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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 2017

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 2017 together with the comparative figures for the year ended 31 March 2016:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 March 2017

	Notes	**2017** *HK$'000*	2016 *HK$'000*
Revenue	*4*	**99,244**	109,750
Other income	*4*	**48,625**	24,801
Other net gains and losses	*6*	**(52,402)**	75,472
Fair value (loss)/gain on an investment property		**(81,090)**	96,713
Fair value gain on financial assets at fair value through profit or loss		**9,477**	–
Loss on early redemption of notes		**(5,025)**	–
Staff costs		**(8,513)**	(9,760)
Depreciation of property, plant and equipment		**(785)**	(1,559)
Other operating expenses		**(50,505)**	(34,686)
Finance costs	*7*	**(89,669)**	(64,406)
(Loss)/profit before income tax	*9*	**(130,643)**	196,325
Income tax credit/(expense)	*8*	**10,333**	(35,724)
(Loss)/profit for the year		**(120,310)**	160,601

	Notes	**2017**	2016
		HK$'000	*HK$'000*
Other comprehensive income, after tax, that may be reclassified subsequently to profit or loss:			
Exchange loss on translating foreign operations		**(151,959)**	(145,093)
Total comprehensive income for the year		**(272,269)**	15,508
(Loss)/profit attributable to:			
Owners of the Company		**(116,467)**	161,076
Non-controlling interest		**(3,843)**	(475)
		(120,310)	160,601
Total comprehensive income attributable to:			
Owners of the Company		**(266,802)**	17,497
Non-controlling interest		**(5,467)**	(1,989)
		(272,269)	15,508
(Loss)/earnings per share	*11*		
Basic		**HK(4) cents**	HK9 cents
Diluted		**HK(4) cents**	HK9 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 March 2017

	Notes	2017 HK$'000	2016 HK$'000
Non-current assets			
Investment property		**3,551,719**	3,860,877
Property, plant and equipment		**2,523**	3,189
Deposit for subscription of exchangeable bonds		**–**	131,301
Deposit for acquisition of companies		**225,506**	–
Total non-current assets		**3,779,748**	3,995,367
Current assets			
Accounts receivable	*12*	**5,441**	3,975
Loan receivables		**259,332**	–
Other receivables, deposits and prepayments		**28,008**	17,596
Financial assets at fair value through profit or loss		**142,777**	–
Investments held for trading		**164,087**	216,489
Amount due from non-controlling interest	*17*	**23,904**	25,419
Amount due from a related company	*16b(i)*	**158**	–
Cash and cash equivalents		**24,673**	387,187
Total current assets		**648,380**	650,666
Total assets		**4,428,128**	4,646,033
Current liabilities			
Accounts payable	*15*	**3,526**	5,167
Other payables and accruals		**35,752**	49,225
Amounts due to related parties	*16(b)(i)*	**22,568**	719
Notes payable		**–**	137,937
Bank borrowings		**59,691**	89,834
Tax payable		**2,529**	3,049
Total current liabilities		**124,066**	285,931
Net current assets		**524,314**	364,735
Total assets less current liabilities		**4,304,062**	4,360,102

	Notes	**2017** *HK$'000*	2016 *HK$'000*
Non-current liabilities			
Bonds payable		**9,900**	9,511
Deferred taxation		**665,727**	718,687
Bank borrowings		**735,510**	505,710
Total non-current liabilities		**1,411,137**	1,233,908
Net assets		**2,892,925**	3,126,194
Capital and reserves attributable to owners of the Company			
Share capital	*13*	**33,464**	24,734
Reserves		**2,836,252**	3,072,784
Equity attributable to owners of the Company		**2,869,716**	3,097,518
Non-controlling interest		**23,209**	28,676
Total equity		**2,892,925**	3,126,194

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2017

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 in the People's Republic of China (the "PRC") and money lending business in Hong Kong.

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

(a) Adoption of new or revised HKFRSs – effective 1 April 2016

The Group has adopted the following new or 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 2016.

