SANDI

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

(incorporated in Bermuda with limited liability)

(Stock Code: 910)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 MARCH 2016

The board (the "Board") of directors (the "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 2016 together with the comparative figures for the year ended 31 March 2015:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2016

	Notes	**2016** ***HK$'000***	2015 *HK$'000*
Revenue	*4*	**109,750**	132,964
Other income	*4*	**24,801**	4,459
Other net gains and losses	*6*	**75,472**	66,451
Fair value gain/(loss) on an investment property		**96,713**	(380,264)
Fair value loss on derivative financial instrument		**–**	(1,257)
Impairment loss on available-for-sale investments		**–**	(155)
Loss on early redemption of convertible notes		**–**	(56,530)
Staff costs		**(9,760)**	(9,308)
Depreciation of property, plant and equipment		**(1,559)**	(1,606)
Other operating expenses		**(34,686)**	(33,459)
Finance costs	*7*	**(64,406)**	(77,811)
Profit/(loss) before income tax	*9*	**196,325**	(356,516)
Income tax (expense)/credit	*8*	**(35,724)**	89,992
Profit/(loss) for the year		**160,601**	(266,524)

	Notes	**2016** *HK$'000*	2015 *HK$'000*
Other comprehensive income, after tax, that may be reclassified subsequently to profit or loss:			
Exchange (loss)/gain on translating foreign operations		**(145,093)**	44,547
Fair value loss on available-for-sale financial assets		**–**	(8,066)
Reclassification to profit or loss		**–**	155
Other comprehensive income for the year, after tax		**(145,093)**	36,636
Total comprehensive income for the year		**15,508**	(229,888)
Profit/(loss) attributable to:			
Owners of the Company		**161,076**	(266,506)
Non-controlling interests		**(475)**	(18)
		160,601	(266,524)
Total comprehensive income attributable to:			
Owners of the Company		**17,497**	(230,309)
Non-controlling interests		**(1,989)**	421
		15,508	(229,888)
Earnings/(loss) per share	*11*		(Restated)
– Basic		**HK9 cents**	HK(20) cents
– Diluted		**HK9 cents**	HK(20) cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 March 2016

	Notes	2016 HK$'000	2015 HK$'000
Non-current assets			
Investment property		**3,860,877**	3,985,783
Property, plant and equipment		**3,189**	4,712
Available-for-sale investments		**–**	–
Deposit for subscription of exchangeable bonds		**131,301**	–
Total non-current assets		**3,995,367**	3,990,495
Current assets			
Trade receivables	*12*	**3,975**	1,683
Other receivables, deposits and prepayments		**17,596**	156,630
Investments held for trading		**216,489**	141,017
Amount due from non-controlling interest	*18*	**25,419**	–
Cash and cash equivalents		**387,187**	15,626
Total current assets		**650,666**	314,956
Total assets		**4,646,033**	4,305,451
Current liabilities			
Trade payables	*15*	**5,167**	10,888
Other payables and accruals		**49,225**	87,455
Amounts due to related parties	*17(b)*	**719**	14,075
Bonds and notes payable		**137,937**	–
Bank and other borrowings		**89,834**	115,625
Tax payable		**3,049**	–
Total current liabilities		**285,931**	228,043
Net current assets		**364,735**	86,913
Total assets less current liabilities		**4,360,102**	4,077,408

	Notes	**2016** *HK$'000*	2015 *HK$'000*
Non-current liabilities			
Convertible notes payable		**–**	–
Bonds and notes payable		**9,511**	–
Deferred taxation		**718,687**	727,042
Bank and other borrowings		**505,710**	629,877
Total non-current liabilities		**1,233,908**	1,356,919
Net assets		**3,126,194**	2,720,489
Capital and reserves attributable to owners of the Company			
Share capital	*13*	**24,734**	6,871
Reserves		**3,072,784**	2,685,945
Equity attributable to owners of the Company		**3,097,518**	2,692,816
Non-controlling interests		**28,676**	27,673
Total equity		**3,126,194**	2,720,489

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

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 Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and Unit 3309, 33/F., West Tower, 168-200 Connaught Road Central, Hong Kong.

The principal activity of the Company is investment holding. The principal activities of the Company's principal subsidiaries are engaged in holding of property for investment and rental purpose, property development and money lending business.

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

(a) Adoption of new/revised HKFRSs – effective 1 April 2015

Hong Kong Financial Reporting Standards

The Group has adopted the following new/revised HKFRSs (which include all HKFRSs, Hong Kong Accounting Standards ("HKAS") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") that are relevant to its operations and effective for annual periods beginning on or after 1 April 2015.

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

Amendments to HKAS 19 (2011) – Defined Benefit Plans: Employee Contributions

The amendments permit contributions that are independent of the number of years of service to be recognised as a reduction in the service cost in the period in which the service is rendered instead of allocating the contributions to periods of service.

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

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

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

HKFRS 9	Financial Instruments[2]
HKFRS 15	Revenue from contracts with customers[2]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment entities: Applying the consolidation exception[1]
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture[4]
Amendments to HKFRS 11	Accounting for acquisitions of interests in joint operations[1]
Amendments to HKAS 1	Disclosure initiative[1]
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortisation[1]
Amendments to HKAS 27	Equity method in separate financial statements[1]
HKFRS 16	Leases[3]
Amendments to HKFRSs	Annual improvements to HKFRSs 2012–2014 cycle[2]

1 Effective for annual periods beginning on or after 1 January 2016
2 Effective for annual periods beginning on or after 1 January 2018
3 Effective for annual periods beginning on or after 1 January 2019
4 Effective date not yet been determined

HKFRS 9 – Financial Instruments

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

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

HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities designated at FVTPL, where the amount of change in fair value attributable to change in credit risk of the liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities.

