMATION

### DISCLOSURE OF INTERESTS OF DIRECTORS AND CHIEF EXECUTIVES (CONTINUED)

#### (b) Long positions in associated corporation

Name of Director	Name of associated corporation	Capacity	Registered capital	Approximately percentage of registered capital
Mr. Guo Jiadi	Fujian Jiake Industrial Company Limited ("Fujian Jiake")	Interest of controlled corporation (Note)	RMB216,000,000	49%

Note:

Mr. Guo's interest in Fujian Jiake is held through Fuzhou Gaojia Real Estate Development Co., Ltd. ("Fuzhou Gaojia"), a company established in the PRC and ultimately controlled by Mr. Guo.

Save as disclosed above, as at 30 September 2015, none of the Directors or the chief executives of the Company or their respective associates had any interests or short positions in the shares or, in respect of equity derivatives, underlying shares in, or debentures of, the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they have taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

## DISCLOSURE OF ADDITIONAL INFORMATION

### INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at 30 September 2015, the interests and short positions of Shareholders (not being Directors or the chief executives of the Company) in the shares and underlying shares of the Company which were notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO and required to be entered in the register maintained by the Company pursuant to section 336 of the SFO were as follows:

#### Long positions of substantial Shareholders in the shares and underlying shares of the Company

Name of Shareholder	Capacity	Number of Ordinary Shares	Number of underlying Ordinary Shares	Approximate percentage of the Issued ordinary capital as at 30 September 2015
United Century (Note 1)	Beneficial owner	200,000,000	–	24.26
	Beneficial owner	–	221,166,666 (Note 2)	26.83
King Partner (Note 3)	Beneficial owner	–	180,500,000 (Note 4)	21.89
Best China Limited (Note 5)	Beneficial owner	42,500,000	–	5.15
Chu Yuet Wah (Note 5)	Interest in controlled corporation	42,500,000	–	5.15

Notes:

1. United Century is a company incorporated in the British Virgin Islands (“BVI”) and is wholly-owned by Mr. Guo. Mr. Guo is also the sole director of United Century.
2. These are Ordinary Shares issuable upon exercise of the conversion rights pursuant to the terms and condition of the CPS at the initial conversion price of HK\$3 per share (subject to adjustment) during the CPS Conversion Period.
3. King Partner is a company incorporated in the BVI and is wholly-owned by Mr. Guo. Mr. Guo is also the sole director of King Partner.
4. These are Ordinary Shares issuable upon exercise of the conversion rights pursuant to the terms and condition of the CPS at the initial conversion price of HK\$3 per share (subject to adjustment) during the CPS Conversion Period.
5. According to the individual substantial shareholder notice filed by Mrs. Chu Yuet Wah, these Ordinary Shares were held by Best China Limited, a corporation controlled by her. By virtue of the SFO, Mrs. Chu is deemed to be interested in these Ordinary Shares.

## **DISCLOSURE OF ADDITIONAL INFORMATION**

### **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code as its own 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 confirmed that they have complied with the Model Code during the six months ended 30 September 2015.

### **PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES BY THE COMPANY**

There was no purchase, redemption or sale of the Company's listed securities by the Company or its subsidiaries during the six months ended 30 September 2015.

### **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;

## DISCLOSURE OF ADDITIONAL INFORMATION

### DIRECTORS' INTERESTS IN A COMPETING BUSINESS (CONTINUED)

- (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 period 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.

### CORPORATE GOVERNANCE

For the six months ended 30 September 2015 and up to date of this report, the Company has complied with the code provisions ("Code Provisions") set out in the Corporate Governance Code (the "CG Code") under Appendix 14 of the Listing Rules 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:

## DISCLOSURE OF ADDITIONAL INFORMATION

### CORPORATE GOVERNANCE (CONTINUED)

#### Code Provision A.2.1

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

Up to date of this report, 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.

#### Audit Committee

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

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

### SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available and within the knowledge of the Directors, it is confirmed that there is sufficient public float of more than 25 per cent of the Company's issued shares as at the date of this interim report.

By order of the Board  
**China Sandi Holdings Limited**  
**Guo Jiadi**  
*Chairman*

Hong Kong, 30 November 2015