HKFRSs (Amendments)	Annual improvements 2012-2014 Cycle
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 27	Equity Method in Separate Financial Statements
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations
HKFRS 14	Regulatory Deferral Accounts

The adoption of these new or revised HKFRSs has no impact on the Group's consolidated financial statements.

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

The following new or revised HKFRSs, potentially relevant to the Group's consolidated financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group's current intention is to apply these changes on the date they become effective.

Amendments to HKAS 7	Disclosure Initiative [1]
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses [1]
Amendments to HKAS 40	Transfers of investment property [2]
Amendments to HKFRS 2	Classification and Measurement of Share-Based Payment Transactions [2]
HKFRS 9	Financial Instruments [2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture [5]
HKFRS 15	Revenue from Contracts with Customers [2]
Amendments to HKFRS 15	Revenue from Contracts with Customers (Clarifications to HKFRS 15) [2]
HKFRS 16	Leases [3]
Amendments to HKFRSs	Annual improvements to HKFRSs 2014-2016 cycle [4]
HK(IFRIC)-Int22	Foreign currency transactions and advance consideration [2]

[1] Effective for annual periods beginning on or after 1 January 2017
[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 for annual periods beginning on or after 1 January 2017 or 1 January 2018, as appropriate
[5] The amendments were originally intended to be effective for periods beginning on or after 1 January 2016. The effective date has now been deferred/removed. Early application of the amendments continue to be permitted.

Amendments to HKAS 7 – Disclosure Initiative

The amendments introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities.

Amendments to HKAS 12 – Recognition of Deferred Tax Assets for Unrealised Losses

The amendments relate to the recognition of deferred tax assets and clarify some of the necessary considerations, including how to account for deferred tax assets related to debt instruments measured of fair value.

Amendments to HKFRS 2 – Classification and Measurement of Share-Based Payment Transactions

The amendments provide requirements on the accounting for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments; share-based payment transactions with a net settlement feature for withholding tax obligations; and a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

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-step approach to revenue recognition:

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

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

Amendments to HKFRS 15 – Revenue from Contracts with Customers (Clarifications to HKFRS 15)

The amendments to HKFRS 15 included clarifications on identification of performance obligations; application of principal versus agent; licenses of intellectual property; and transition requirements.

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 pronouncements. The directors are not yet in a position to state whether the application of these new pronouncement will have material impact on the Group’s consolidated 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 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:

	2017	2016
	HK$'000	*HK$'000*
Revenue		
Rental income	**44,730**	42,723
Property management and related fee income	**54,514**	67,027
	99,244	109,750
Other income		
Bank interest income	**1,643**	332
Dividend income from listed investments	**899**	81
Gain on disposal of property, plant and equipment	**68**	–
Interest income from debts securities	**4,259**	4,274
Interest income from loan receivables	**15,076**	–
Interest income from deposit	**–**	13,425
Interest income from deposit for subscription of exchangeable bonds	**14,282**	6,665
Interest income from financial assets at fair value through profit or loss	**12,378**	–
Others	**20**	24
	48,625	24,801
	147,869	134,551

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 2017 and 2016, 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 measurement of the segments' (loss)/profit 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	
	2017	2016	**2017**	2016	**2017**	2016
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Revenue from:						
External sales	**99,244**	109,750	**–**	–	**99,244**	109,750
Inter-segment sales	**–**	–	**–**	–	**–**	–
Reportable segment revenue	**99,244**	109,750	**–**	–	**99,244**	109,750
Reportable segment (loss)/gain	**(57,027)**	119,232	**(7,830)**	12,457	**(64,857)**	131,689
Interest revenue	**16,135**	71	**556**	13,490	**16,691**	13,561
Interest expense	**(70,584)**	(57,864)	**–**	–	**(70,584)**	(57,864)
Depreciation	**(315)**	(517)	**–**	–	**(315)**	(517)
Income tax credit/(expenses)	**10,333**	(35,724)	**–**	–	**10,333**	(35,724)
Fair value (loss)/gain on an investment property	**(81,090)**	96,713	**–**	–	**(81,090)**	96,713
Assets and liabilities information						
Segment assets	**4,069,772**	3,907,720	**24,429**	45,271	**4,094,201**	3,952,991
Addition to non-current assets	**572**	1,377	**–**	–	**572**	1,377
Segment liabilities	**1,493,202**	1,358,810	**2,596**	3,121	**1,495,798**	1,361,931