HKFRS 15 – Revenue from Contracts with Customers

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

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

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

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

HKFRS 16 – Leases

HKFRS 16, which upon the effective date will supersede HKAS 17 Leases, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under HKFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, HKAS 17.

In respect of the lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

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

(c) New Hong Kong Companies Ordinance provisions relating to the preparation of financial statements

The provisions of the new Hong Kong Companies Ordinance, Cap. 622, in relation to the preparation of financial statements apply to the Company in the financial year ended 31 March 2015.

The directors consider that there is no impact on the Group's financial position or performance, however the new Hong Kong Companies Ordinance, Cap. 622, impacts on the presentation and disclosures in the consolidated financial statements. For example, the statement of financial position of the Company is now presented in the notes to the financial statements rather than as a primary statement and related notes to the statement of financial position of the Company are generally no longer presented.

3. BASIS OF PREPARATION

(a) Statement of compliance

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

(b) Basis of measurement

The consolidated financial statements have been prepared under the historical cost basis except for investment property and financial instruments which are measured at fair value as explained in the accounting policies set out below.

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

(c) Functional and presentation currency

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

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:

	2016	2015
	HK$'000	*HK$'000*
Revenue		
Rental income	**42,723**	48,967
Property management and related fee income	**67,027**	83,997
	109,750	132,964
Other income		
Bank interest income	**332**	557
Dividend income from listed investments	**81**	1,062
Interest income from debts securities	**4,274**	2,840
Interest income from deposit	**20,090**	–
Others	**24**	–
	24,801	4,459
	134,551	137,423

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 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 years ended 31 March 2016 and 2015, 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:

	Property investment business		Property development business		Total	
	2016	2015	**2016**	2015	**2016**	2015
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Revenue from:						
External sales	**109,750**	132,964	**–**	–	**109,750**	132,964
Inter-segment sales	**–**	–	**–**	–	**–**	–
Reportable segment revenue	**109,750**	132,964	**–**	–	**109,750**	132,964
Reportable segment gain/(loss)	**119,232**	(343,447)	**12,457**	(36)	**131,689**	(343,483)
Interest revenue	**71**	12	**13,490**	–	**13,561**	12
Interest expense	**(57,864)**	(66,217)	**–**	–	**(57,864)**	(66,217)
Depreciation and amortisation	**(517)**	(568)	**–**	–	**(517)**	(568)
Income tax (expenses)/credit	**(35,724)**	89,992	**–**	–	**(35,724)**	89,992
Fair value gain/(loss) on an investment property	**96,713**	(380,264)	**–**	–	**96,713**	(380,264)

Assets and liabilities information

	Property investment business		Property development business		Total	
	2016	2015	**2016**	2015	**2016**	2015
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment assets	**3,907,720**	4,004,122	**45,271**	153,941	**3,952,991**	4,158,063
Addition to non-current assets	**1,377**	1,971	**–**	–	**1,377**	1,971
Segment liabilities	**1,358,810**	1,568,351	**3,121**	–	**1,361,931**	1,568,351

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

	2016	2015
	HK$'000	*HK$'000*
Revenue		
Reportable segment revenue	**109,750**	132,964
Elimination of inter-segment revenue	**–**	–
Consolidated revenue	**109,750**	132,964
Profit/(loss) before income tax		
Reportable segment profit/(loss)	**131,689**	(343,483)
Fair value gain on investments held for trading	**75,472**	37,479
Net realised gain on disposal of investments held for trading	**–**	28,972
Finance costs	**(6,542)**	(11,594)
Fair value loss on derivative financial instrument	**–**	(1,257)
Impairment loss on available-for-sale investments	**–**	(155)
Loss on early redemption of convertible notes	**–**	(56,530)
Unallocated corporate expenses	**(4,294)**	(9,948)
Consolidated profit/(loss) before income tax expense	**196,325**	(356,516)
Assets		
Reportable segment assets	**3,952,991**	4,158,063
Cash at bank	**329,402**	654
Investments held for trading	**216,489**	141,017
Deposit for subscription of exchangeable bonds	**131,301**	–
Unallocated corporate assets	**15,850**	5,717
Consolidated total assets	**4,646,033**	4,305,451
Liabilities		
Reportable segment liabilities	**1,361,931**	1,568,351
Bonds and notes payable	**147,448**	–
Unallocated corporate liabilities	**10,460**	16,611
Consolidated total liabilities	**1,519,839**	1,584,962

iii. Geographical information

During the years 2016 and 2015, the Group's major operations and assets are situated in the People's Republic of China ("PRC") in which all of its revenue was derived.

iv. Major customers

There are no customers contributing over 10% of the Group's turnover for the years ended 31 March 2016 and 2015.

6. OTHER NET GAINS AND LOSSES

	2016	2015
	HK$'000	*HK$'000*
Fair value gain on investments held for trading	**75,472**	37,479
Net realised gain on disposal of investments held for trading	**–**	28,972
Net gain on investments held for trading	**75,472**	66,451

7. FINANCE COSTS

	2016	2015
	HK$'000	*HK$'000*
Interest on bank and other borrowings	**57,864**	66,217
Interest on bonds and notes payable	**6,542**	–
Imputed interest on convertible notes	**–**	11,594
	64,406	77,811

8. INCOME TAX

	2016	2015
	HK$'000	*HK$'000*
Current tax – PRC tax		
– Provision for the year	**3,115**	–
– Over provision in respect of prior year	**–**	(3,563)
	3,115	(3,563)
Deferred tax expense/(credit)	**32,609**	(86,429)
Income tax expense/(credit)	**35,724**	(89,992)

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 enterprise income tax. The applicable PRC enterprise income tax rate is 25% for 2015 and 2016 for the PRC subsidiaries.

