SANDI

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

(Incorporated in Bermuda with limited liability)

(Stock Code: 00910)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 MARCH 2014

The board of directors (the "Board" or "Directors") of China Sandi Holdings Limited (the "Company") announces the annual consolidated results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 March 2014 together with comparative figures for the year ended 31 March 2013:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2014

	Notes	**2014** ***HK$'000***	2013 *HK$'000* (restated)
Continuing operations:			
Revenue	*4*	**130,798**	118,658
Other income	*4*	**1,722**	811
Other net gains and losses	*6*	**(25,592)**	76,309
Fair value gain on an investment property		**557,925**	51,953
Fair value loss on derivative financial instrument		**(3,273)**	(20,754)
Staff costs		**(10,940)**	(7,654)
Depreciation of property, plant and equipment		**(1,696)**	(1,660)
Other operating expenses		**(43,943)**	(42,441)
Finance costs	*7*	**(110,582)**	(97,242)
Profit before income tax	*9*	**494,419**	77,980
Income tax	*8*	**(142,589)**	(18,233)
Profit for the year from continuing operations		**351,830**	59,747

	Notes	**2014** *HK$'000*	2013 *HK$'000* (restated)
Discontinued operations:			
(Loss)/profit for the year from discontinued operations	*10*	**(791,095)**	95,867
(Loss)/profit for the year		**(439,265)**	155,614
Other comprehensive income, after tax, that may be reclassified subsequently to profit or loss:	*12*		
Exchange differences on translating foreign operations		**44,711**	33,174
Fair value gain on available-for-sale financial assets		**2,170**	5,741
Reclassification adjustment upon disposal of subsidiaries		**(689,230)**	–
Other comprehensive income for the year, after tax		**(642,349)**	38,915
Total comprehensive income for the year		**(1,081,614)**	194,529
(Loss)/profit attributable to:			
Owners of the Company		**(439,261)**	155,614
Non-controlling interests		**(4)**	–
		(439,265)	155,614
Total comprehensive income attributable to:			
Owners of the Company		**(1,081,236)**	194,529
Non-controlling interests		**(378)**	–
		(1,081,614)	194,529
(Loss)/earnings per share	*13*		
From continuing and discontinued operations:			
— Basic		**HK(40) cents**	HK14 cents
— Diluted		**HK(32) cents**	HK14 cents
From continuing operations:			
— Basic		**HK32 cents**	HK5 cents
— Diluted		**HK31 cents**	HK5 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2014

	Notes	**2014**	2013
		HK$'000	*HK$'000*
Non-current assets			
Biological assets		**–**	1,447,814
Investment property		**4,295,700**	3,695,341
Property, plant and equipment		**6,118**	38,287
Construction in progress		**–**	10,569
Prepaid lease payments		**–**	842,740
Available-for-sale investments		**8,066**	5,896
Derivative financial instrument		**3,617**	6,890
Total non-current assets		**4,313,501**	6,047,537
Current assets			
Inventories	*14*	**–**	3,068
Trade receivables	*15*	**4,313**	715
Prepaid lease payments		**–**	18,211
Other receivables, deposits and prepayments		**156,882**	4,887
Investments held for trading		**94,321**	171,971
Amounts due from related parties	*20(b)(i)*	**–**	494
Cash and cash equivalents		**449,170**	120,745
Total current assets		**704,686**	320,091
Total assets		**5,018,187**	6,367,628
Current liabilities			
Trade payables	*18*	**15,554**	28,551
Other payables and accruals		**70,360**	425,243
Amounts due to related parties	*20(b)(i)*	**9,668**	2,618
Bank and other borrowings		**41,209**	34,605
Tax payable		**3,527**	87,120
Total current liabilities		**140,318**	578,137
Net current assets/(liabilities)		**564,368**	(258,046)
Total assets less current liabilities		**4,877,869**	5,789,491

	Notes	**2014** **HK$'000**	2013 HK$'000
Non-current liabilities			
Long term payables		**–**	71,660
Convertible notes payable		**330,802**	294,542
Deferred taxation		**800,804**	653,908
Bank and other borrowings		**732,368**	700,280
Total non-current liabilities		**1,863,974**	1,720,390
Net assets		**3,013,895**	4,069,101
Capital and reserves attributable to owners of the Company			
Share capital	*16*	**6,871**	6,871
Reserves		**2,980,554**	4,062,164
Equity attributable to owners of the Company		**2,987,425**	4,069,035
Non-controlling interests		**26,470**	66
Total equity		**3,013,895**	4,069,101

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2014

1. GENERAL

The Company was incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited. The address of registered office and principal place of business of the Company are disclosed in corporate information to the annual report.