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

	2017	2016
	HK$'000	*HK$'000*
Revenue		
Reportable segment revenue	**99,244**	109,750
Elimination of inter-segment revenue	**–**	–
Consolidated revenue	**99,244**	109,750
(Loss)/profit before income tax		
Reportable segment (loss)/profit	**(64,857)**	131,689
Fair value (loss)/gain on investments held for trading	**(52,402)**	75,472
Fair value gain on financial assets at fair value through profit or loss	**9,477**	–
Finance costs	**(19,085)**	(6,542)
Loss on early redemption of notes	**(5,025)**	–
Interest income from deposit for subscription of exchangeable bond	**14,282**	6,665
Interest income from financial assets at fair value through profit or loss	**12,378**	–
Exchange difference, net	**(11,500)**	(203)
Unallocated corporate income	**5,191**	4,552
Unallocated corporate expenses	**(19,102)**	(15,308)
Consolidated (loss)/profit before income tax	**(130,643)**	196,325

	2017	2016
	HK$'000	*HK$'000*
Assets		
Reportable segment assets	**4,094,201**	3,952,991
Cash at bank	**4,544**	329,402
Investments held for trading	**164,087**	216,489
Deposit for subscription of exchangeable bonds	**–**	131,301
Financial assets at fair value through profit or loss	**142,777**	–
Unallocated corporate assets	**22,519**	15,850
Consolidated total assets	**4,428,128**	4,646,033
Liabilities		
Reportable segment liabilities	**1,495,798**	1,361,931
Amount due to a related company	**22,500**	–
Bonds and notes payables	**9,900**	147,448
Unallocated corporate liabilities	**7,005**	10,460
Consolidated total liabilities	**1,535,203**	1,519,839

iii. Geographical information

During the years 2017 and 2016, 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 years ended 31 March 2017 and 2016.

6. OTHER NET GAINS AND LOSSES

	2017	2016
	HK$'000	*HK$'000*
Fair value (loss)/gain on investments held for trading	**(52,402)**	75,472

7. FINANCE COSTS

	2017	2016
	HK$'000	*HK$'000*
Interest on bank borrowings	**70,584**	57,864
Interest on bonds and notes payable	**19,085**	6,542
	89,669	64,406

8. INCOME TAX

	2017	2016
	HK$'000	*HK$'000*
Current tax – PRC tax		
– Provision for the year	**–**	3,115
Deferred tax (credit)/expense	**(10,333)**	32,609
Income tax (credit)/expense	**(10,333)**	35,724

Hong Kong profits tax is calculated at 16.5% on the estimated assessable profit for the year ended 31 March 2017 (2016: 16.5%). No provision of Hong Kong profits tax was made as there was no assessable profit 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 2017 and 2016 for the PRC subsidiaries.

9. (LOSS)/PROFIT BEFORE INCOME TAX

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

	2017	2016
	HK$'000	*HK$'000*
Auditor's remuneration	**585**	440
Minimum lease payments under operating leases on leasehold properties	**2,040**	1,940
Staff costs (including directors' emoluments):		
Wages and salaries	**8,024**	9,261
Retirement benefits scheme contribution	**489**	499
	8,513	9,760

10. DIVIDEND

No dividend was paid or proposed during the year ended 31 March 2017 (2016: HK$Nil), nor has any dividend been proposed since 31 March 2017.