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

	2016	2015
	HK$'000	*HK$'000*
Profit/(loss) before income tax	**196,325**	(356,516)
Tax calculated at Hong Kong profits tax rate of 16.5% (2015: 16.5%)	**32,393**	(58,825)
Effect of different tax rates of subsidiaries operating in other jurisdictions	**(2,673)**	(40,709)
Tax effect of revenue not taxable for tax purposes	**(14)**	(90)
Tax effect of expense that are not deductible for tax purposes	**4,100**	12,060
Unrecognised temporary differences and tax losses	**1,918**	1,135
Over provision in prior year	**–**	(3,563)
Income tax expense/(credit)	**35,724**	(89,992)

9. PROFIT/(LOSS) BEFORE INCOME TAX

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

	2016	2015
	HK$'000	*HK$'000*
Auditor's remuneration	**685**	490
Minimum lease payments under operating leases on leasehold properties	**1,940**	1,920
Impairment on other receivables	**–**	378
Staff costs (including directors' emoluments):		
Wages and salaries	**9,261**	8,859
Retirement benefits scheme contribution	**499**	449
	9,760	9,308

10. DIVIDEND

No dividend was paid or proposed during the year ended 31 March 2016 (2015: HK$Nil), nor has any dividend been proposed since 31 March 2016.

11. EARNINGS/(LOSS) PER SHARE

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

Earnings/(loss) attributable to owners of the Company

	2016	2015
	HK$'000	*HK$'000*
Earnings/(loss) for the purposes of basic and diluted earnings per share	**161,076**	(266,506)

Weighted average number of ordinary shares and convertible preference shares

	Number of shares	
	2016	2015
	'000	*'000*
		(Restated)
Weighted average number of ordinary shares and convertible preference shares for the purposes of basic earnings/(loss) per share	**1,792,651**	1,330,769
Effect of dilutive potential ordinary shares:		
Share options	**–**	–
Weighted average number of ordinary shares and convertible preference shares for the purposes of diluted earnings/(loss) per share	**1,792,651**	1,330,769

The weighted average number of ordinary shares for the purpose of computing basic loss per share at 31 March 2015 has been adjusted for the effect of the rights issue on 4 February 2016.

The calculation of basic earnings/(loss) per share attributable to the owners of the Company for the year ended 31 March 2016 is based on the gain attributable to the owners of the Company of approximately HK$161.1 million (2015: loss of HK$266.5 million) and on the weighted average number of 1,792,651,000 (2015: 1,330,769,000) ordinary shares and convertible preference shares during the year.

For the years ended 31 March 2016 and 2015, 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 the respective years.

12. TRADE RECEIVABLES

	2016	2015
	HK$'000	*HK$'000*
Trade receivables	**3,975**	1,683

The Group normally received rental income one month in advance. The Group seeks to maintain strict control over its outstanding receivables to recognised credit risk, with overdue balances regularly reviewed by senior management. Trade receivables are generally non-interest bearing and their carrying amounts approximate their fair values. The Group did not hold any collateral over these balances.

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

	2016	2015
	HK$'000	*HK$'000*
0–90 days	**3,370**	1,637
91–180 days	**134**	46
Over 180 days	**471**	–
	3,975	1,683

The ageing of trade debtors which are past due but not impaired are as follows:

	2016	2015
	HK$'000	*HK$'000*
0–90 days	**873**	512
91–180 days	**134**	46
Over 180 days	**471**	–
	1,478	558

13. SHARE CAPITAL

	2016	**2016**	2015	2015
	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	**602,000**	**6,020**	602,000	6,020

	2016	**2016**	2015	2015
	Number of shares	**Amount**	Number of shares	Amount
	'000	***HK$'000***	*'000*	*HK$'000*
Issued and fully paid:				
At beginning of the year	**687,053**	**6,871**	687,053	6,871
Issue of ordinary shares *(Note i & ii)*	**1,786,334**	**17,863**	–	–
At end of the year	**2,473,387**	**24,734**	687,053	6,871
Convertible preference shares				
At beginning of the year	**401,667**	**283,858**	401,667	283,858
Adjusted during the year *(Note iii)*	**311,351**	**–**	–	–
At end of the year	**713,018**	**283,858**	401,667	283,858

Note i: On 15 May 2015, the Company issued 137,410,000 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.

Note ii: On 4 February 2016, the Company issued 1,648,924,892 shares with par value of HK$0.01 each, at a price of HK$0.20 per share by way of a rights issue. The net proceeds from the rights issue, after deducting the related rights issue commission, professional fees and all related expenses, is approximately HK$323,496,000, out of which approximately HK$16,489,000 and approximately HK$307,007,000 were recorded in share capital and share premium respectively.

Note iii: The convertible preference shares have been adjusted for the effect of the rights issue on 4 Feburary 2016.

14. CONVERTIBLE PREFERENCE SHARES

On 30 January 2012, the Company issued 601,666,666 convertible preference shares, in which 200,000,000 shares were converted into ordinary shares in 2012. One convertible preference share of notional value of HK$1.69 each (The notional value was HK$3 each before the rights issue on 4 February 2016) shall be convertible into one new ordinary share, subject to adjustment in the customary manner, including share consolidations, share sub-division, capitalisation issues, capital distributions, rights issues and issues of other securities for cash as discount of more than 20%. The convertible preference shares rank (a) in priority to the ordinary shares of the Company and any other class of shares to return of capital; and (b) pari passu with ordinary shares of the Company as to any dividends accumulated on the convertible preference shares. The convertible preference shares do not carry any voting rights. The convertible preference shares are non-redeemable and are not listed on any stock exchange. The fair value of the convertible preference shares at the initial recognition was credited to convertible preference shares.

No convertible preference shares were converted into ordinary share during the years ended 31 March 2016 and 2015.