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

On 27 September 2013 and 25 October 2013, the Company entered into a share transfer agreement and a supplemental agreement (the "Share Transfer Agreements") with an independent third party purchaser (the "Purchaser"), pursuant to which the Company conditionally agreed to sell, and the Purchaser conditionally agreed to purchase, (i) the entire equity interest in Success Standard Investments Limited ("Success Standard"), a wholly-owned subsidiary of the Company, which holds the ecological forestry business of the Group at HK$399,999,900 and (ii) a sale loan (the "Sale Loan") at HK$100, at an aggregate consideration of HK$400 million. The transaction has been completed on 28 March 2014 and set out in note 10.

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

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

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

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

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

HKFRSs (Amendments) — Annual Improvements 2009–2011 Cycle

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

HKFRSs (Amendments) — Annual Improvements 2010–2012 Cycle

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

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

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

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

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

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

The adoption of the amendments has no impact on these financial statements as the Group has not offset financial instruments, nor has it entered into a master netting agreement or a similar arrangement.

HKFRS 10 — Consolidated Financial Statements

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

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

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

HKFRS 12 — Disclosure of Interests in Other Entities

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

As the new standard affects only disclosure, there is no effect on the Group's financial position and performance.

HKFRS 13 — Fair Value Measurement

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

HKFRS 13 does not materially affect any fair value measurements of the Group's assets and liabilities and therefore has no effect on the Group's financial position and performance.

HKAS 19 (2011) — Employee Benefits

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

The Group has amended its accounting policies for short-term employee benefits and termination benefits, however the adoption of the revised standard has no effect on the Group's financial position or performance.

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

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

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

Notes:

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

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

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

HKFRS 9 — Financial Instruments

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

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

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

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

3. BASIS OF PREPARATION

(a) Statement of compliance

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

(b) Basis of measurement

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

(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.

4. REVENUE AND OTHER INCOME

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

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

5. SEGMENTAL INFORMATION

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

The Group has identified three reportable segments, the business of ecological forestry operation, property investment and property development. During the year, the ecological forestry business was disposed of and was presented as discontinued operations which details were set out in note 10. The following summary describes the operations in each of the Group's reportable segments:

Continuing operations:

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

— Property development business — development of properties

Discontinued operations:

— Ecological forestry business — sale of forestry goods and products

During the years ended 31 March 2014 and 2013, there are no inter-segment transactions made. Central revenue and expenses are not allocated to the operating segments as they are not included in the measure of the segments' profit/(loss) that is used by the chief operating decision-maker for assessment of segment performance.

i. Business Segments

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

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

Assets and liabilities information

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

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

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

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

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

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

iii. Geographical information

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

iv. Major customers

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

6. OTHER NET GAINS AND LOSSES

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

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

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

7. FINANCE COSTS

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

8. INCOME TAX

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

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

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

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

Pursuant to the Implementation Rules, Wan Fu Chun Forest Resources Development Company Limited ("WFC"), a wholly-owned subsidiary of the Group before disposal should be entitled to full exemption from the PRC enterprise income tax as it is operating in forestry business. However, WFC had not obtained the exemption approval from the PRC tax authority. Accordingly, WFC was subject to enterprise income tax rate of 25% for the year ended 31 March 2013 and the period from 1 April 2013 to 28 March 2014.

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

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

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

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

9. PROFIT BEFORE INCOME TAX

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

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

10. DISCONTINUED OPERATIONS

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

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

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

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

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

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

11. LOSS ATTRIBUTABLE TO OWNERS OF THE COMPANY AND DIVIDEND

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

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

12. OTHER COMPREHENSIVE INCOME, AFTER TAX

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

13. (LOSS)/EARNINGS PER SHARE

For continuing and discontinued operations:

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

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

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

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

Share options:

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

Convertible notes:

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

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

For continuing operations:

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

(Loss)/earnings figures are calculated as follows:

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

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

For discontinued operations:

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

14. INVENTORIES

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

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

15. TRADE RECEIVABLES

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

During the year, the ecological forestry business was disposed of as detailed in note 10. In last year, for ecological forestry business, the Group normally allows credit terms to established customers ranging from 90 to 120 days. For property investment business, the Group normally received rental income one month in advance. The Group seeks to maintain strict control over its outstanding receivables to recognised credit risk, with overdue balances regularly reviewed by senior management. Trade receivables are generally non-interest bearing and their carrying amounts approximate their fair values.