11. (LOSS)/EARNINGS PER SHARE

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

(Loss)/earnings attributable to the owners of the Company

	2017	2016
	HK$'000	*HK$'000*
(Loss)/earnings for the purposes of basic and diluted earnings per share	**(116,467)**	161,076

	Number of shares	
	2017	2016
	'000	*'000*
Weighted average number of ordinary shares and convertible preference shares for the purposes of basic (loss)/earnings per share	**3,276,266**	1,792,651
Effect of dilutive potential ordinary shares:		
Share options	**–**	–
Unlisted warrants	**–**	–
Weighted average number of ordinary shares and convertible preference shares for the purposes of diluted (loss)/earnings per share	**3,276,266**	1,792,651

The calculation of basic (loss)/earnings per share attributable to the owners of the Company for the year ended 31 March 2017 is based on the loss attributable to the owners of the Company of approximately HK$116.5 million (2016: earnings of HK$161.1 million) and on the weighted average number of 3,276,266,000 (2016: 1,792,651,000) ordinary shares and convertible preference shares during the year.

Share options:

For the years ended 31 March 2017 and 2016, the computation of diluted (loss)/earnings per share does not assume the exercise of share options since the exercise price of those share options is higher than the average market price of the Company's shares for the respective years.

Unlisted warrants:

For the year ended 31 March 2017, the computation of diluted loss per share does not assume the exercise of unlisted warrants as they would decrease the loss per share attributable to the owners of the Company and have anti-dilutive effect. Therefore, the diluted loss per share attributable to the owners of the Company for the year ended 31 March 2017 is based on the loss attributable to the owners of the Company of approximately HK$116.5 million and on the weighted average number of 3,276,266,000 ordinary shares and convertible preference shares during the year. For the year ended 31 March 2016, there was no issue of any unlisted warrant shares.

12. ACCOUNTS RECEIVABLE

	2017	2016
	HK$'000	*HK$'000*
Accounts receivable	**5,441**	3,975

A credit period of 30 days (2016: 30 days) is granted to the tenants, while 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. Accounts receivable 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 accounts receivable as at the end of reporting period, based on the invoice date, was as follows:

	2017	2016
	HK$'000	*HK$'000*
0 – 90 days	**2,879**	3,255
91 – 180 days	**1,006**	211
Over 180 days	**1,556**	509
	5,441	3,975

The ageing of accounts receivable which are past due but not impaired are as follows:

	2017	2016
	HK$'000	*HK$'000*
0 – 90 days	**2,064**	873
91 – 180 days	**644**	134
Over 180 days	**1,414**	471
	4,122	1,478

13. SHARE CAPITAL

	2017 No. of shares	**2017 Amount**	2016 No. of shares	2016 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
Issued and fully paid:				
Ordinary Shares				
At beginning of the year	**2,473,387**	**24,734**	687,053	6,871
Issue of ordinary shares:				
– Placing *(Note (i))*	**159,996**	**1,600**	137,410	1,374
– Right issue *(Note (ii))*	**–**	**–**	1,648,924	16,489
– Conversion of convertible preference share *(Note (iv))*	**713,018**	**7,130**	–	–
At end of the year	**3,346,401**	**33,464**	2,473,387	24,734

	2017 No. of shares *'000*	2017 Amount *HK$'000*	2016 No. of shares *'000*	2016 Amount *HK$'000*
Convertible preference shares				
At beginning of the year	**401,667**	**283,858**	401,667	283,858
Conversion of convertible preference share *(Note (iv))*	**(401,667)**	**(283,858)**	–	–
At end of the year	**–**	**–**	401,667	283,858
Conversion to ordinary shares				
At beginning of the year	**713,018**	**283,858**	401,667	283,858
Adjusted during the year *(Note (iii))*	**–**	**–**	311,351	–
Conversion of convertible preference share *(Note (iv))*	**(713,018)**	**(283,858)**	–	–
At end of the year	**–**	**–**	713,018	283,858

Notes:

(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.

On 8 September 2016, the Company issued 159,996,000 shares with par value of HK$0.01 each, at a price of HK$0.24 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$37,389,000, out of which approximately HK$1,600,000 and HK$35,789,000 were recorded in share capital and share premium respectively.

(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 right issue. The net proceeds from the right issue, after deducting the related right issue commission, professional fees and all related expenses, is approximately HK$323,496,000, out of which HK$16,489,000 and HK$307,007,000 were recorded in share capital and share premium respectively.

(iii) The convertible preference shares (the "CPS") have been adjusted for the effect of the right issue on 4 February 2016.