15. 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:

	2016	2015
	HK$'000	*HK$'000*
Current or less than 1 month	**2**	4
1 to 3 months	**733**	66
More than 3 months but less than 12 months	**192**	571
More than 12 months	**4,240**	10,247
	5,167	10,888

The Directors consider that the carrying amount of the Group's trade payables at 31 March 2016 and 2015 approximates their fair values.

16. CAPITAL COMMITMENTS

At 31 March 2016 and 2015, the Group had the following commitments:

	2016	2015
	HK$'000	*HK$'000*
Capital commitments contracted but not provided for:		
Construction in progress	**10**	1,162

17. RELATED PARTY TRANSACTIONS

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

(a) Key management personnel compensation

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

	2016	2015
	HK$'000	*HK$'000*
Salaries and other short-term employee benefits	**7,186**	3,395
Post-employment benefits	**73**	84
	7,259	3,479

(b) Transactions/balances with related parties

(i) Amounts due to related parties are unsecured, interest-free and repayable on demand.

(ii) Mr. Guo Jiadi has granted a guarantee to a bank for the bank loan with principal amount of HK$129,495,000 (2015: HK$159,939,000), for due performance of the covenants of bank facilities granted to a subsidiary of the Company.

(iii) During the year ended 31 March 2016, a rental agreement for leasing a portion of a floor of the shopping mall in Fuzhou was entered into between the Group and a company of which Mr. Guo Jiadi was beneficially interested in. Rental income charged for the year amounted to HK$882,000 (2015: HK$908,000).

(iv) During the year ended 31 March 2016, an underwriter agreement for rights issue of the Company's share was entered into between the Group and a company of which Mr. Guo Jiadi was beneficially interested in. Commission for underwriting for the year amounted to HK$3,747,000 (2015: HK$Nil).

(v) During the year ended 31 March 2016, the Group has entered into a multi-party agreement with related parties of which Mr. Guo Jiadi was beneficially interested in, to offset balances among the related parties in an aggregate amount of HK$106,200,000. An amount of HK$719,000 due to related parties was resulted and recorded as current liabilities after such arrangement.

18. AMOUNT DUE FROM NON-CONTROLLING INTEREST

Amount due from non-controlling interest is unsecured, interest-free and repayable on demand.

MANAGEMENT DISCUSSION AND ANALYSIS FINANCIAL HIGHLIGHTS

FINANCIAL HIGHLIGHTS

During the year, the total revenue of the Group was approximately HK$109.8 million (2015: approximately HK$133.0 million) which was arising from the rental income from the Group's investment property, representing a year on year decrease of approximately 17.5% due to the decline in occupancy rate of the investment property. The Group's profit attributable to shareholders for the year ended 31 March 2016 was approximately HK$161.1 million, representing a basic earnings per share of HK9 cents (2015: loss of approximately HK$266.5 million, representing a basic loss per share of HK20 cents (restated)).

The increase in profit was mainly attributable to the recognition of a positive fair value changes on investment property of approximately HK$96.7 million during the year against last year of a negative fair value changes of HK$380.3 million.

DIVIDEND

The Board does not recommend the payment of any final dividend for the year ended 31 March 2016 (2015: HK$Nil).

BUSINESS REVIEW

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

The property investment business

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

The property investment business is mainly operated by Fujian Sinco Industrial Co., Ltd ("Fujian Sinco"), an indirect wholly-owned subsidiary of the Company, which is engaged in development, operation and management of a home improvement plaza (the ''Sandi Plaza'').

During the year, the Group recorded the rental income of approximately HK$42.7 million (2015: HK$49.0 million) and property management and related fee income of approximately HK$67.0 million (2015: HK$84.0 million). The plaza had an occupancy rate of approximately 70.9% which represent a decrease in the occupancy rate as compared to last year of approximately 82.1%. The decline in occupancy rate is result of the continuous competitions from other shopping malls, renovation works on one entire floor of the Sandi Plaza carrying out during the year and the construction works of the Fuzhou subway transportation in front of the Sandi Plaza, which posted negative impacts 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 fact that the public bidding of the land located at Xi'an Qujiang Daming Palace Heritage Area would not be able to take place by 31 October 2015. 西安曲江大明宮遺址區保護改造辦公室 (Xi'an Qujiang Daming Palace Heritage Area Protection And Reconstruction Office*) (the "Reconstruction Office") has already refunded the earnest monies in the sum of RMB120 million to Fujian Jiake Industrial Co., Ltd. ("Fujian Jiake"), the joint venture company. All the initial contribution RMB110 million has been refunded to Fujian Sinco Industrial Company Limited ("Fujian Sinco"), a wholly-owned subsidiary of the Company (the joint venture partner of Fujian Jiake) to repay bank loans and financial expenses.

The joint venture partners decided to maintain Fujian Jiake for future cooperation in properties development and investment and the remaining RMB21.2 million contributed by Fuzhou Gaojia Real Estate Development Co., Ltd. ("Fuzhou Guojia") will be retained for further usage by the Group or refunded to Fuzhou Guojia. Further details are set out in the announcements of the Company dated 23 July 2015 and 25 January 2016.

Significant events

(i) Memorandum of understanding on strategic cooperation

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 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.

(ii) Placing of bonds with aggregated principal amount of HK$11 million

A placing agreement dated 28 April 2015 was entered into between the Company and a placing agent in respect of the placing of a 4-year 7% coupon unlisted bonds (''Bonds''). 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 announcement. Further details are set out in the announcements of the Company dated 28 April 2015 and 22 July 2015.

(iii) Placing of 137,410,000 new Shares under general mandate

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 (the "Share(s)") at the placing price of HK$0.37 per placing share ("Shares 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, as at 31 March 2016, approximately HK$35.0 million was utilised to repay debts of the Group in June and September 2015 and a further HK$10.0 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.