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

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

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

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

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

16. SHARE CAPITAL

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

17. CONVERTIBLE PREFERENCE SHARES

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

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

18. TRADE PAYABLES

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

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

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

19. CAPITAL COMMITMENTS

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

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

20. RELATED PARTY TRANSACTIONS

(a) Key management personnel compensation

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

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

(b) Transactions/balances with related parties

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL HIGHLIGHTS

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

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

DIVIDEND

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

BUSINESS REVIEW

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

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

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

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

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

The property investment business

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

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

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

The property development business

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

The ecological forestry business

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

PROSPECTS

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

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

OPERATING RESULTS AND FINANCIAL REVIEW

Revenue

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

Other net gains and losses

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

Change in fair value of investment property

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

Other operating expenses

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

Finance costs

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

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 March 2014, the Group's cash and bank balances, which were principally Renminbi and Hong Kong dollar denominated, amounted to approximately a total of HK$449.2 million. The Group was not exposed to any substantial risk in foreign exchange fluctuations. In general, the Group mainly used its Renminbi income receipt for operating expenses in China and did not use any financial instruments for hedging purpose. As at 31 March 2014, the Group had bank and other borrowings approximately amounted to HK$773.6 million and therefore, the Group's gearing ratio is 21.9%, measured on the basis of total borrowings as a percentage of total shareholders' funds (31 March 2013: 22.4%).

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

As at 31 March 2014, the share capital of the Company is consisted of 687,052,446 ordinary shares of HK$0.01 each and 401,666,666 convertible preference shares of HK$0.01 each. Apart from the ordinary shares and convertible preference shares in issue, the Company has issued convertible notes as alternative financing instruments.

SIGNIFICANT EVENT AFTER THE END OF THE REPORTING PERIOD

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

CHARGE ON THE GROUP'S ASSETS

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

CONTINGENT LIABILITIES

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

CAPITAL COMMITMENTS

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

EXPOSURE TO FLUCTUATION IN EXCHANGE RATE

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

EMPLOYEES

As at 31 March 2014, the Group employed a total of approximately 65 employees of which 5 were employed in Hong Kong. In addition to competitive remuneration package offered to the employees, other benefits included contributions to mandatory provident fund, as well as group medical and accident insurance. On-going training sessions were also conducted to enhance the competitiveness of the Group's human assets. The Company also maintains a share option scheme, pursuant to which share options may be granted to the Directors, executives and employees of the Company to provide them with incentives in the growth of the Group.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules (the "Model Code") in respect of the securities dealing by the Directors. The Company has made specific enquiry of all Directors in respect of the securities dealing by the Directors and is not aware of any non-compliance with the Model Code during the year ended 31 March 2014.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES BY THE COMPANY

There was no purchase, redemption or sale of shares of the Company by the Company or its subsidiaries during the year ended 31 March 2014.

DIRECTORS' INTERESTS IN A COMPETING BUSINESS

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

CORPORATE GOVERNANCE

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

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

Code Provision A.2.1

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

AUDIT COMMITTEE

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

The Audit Committee has reviewed with management and the external auditors, the Group's annual results for the year ended 31 March 2014, and was of the opinion that the accounting policies of the Group are in accordance with the current best practice in Hong Kong.

SCOPE OF WORK OF BDO LIMITED

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 March 2014 have been agreed by the Group's auditor, BDO Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by BDO Limited on the preliminary announcement.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

The final results announcement is available for viewing on the website of Hong Kong Exchanges and Clearing Limited (**www.hkexnews.hk**) and on the website of the Company (**www.chinasandi.com.hk**). The annual report of the Company for the year ended 31 March 2014 will be despatched to shareholders of the Company and will be published on the same websites in due course.

APPRECIATION

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

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

Hong Kong, 30 June 2014

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