(iv) On 19 September 2016, the Company received written notice issued by the holders of CPS for a full conversion of the CPS at the conversion price of HK$1.69 per share. On 28 September 2016, the Company issued 713,017,750 new ordinary shares with par value of HK$0.01. Approximately HK$7,130,000 and HK$276,728,000 were recorded in share capital and share premium respectively after the conversion of CPS.

All the shares issued during the year rank pari passu with the existing shares in all respects.

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.

All the remaining 401,666,666 convertible preference shares were converted into ordinary shares during the year ended 31 March 2017 (2016: Nil).

15. ACCOUNTS PAYABLE

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

	2017 ***HK$'000***	2016 *HK$'000*
Current or less than 1 month	**–**	2
1 to 3 months	**121**	733
More than 3 months but less than 12 months	**–**	192
More than 12 months	**3,405**	4,240
	3,526	5,167

The directors consider that the carrying amount of the Group's accounts payable at 31 March 2017 and 2016 approximates their fair values.

16. RELATED PARTIES TRANSACTIONS

Details of the Group's significant related parties 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:

	2017	2016
	HK$'000	*HK$'000*
Salaries and other short-term employee benefits	**5,085**	7,186
Post-employment benefits	**58**	73
	5,143	7,259

(b) Transactions/balances with related parties

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

(ii) Mr. Guo Jiadi, being the chairman and an Executive Director of the Company and Ms. Shen Bizhen (the spouse of Mr. Guo Jiadi) (2016: Mr. Guo Jiadi) have granted a guarantee to a bank for the bank loan with principal amount of approximately HK$795,201,000 (2016: HK$129,495,000), for due performance of the covenants of bank facilities granted to a subsidiary of the Company.

(iii) During the year ended 31 March 2017, 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 approximately HK$784,000 (2016: HK$882,000).

(iv) During the year ended 31 March 2016, an underwriter agreement for right 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 ended 31 March 2016 amounted to approximately HK$3,747,000.

(v) During the year ended 31 March 2017, the Group has entered into a multi-party agreement with related parties of which Mr. Guo Jiadi was beneficially interested in, and has legally enforceable right to offset balances among the related parties in an aggregate amount of HK$130,000,000 (2016: HK$106,200,000). An amount of HK$22,568,000 (2016: HK$791,000) due to related parties was resulted and recorded as current liabilities after such arrangement.

(vi) During the year ended 31 March 2017, two sale and purchase agreements for the acquisition of Fujian Jingdu Land Co., Ltd. (the "Fujian Company") and Xian Sandi Real Estate Development Co., Ltd. (the "Xian Company") were entered into between the Group and the vendor of which Mr. Guo Jiadi was beneficially interested in. Deposit amounted to approximately HK$225,506,000 (equivalent to RMB200,000,000) was paid and recorded as non-current asset as at 31 March 2017 (2016: HK$Nil).

17. 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$99.2 million (2016: approximately HK$109.8 million) which was arising from the rental income from the Group's investment property, representing a year on year decrease of approximately 9.6% as rent free period is granted to tenants under the renewal or new rental tenancy. The Group's loss attributable to shareholders for the year ended 31 March 2017 was approximately HK$116.5 million, representing a basic loss per share of HK4 cents (2016: profit of approximately HK$161.1 million, representing a basic earnings per share of HK9 cents).

The loss of the Group was mainly attributable to i) the recognition of a non-cash fair value loss of investments held for trading of approximately HK$52.4 million and as compared to that of, a fair value gain of approximately HK$75.5 million was recorded in 2016; and (ii) a non-cash fair value loss of an investment property of approximately HK$81.1 million as compared to a fair value gain on an investment property of approximately HK$96.7 million was recorded in 2016.