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$4.3 million as general working capital, which has not been utilised yet as at the date of this announcement. 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.

(iv) Rights issue of 1,648,924,892 new Shares under special mandate

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$0.20 per rights share (the "Rights Issue"). The Company has raised proceeds of approximately HK$329.8 million before expenses by way of issue of 1,648,924,892 rights shares. Net proceeds raise from the Rights Issue was approximately HK$323.0 million. The Company intends to apply the net proceeds from the Rights Issue in the following manner: (i) not more than approximately 70% or HK$226.1 million for acquiring state-owned land use right(s) and financing potential residential or commercial properties property development project(s) in the International Ecological Business District or other parts of Shanghai; (ii) approximately 20% or HK$64.6 million for repayment of the debts of the Group principally consisted of bank loans; and (iii) approximately 10% or HK$32.3 million as working capital of the Group. As at 31 March 2016, approximately HK$64.6 million had been utilised to repay bank loans, the remaining approximately HK$258.4 million has not been utilised yet and the intended use remains unchanged. Further details are set out in the announcements of the Company dated 28 October 2015 and 3 February 2016, and circular of the Company dated 9 December 2015 and prospectus of the Company dated 13 January 2016.

(v) Issue of HK$150 million Notes due on 2019

On 21 December 2015, the Company and Chance Talent Management Limited ("Chance Talent") entered into notes subscription agreement, the Company has agreed to issue a 2-year 10% notes (the "Notes") to Chance Talent, with an aggregate principal amount of HK$150 million. Completion of the issue and the subscription for the Notes took place on 23 December 2015 with net proceeds of approximately HK$145 million was raised. As at 31 March 2016, RMB110 million (equivalent to approximately HK$133.3 million) had been utilised for the subscription of bonds as disclosed in the announcement of the Company dated 19 February 2016 and HK$14.7 million has not been utilised as at 31 March 2016 but will be utilised as general working capital as disclosed.

(vi) Issue of HK$75 million worth unlisted warrants

On 21 December 2015, the Company and Chance Talent also entered into a warrants subscription agreement, the Company agreed to issue warrants to Chance Talent. The warrants is not yet completed as at 31 March 2016.

On 23 May 2016, the Company issued the warrants to Chance Talent, entitling Chance Talent to subscribe for in aggregate up to a maximum amount of HK$75 million worth of warrant shares at the HK$0.24 per warrant share on or before 27 December 2017, or, if the Company requests for extension and Chance Talent agrees to such request, on or before 24 December 2018.

Chance Talent is a limited liability company incorporated in the British Virgin Islands and is indirectly wholly-owned by CCB International (Holdings) Limited ("CCBI"). CCBI is an investment services flagship which is indirectly wholly-owned by China Construction Bank Corporation, a joint-stock company incorporated in the PRC listed on the Main Board of The Stock Exchange of Hong Kong Limited (stock code: 939) and the Shanghai Stock Exchange (stock code: 601939). In the event that the warrants is exercised in full or in part, CCBI will become one of the institutional investors of the Company through Chance Talent, which will broaden and strengthen the shareholders base of the Company.

Further details of the notes and warrants are set out in the announcements of the Company dated 21 December 2015, 10 May 2016 and 23 May 2016, and the circular of the Company dated 15 April 2016.

(vii) Investment in coal bed methane project

A letter of intent dated 24 August 2015 ("Letter of Intent") was entered into among the Company as purchaser, the Shannan Tianyuan Investment Centre as first vendor and Shannan Shengyuan Investment Centre as second vendor (collectively, the "Vendors") in respect of the proposed acquisition of a part of or the entire equity interests in Jiangsu Guosheng Hengtai Energy Development Co., Ltd (("Jiangsu Guosheng") ("Proposed Acquisition"). Jiangsu Guosheng is principally engaged in the business of exploration and production of coalbed methane and provision of related technical services and consultation services. On 29 December 2015, the Company has paid an earnest deposit in the sum of HK$133,300,000 ("Earnest Deposit"), being the Hong Kong dollars equivalent of RMB110,000,000, to the Vendors pursuant to the Letter of Intent.

On 19 February, 2016 the Company as subscriber, Sundo Gas Limited ("Sundo Gas") as issuer and Mr. Zhong Changming entered into a subscription agreement ("Subscription Agreement"), the Company has conditionally agreed to subscribe the redeemable exchangeable bonds in the aggregate principal amount of HK$133,300,000 with 20% interest rate per annum ("Bonds") from Sundo Gas. The Bonds can exchange for in aggregate up to a maximum of 123,934 shares in UC Energy which represent 18.5% of the existing issued share capital of UC Energy. The Company has decided not to proceed with the Proposed Acquisition and the Vendors and the Company mutually agreed to terminate the Letter of Intent. As a result of the termination of the Letter of Intent, the Vendors shall refund the Earnest Deposit in full to the Company. The Company will apply the refund of the Earnest Deposit to subscribe the Bonds. Pursuant to the Subscription Agreement, the long stop date for fulfilment of the conditions precedent to the Subscription Agreement is 30 April 2016 (the "Long Stop Date") (or such later date as may be agreed by the Company and Sundo Gas in writing). As certain conditions precedent could not be satisfied on or before the Long Stop Date, the Company, Mr. Zhong Changming and Sundo Gas are negotiating to extend the Long Stop Date. Further details are set out in the announcement dated 24 August 2015, 29 December 2015, 19 February 2016 and 14 June 2016.

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, property development projects under construction or completed properties for development and investment continuously. 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

The sales for the year represents the rental income and property management and related fee income in amount aggregate to approximately HK$109.8 million (2015: approximately HK$133.0 million), representing a decrease of approximately 17.5% compared with same period of last year. Reason for the decrease due to decline in occupancy rate which is resulted from the combined effects of (i) construction works of Fuzhou subway transportation in front of the Sandi Plaza, (ii) renovation works on one entire floor of the Sandi Plaza carried out during the year ended 31 March 2016 and (iii) the continuous competitions from other shopping malls around the area.