DIVIDEND

The Board does not recommend the payment of any final dividend for the year ended 31 March 2017 (2016: 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$44.7 million (2016: HK$42.7 million) and property management and related fee income of approximately HK$54.5 million (2016: HK$67.1 million). The plaza had an occupancy rate of approximately 80.6% which represent an increase in the occupancy rate as compared to last year of approximately 70.9%. The increase in occupancy rate is primarily due to the completion of renovation works on one entire floor of the Sandi Plaza during the year. The construction works of the Fuzhou subway transportation in front of the Sandi Plaza still continued, which continue posted some negative impact to the occupancy rate. Despite there is an increase in occupancy rate, the revenue is decreased by approximately HK$10.5 million due to the combined effects of i) rent free period is granted to tenants under the renewal or new rental tenancy, and ii) depreciation of RMB currency during the year. 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

On 15 December 2016, Fujian Sinco Industrial Co., Ltd. (福建先科實業有限公司) (the "Purchaser"), an indirect wholly-owned subsidiary of the Group, entered into an agreement with Fuzhou Gaojia Real Estate Development Co., Ltd (the "Vendor") pursuant to which the Purchaser agreed to acquire and the Vendor agreed to sell 95% of the equity interests of Fujian Jingdu Land Co., Ltd, the (the "Fujian Company") at an aggregate consideration of RMB455,816,462 (the "Fujian Acquisition"). Fujian Acquisition was completed on 26 May 2017.

The Fujian Company owns the commercial and hotel property development project named Fuzhou Sandi Chuangfu Plaza (福州三迪創富廣場) (the "Sandi Chuangfu") in Fuzhou City, Fujian Province, comprising two zones, namely Zone A and Zone B. The Group strategically procure premium property development project with an aggregate gross floor area ("GFA") of 100,844.85 square metres in Fujian. Zone A of Sandi Chuangfu mainly comprises of a block of 14-storey commercial/office building plus a basement with a total planned GFA of approximately 30,846.70 square metres and approximately 90 car parking spaces. Zone B of Sandi Chuangfu mainly comprises of three block of 16- to 18-storey hotel buildings plus two basements with a total planned GFA of approximately 69,998.15 square metres.

Concurrent with the Fujian Acquisition, the Purchaser and the Vendor entered into another agreement pursuant to which the Purchaser agreed to acquire and the Vendor agreed to sell 95% of the equity interests of Xian Sandi Real Estate Development Co., Ltd (the "Xian Company") at an aggregate consideration of RMB202,437,651 (the "Xian Acquisition"). The Xian Company owns the residential and commercial property development project named Qujiang Xiangsong Fengdan • Xian Sandi (西安三迪•曲江香頌楓丹) in Xian City, Shaanxi Province with a total planned GFA of 158,250 square metres. The development of the Qujiang Xiangsong Fengdan • Xian Sandi is intended to be divided into (i) Zone A of phase 1; (ii) Zone B of phase 1; and (iii) phase 2. Zone A mainly comprises of three blocks of 26- to 33-storey residential buildings and both Zone B of phase 1 and phase 2 were vacant lands.

Xian Acquisition was completed on 16 June 2017.

Significant events

i) Share Premium Reduction

On 15 April 2016, the Company proposes to effect the share premium reduction ("Share Premium Reduction") pursuant to the Companies Act. 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 of the Company ("Shareholders") in the near future. Pursuant to a special resolution passed at the Company's special general meeting held on 10 May 2016, the Shareholders approved the Share Premium Reduction and 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.

(ii) Provision of financial assistance

Given the extremely low interest rates in Hong Kong and the PRC, the Company considers that placing its general working capital and the unutilised net proceeds raised from the rights issue in bank deposits with banks may not be beneficial to the Group. The Company has been looking for alternatives to placing the unutilised net proceeds in bank deposits. During the year, with reference to announcements of the Company dated 3 May 2016, 16 June 2016, 22 August 2016, 9 November 2016 and 10 November 2016, the Group found three independent third parties ('Borrowers") who are companies established under the laws of the PRC and willing to pay a higher interest rate for loan. Loan agreements were entered by Fujian Sinco, the indirectly wholly-owned subsidiary of the Company with the Borrowers. All the loan granted are unsecured in principal amount ranged between RMB140 million and RMB145 million; at a fixed interest rate of 5% per annum; and with term ranged from six-months to fifteen-months at initiate date of borrowings. Borrowers shall repay the principal amount of the loan together with all accrued interests at maturity. Details of the financial assistance are set out in announcements of the Company dated 3 May 2016, 16 June 2016, 22 August 2016, 9 November 2016 and 10 November 2016. Summary of the financial assistance are as follows:

Date of agreement	**Name of borrower**	**Principal loan amount**	**Interest rate per annum**	**Term**	**As at 31 March 2017 Drawn down amount**
3 May 2016	Jianyan Lide Trading Company Limited* ("Jianyang Lide")	RMB145 million (equivalent to approximately HK$174 million)	5%	6 months (On 9 November 2016, extended for another 9 months from the maturity date *(Note (i))*)	RMB90 million *(Note (i))*
16 June 2016	Fujian Minzerui Company Limited* ("Fujian Minzerui")	RMB140 million (equivalent to approximately HK$164.7 million)	5%	6 months	– *(Note (ii))*

Date of agreement	Name of borrower	Principal loan amount	Interest rate per annum	Term	As at 31 March 2017 Drawn down amount
22 August 2016	Putian Sanfeng Footwear Company Limited* ("Putian Sanfeng")	RMB140 million (equivalent to approximately HK$162 million)	5%	9 months	RMB140 million *(Note (iii))*

* *For identification purpose only*

Note:

(i) On 9 November 2016, Fujian Sinco and Jianyang Lide entered into a supplemental agreement, pursuant to which Fujian Sinco and Jianyang Lide agreed that the maturity date of the loan shall be extended for another 9 months from the maturity date and other terms of the loan agreement remain unchanged. During the year ended 31 March 2017, Jianyang Lide has partially repaid the principal amount of the loan together with the accrued interests as at the date of the partial settlement. After the partial repayment, the outstanding principal amount of the loan was RMB90,000,000 on 31 March 2017. Jianyang Lide further repaid the principal amount of the loan and accrued interest at RMB45,000,000 in June 2017.

(ii) The principal amount of the loan together with the accrued interest at maturity were fully repaid by Fujian Minzerui during the year ended 31 March 2017.

(iii) The principal amount of the loan together with the accrued interest at maturity were fully repaid by Putain Sanfeng in May 2017.

(iii) Issue of unlisted warrants of the Company

On 21 December 2015, the Company and Chance Talent Management Limited ("Chance Talent") entered into the warrants subscription agreement (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 (the "Warrants"). Subsequently 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 in accordance with the terms and conditions of the Warrants Subscription Agreement. The Company issued the Warrants at a total subscription price of HK$0.01 to Chance Talent, entitling Chance Talent to subscribe for in aggregate up to a maximum amount of HK$75,000,000 worth of warrant shares at the exercise price of HK$0.24 per warrant share (the "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. Upon full exercise of the subscription rights attaching to the Warrants, a total of 312,500,000 Warrant Shares will be allotted and issued to the Warrantholder.

On 24 January 2017, Chance Talent and Kong LingLing, an independent third party of the Group entered into the warrant purchase agreement, pursuant to which the Chance Talent intends to sell and Kong Lingling intends to purchase the Warrants at a consideration of approximately HK$4.7 million. The sale and purchase of the Warrants completed on 24 January 2017.

Assuming the full exercise of the subscription rights attaching to the Warrants at the exercise price of HK$0.24 per Warrant Share, it is expected that gross proceeds of approximately HK$75,000,000 will be raised. The net proceeds of approximately HK$75,000,000 (subject to reduction) will be used for general working capital of the Group, capital expenditures and future investments of the Group. No Warrants were exercised during the year ended 31 March 2017. 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.

(iv) Placing of 159,996,000 new Shares under general mandate

A placing agreement dated 23 August 2016 was entered into between the Company and a placing agent in respect of the placing of up to 160,000,000 ordinary shares of the Company (the Share(s)") at the placing price of HK$0.24 per placing share ("Shares Placing") with net proceeds of approximately HK$37.4 million which the Company intends to apply the net proceeds to be used for general working capital of the Group. On 8 September 2016, the placing of new Shares under general mandate is completed with a total of 159,996,000 Shares have been placed, raising net proceeds of approximately HK$37.4 million ("Placing Proceeds"). Further details of the Share Placing are set out in the announcements of the Company dated 23 August 2016 and 8 September 2016.