Other net gains and losses

Other net gains and losses for the year ended 31 March 2016 represents fair value gain on investments held for trading (equity and debt securities listed in Hong Kong) amounting to approximately HK$75.5 million while last year comprised of fair value gain on investment held for trading amounted to approximately HK$37.5 million and the net realised gain on the disposal of investments held for trading amounted to approximately HK$29.0 million.

Change in fair value of an investment property

The change in the fair value of investment property represents the appreciation of a home improvement plaza situated in Fuzhou, the PRC. Such appreciation is mainly due to the improvement of property market condition in PRC.

Other operating expenses

The Group's other operating expenses for the year ended 31 March 2016 in the amount of approximately HK$34.7 million (2015: HK$33.5 million) mainly included various administrative and selling expenses. The reason for slightly increase in other operating expenses was mainly due to the increase in legal and consultancy fee from approximately HK$4.7 million in 2015 to approximately HK$5.1 million in 2016 and the recognition of share based payment in relation to the share option granted to consultancy during the year amounted to approximately HK$0.94 million (2015: HK$Nil).

Finance costs

Finance costs for the year ended 31 March 2016 amounted to approximately HK$64.4 million (2015: HK$77.8 million) mainly represents interest expenses on bank loan, interest on borrowings from a financial institution and interest on bonds and notes payable. The decrease in finance costs mainly due to no imputed interest on convertible notes as a result of early redemption of these convertible notes in year 2015.

Income tax (expense)/credit

Income tax expense for the year ended 31 March 2016 amounted to HK$35.7 million (2015: income tax credit of HK$90.0 million). The increase in income tax expense mainly represents the corresponding deferred tax expense recognised on the increase in fair value of the investment property during the year.

Deposits

As at 31 March 2016, a deposit for subscription of redeemable exchangeable bonds of principal amount HK$133.3 million is recognised under the non-current assets. The subscription of redeemable exchangeable bonds is not yet completed at the date of this announcement.

As at 31 March 2015, a deposit paid to Reconstruction Office as earnest monies for the bidding of a parcel of land in Xi'an (the "Xi'an Project") amounted to approximately RMB120.0 million is recognised under the other receivables, deposits and prepayments. As further delay of the Xian Project, the Group announced the termination of the commercial property development project in Xi'an and the earnest monies in the sum of RMB120.0 million were refunded to the Group in January 2016 which resulted in decrease in other receivables, deposits and prepayments to approximately HK$17.6 million as at 31 March 2016 (31 March 2015: approximately HK$156.6 million). For details, please refer to announcements of the Company dated 23 July 2015 and 25 January 2016.

Bonds and notes payable

On 24 July 2015, the Company issued a 4-year 7% unlisted coupon bonds with principal amount of HK$11 million (the "Bonds") to certain independent third parties. The Bonds are denominated in Hong Kong Dollars (''HK$'') and interest is payable semi-annually. The effective interest of the Bonds is 12.08%. During year ended 31 March 2016, there is no early redemption of the Bonds neither by the Company nor the Bonds holders. For details, please refer to announcements of the Company dated 28 April 2015 and 22 July 2015.

On 21 December 2015, the Company issued notes with principal amount of HK$150 million with 10% interest per annum (the "Notes") to an independent third party. The Notes are denominated in HK$ and issued at par. Interest is payable semi-annually and the principal will be repaid when the Notes fall due on 22 December 2017. For details, please refer to announcement of the Company dated 21 December 2015.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2016, the Group had bank borrowings of approximately HK$595.5 million denominated in Renminbi ("RMB") (31 March 2015: approximately HK$745.5 million denominated in RMB) and other debts comprising bonds and notes payable in total amount to approximately HK$147.4 million (31 March 2015: HK$Nil). As at 31 March 2016, all bank borrowings were obtained on secured basis (31 March 2015: approximately HK$684.0 million is secured). The Group will try to obtain future financing, and whenever possible and appropriate, raise fund via equity funding activities in order to further reduce the financing cost.

As at 31 March 2016, the Group had cash and cash equivalents of approximately HK$387.2 million (31 March 2015: approximately HK$15.6 million) which were mainly denominated in HK$ and RMB. To manage liquidity risk, management monitor forecasts of the Group's liability position and cash and cash equivalent position on the basis of expected cash flow. The Group expects to fund the future cash flow needs through internally generated cash flows from operations.

As at 31 March 2016, the gearing ratio for the Group was approximately 4.5% (31 March 2015: 21.6%), calculated based on the net debts (comprising bank and others borrowings and bonds and notes payable less cash and cash equivalent and investments held for trading) of approximately HK$139.3 million over the total equity of approximately HK$3,126.2 million. The debt ratio was approximately 32.7% (31 March 2015: approximately 36.8%), calculated as total liabilities over total assets of the Group.

The Group's current available liquidity resources are sufficient to meet its capital commitments. As at 31 March 2016, the Group's net current assets amounted to approximately HK$364.7 million (31 March 2015: HK$86.9 million). The Group's current ratio, being percentage of its current assets and its current liabilities, amounted to 227.6% (31 March 2015: 138.1%)

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

CAPITAL STRUCTURE

The capital structure of the Group and fund raising activities during the year ended 31 March 2016 are summarised as follows:

(i) Bank and Other Borrowings

As at 31 March 2016, the bank borrowings denominated in RMB with loan principal amounts of approximately HK$129.5 million (2015: approximately HK$159.9 million) and HK$497.6 million (2015: HK$564.9 million) which bears interest rate of 6.18% (2015: 7.86%) per annum and 6.78% (2015: 7.86%) per annum respectively and are repayable by instalments up to 26 September 2020 and 29 April 2021 respectively.

As at 31 March 2015, the other loan amounted to approximately HK$61.5 million with interest rate of 13% per annum which was unsecured and was fully repaid on 9 June 2015.

The bank borrowings were secured by the Group's investment property with carrying amount of approximately HK$3,860.9 million (2015: approximately HK$3,985.8 million) and Mr. Guo Jiadi, the director of the Company has granted a guarantee to bank for the bank borrowings with principal amount of approximately HK$129.5 million (2015: approximately HK$159.9 million) in which the guarantee is to fulfilled covenant of bank facilities if the subsidiary has breached the covenants of bank facilities.

(ii) Bonds

As at 24 July 2015, the Company had issued a 4-year 7% coupon bonds with principal amount to HK$11 million (the "Bonds") to certain independent third parties. The Bonds are denominated in HK$. The interest is payable semi-annually and the principal will be repaid when the Bonds fall due on 23 July 2019. During year ended 31 March 2016, there is no early redemption of the Bonds neither by the Company nor the Bonds holders.

(iii) Notes payables

As at 31 March 2016, the Company had issued a 2-year 10% notes payable with an aggregated principal amount of HK$150 million. Net proceeds of approximately HK$145 million are raised and approximately HK$133.3 million (equivalent to RMB110 million) is intended towards satisfaction of the payment obligation of the Company of the earnest deposits; and approximately HK$14.7 million as general working capital. As at 31 March 2016, RMB110 million (equivalent to approximately HK$133.3 million) had been utilised for the subscription of redeemable exchangeable bonds in the principal amount of HK$133.3 million as disclosed in the announcement of the Company dated 19 February 2016 and the remaining HK$14.7 million has not been utilised and will be utilised as general working capital as disclosed. No early redemption of notes payable by neither the Company nor the notes payable holders during the year ended 31 March 2016.

For details, please refer to the announcement of the Company dated 21 December 2016.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

There were no material acquisitions or disposals of subsidiaries and associated companies during the year ended 31 March 2016.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

Subsequent to the end of the reporting period, the following events took place:

(a) Provision of financial assistance

On 3 May 2016, Fujian Sinco, the indirect wholly-owned subsidiary of the Company, entered into a loan agreement (the "Loan Agreement") with Jianyan Lide Trading Company Limited ("Jianyan Lide"), an independent third party, which is a company established under the laws of the PRC.

Pursuant to the Loan Agreement, Fujian Sinco has conditionally agreed to grant an unsecured loan in the amount of RMB145 million (equivalent to approximately HK$174 million) for a term of 6 months with fixed interest rate of 5% per annum. Jianyang Lide shall repay the principal amount of the loan together with all accrued interests at maturity. The Group has obtained legal advice from its PRC lawyers that the transactions contemplated under the Loan Agreement are legal under the PRC laws. For details, please refer to the announcement of the Company dated 3 May 2016.

On 16 June 2016, Fujian Sinco, entered into another loan agreement (the "Loan Agreement-Fujian Minzerui") with Fujian Minzerui Company Limited ("Fujian Minzerui"), an independent third party, whom is a company established under the laws of the PRC.

Pursuant to the Loan Agreement - Fujian Minzerui, Fujian Sinco has conditionally agreed to grant an unsecured loan in the amount of RMB140 million (equivalent to approximately HK$164.7 million) for a term of 6 months with fixed interest rate of 5% per annum. Fujian Minzerui shall repay the principal amount of the loan together with all accrued interests at maturity. The Group has obtained legal advice from its PRC lawyers that the transactions contemplated under the Loan Agreement – Fujian Minzerui are legal under the PRC laws. For details, please refer to the announcement of the Company dated 16 June 2016.

(b) Issue of unlisted warrants of the Company

On 21 December 2015, the Company and Chance Talent entered into the warrants subscription agreement, pursuant to which the Company has conditionally agreed to issue to Chance Talent, and Chance Talent has conditionally agreed to subscribe for the warrants of the Company which the transaction was yet to complete and was subject to the approval of Shareholder as at 31 March 2016.

Pursuant to a special resolution passed at the Company's special general meeting held on 10 May 2016, the Shareholders approved the warrants subscription agreement. On 23 May 2016, the Board of the Company announced that all the conditions precedent set out in the warrants subscription agreement have been fulfilled and the issue of unlisted warrants has been completed.

For details, please refer to the announcements of the Company dated 21 December 2015, 10 May 2016, 23 May 2016 and the circular of the Company dated 14 April 2016 respectively.

(c) Share Premium Reduction

On 15 April 2016, the Company proposes to effect the share premium reduction ("Share Premium Reduction") pursuant to the Companies Act. As at 30 September 2015, based on the unaudited financial statements of the Company, the amount standing to the credit of the share premium account of the Company was approximately HK$3,333,004,000 and the amount of accumulated losses was approximately HK$2,178,066,000. Under the Share Premium Reduction, it is proposed that the entire amount standing to the credit of the share premium account of the Company as at 29 February 2016 in the sum of approximately HK$3,640,117,000 be reduced, with part of the credit arising therefrom being applied to offset the accumulated losses of the Company as at 30 September 2015 in the sum of approximately HK$2,178,066,000 in full and the remaining balance of the credit in the sum of approximately HK$1,462,051,000 being credited to the contributed surplus account of the Company. The Board considers that the elimination of the accumulated losses of the Company in full will allow the Company to declare dividends to the Shareholders in the near future. On 11 May 2016, the Share Premium Reduction becoming effective and approved by the Bermuda Registrar of Companies.

For details, please refer to the circular of the Company dated 14 April 2016 and the announcement of the Company dated 10 May 2016.

CHARGE ON THE GROUP'S ASSETS

As at 31 March 2016, investment property with respective fair value of approximately HK$3,860.9 million (31 March 2015: approximately HK$3,985.8 million) was pledged to secure a subsidiary's bank loan.

CONTINGENT LIABILITIES

As at 31 March 2016 and 2015, the Group did not have any material contingent liabilities.

CAPITAL COMMITMENTS

As at 31 March 2016, the Group has capital commitments in respect of construction in progress amounted to approximately HK$0.01 million (2015: approximately HK$1.2 million).

FOREIGN EXCHANGE EXPOSURE

The Group has transactional currency exposures. Such exposures arise from the business operations in the PRC and Hong Kong denominated in RMB and HK$ respectively. As at 31 March 2016, the Group had a minimal exposure to foreign currency risk as most of its business transactions, assets and liabilities were principally denominated in the respective functional currencies, i.e. RMB and HK$, used by the respective group entities. The RMB is not freely convertible into other foreign currencies and conversion of the RMB into foreign currencies is subject to rules and regulations of foreign exchange control promulgated by the PRC government. As at 31 March 2016, the Group does not have a foreign currency hedging policy in respect of its foreign currency assets and liabilities. The Group will closely monitor its foreign currency exposure and will consider using hedging instruments in respect of significant foreign currency exposure as and when appropriate. As at 31 March 2016, the Group had no investment in any financial derivatives, foreign exchange contracts, interest or currency swaps, hedging or other financial arrangements for hedging purposes to reduce any currency risk nor made any over-the-counter contingent forward transactions.

EMPLOYEES

As at 31 March 2016, the Group employed a total of approximately 14 employees (2015: 13) of which 11 employees were hired in the PRC and 3 (2015: 2) employees in Hong Kong. Total remuneration paid to the employees for the year ended 31 March 2016 amounted to approximately HK$9.8 million (2015: HK$9.3 million). In addition to competitive remuneration package offered to the employees, other benefits included contributions to mandatory provident fund, as well as group medical and accident insurance. On-going training sessions were also conducted to enhance the competitiveness of the Group's human assets. The Company also maintains a share option scheme, pursuant to which share options may be granted to the Directors, executives and employees of the Company to provide them with incentives in the growth of the Group.

PROPERTY VALUATION

Property valuation on the Group's investment property located in the PRC as at 31 March 2016 had been carried out by an independent qualified professional valuer, Chung Hin Appraisal Limited. The property valuation was used in preparing 2015/16 annual results. The valuation was based on direct capitalisation approach by making reference to comparable market information as available in the relevant markets. The Group's investment property was valued at approximately HK$3,860.9 million as at 31 March 2016 (31 March 2015: approximately HK$3,985.8 million) an increase in fair value of approximately HK$96.7 million (2015: decrease of approximately HK$380.3 million) was recognised in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 March 2016.

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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (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 2016.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 March 2016.

CORPORATE GOVERNANCE

During the year ended 31 March 2016 and up to the date of this announcement, the Company has complied with the code provisions ("Code Provisions") set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 of the Listing Rules on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") except for the deviations from the Code Provision A.2.1, A.2.7 and A.6.7. The Board is committed to complying with the CG Code to the extent that the Directors consider it to be practical and applicable to the Company.

The corporate governance principles of the Company emphasise an effective Board, sound internal control, appropriate independence policy, transparency and accountability to the shareholders of the Company. The Board will continue to monitor and revise the Company's corporate governance policies in order to ensure that such policies meet the general rules and standards required by the Listing Rules. The Board believes that sound and reasonable corporate governance practices are essential for sustainable growth of the Group and for safeguarding the interests and the Group's assets. The Company had complied with the CG Code throughout the period except for the following deviations:

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.

Mr. Guo Jiadi currently serves as the chairman of the Board (the "Chairman"). No individual was appointed as the chief executive officer of the Company (the "CEO") since the re-designation of the ex-chief executive officer. The day-to-day management of the Group's business is monitored by the executive Directors and senior management. Given the size and that the Company's and the Group's current business operations and administration have been stable, the Board justifies that the current structure is able to effectively discharge the duties of both positions. However, going forward, the Board will review from time to time the need to separate the roles of the Chairman and the CEO if the situation warrants it.

Code Provision A.2.7

Code Provision A.2.7 of the CG Code stipulates that the chairman should at least annually hold meetings with the non-executive directors (including independent non-executive directors without the executive directors present.

During the year ended 31 March 2016, Mr. Guo Jiadi, the Chairman did not held any meeting with the non-executive Directors (including independent non-executive directors) without the executive Directors present.

The Company will request the Chairman to hold a meeting with all non-executive Directors without the present of executive Directors in order to comply with the code provision A.2.7 of the CG Code.

Code Provision A.6.7

Code provision A.6.7 of the CG Code stipulates that independent non-executive Directors and other non-executive Directors should attend general meetings and develop a balanced understanding of the views of the shareholders of the Company.

Mr. Zheng Jinyun and Mr. Zheng Yurui, the independent non-executive Directors, were unable to attend the special general meeting of the Company held on 28 December 2015 as they had other important business engagement.

Mr. Zheng Jinyun, the independent non-executive Director, was unable to attend the annual general meeting of the Company held on 21 August 2015 as he had other important business engagement.

The Company will request all the independent non-executive Directors to attend all future general meetings in order to comply with the code provision A.6.7 of the CG Code.

AUDIT COMMITTEE

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

The Audit Committee has reviewed with management and the external auditors, the Group's annual results for the year ended 31 March 2016, 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 2016 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 ended 31 March 2016. 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 2016 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
Guo Jiadi
Chairman

Hong Kong, 30 June 2016

* *for identification purpose only*

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