Subsequently, as the Group has funding needs to finance the Fujian Acquisition, the Group shall apply all the Placing Proceeds to satisfy the cash component of the Fujian Acquisition. Further details of the Fujian Acquisition are set out in the announcements of the Company dated 15 December 2016 and circular dated 16 March 2017.

(v) Investment in coal bed methane project via subscription of exchangeable bonds in Sundo Gas Limited

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 ("Exchangeable Bonds") from Sundo Gas. The Exchangeable Bonds can exchange for in aggregate up to a maximum of 123,934 shares in UC Energy upon the occurrence of an initial public offering and listing of and permission to deal in shares of UC Energy on the Stock Exchange of Hong Kong Limited or such other internationally recognized investment exchange of the same or higher international standing at the exchange price of approximately US$138.76 per share in the capital of UC Energy, representing 18.5% of the issued ordinary Shares of UC Energy at the Subscription Agreement date. 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 applied the refund of the Earnest Deposit to subscribe the Exchangeable 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 entered into a supplement agreement to extend the Long Stop Date to 31 October 2016. On 13 October 2016, all the conditions of the Subscription Agreement have been fulfilled pursuant to the terms and conditions therein except the condition relating to a legal opinion issued by the Company's PRC counsel which has been waived by the Company as a condition precedent to Completion. The parties to the Subscription Agreement have agreed that Sundo Gas and Mr. Zhong shall continue to procure the satisfaction of the said condition as soon as possible after and notwithstanding Completion. Completion of the Subscription Agreement took place. Accordingly, the Exchangeable Bonds in the aggregate principal amount of HK$133,300,000 have been issued to the Company. Further details are set out in the announcements of the Company dated 24 August 2015, 29 December 2015, 19 February 2016, 14 June 2016 and 13 October 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 Group is actively 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$99.2 million (2016: HK$109.8 million), representing a decrease of approximately 9.6% compared with last year. Reason for the decrease due to the combined effects of (i) rent free period is granted to tenants under the renewal or new rental tenancy, and (ii) depreciation of RMB currency during the year.

Other net gains and losses

Other net gains and losses for the year ended 31 March 2017 represents fair value loss on investments held for trading (equity and debt securities listed in Hong Kong) amounting to approximately HK$52.4 million (2016: fair value gain on investments held for trading amounted to approximately HK$75.5 million).

Change in fair value of an investment property

The change in the fair value of an investment property arising from a home improvement plaza situated in Fuzhou, the PRC. A fair value loss of an investment property of approximately HK$81.1 million was recognised during the year ended 31 March 2017. (2016: fair value gain on investment property of approximately HK$96.7 million).

Other operating expenses

The Group's other operating expenses for the year ended 31 March 2017 in the amount of approximately HK$50.5 million (2016: HK$34.7 million) mainly included various administrative and selling expenses. The reason for the increase in other operating expenses was mainly due to the recognition of the foreign exchange losses on translation of RMB/ HK$ denominated intragroup balances of approximately HK$11.5 million (2016: HK$Nil). Intra-group balances denominated in foreign currencies at the reporting date are re-measured to the functional currency at the exchange rate at that date. Foreign currency differences arising on re-measurement are recognised in the consolidated statement of profit or loss.

Finance costs

Finance costs for the year ended 31 March 2017 amounted to approximately HK$89.7 million (2016: HK$64.4 million) mainly represents interest expenses on bank loan and interest on bonds and notes payable. The increase in finance costs mainly due to (i) increase in average bank borrowings during the year; and (ii) increase in interest on notes payable as the notes payable were issued in December 2015, full year interest expenses were accounted for during the year while only four months interest expenses was recognised during the year ended 31 March 2016.

Income tax credit/(expense)

Income tax credit for the year ended 31 March 2017 amounted to approximately HK$10.3 million (2016: income tax expense of approximately HK$35.7 million). The change in income tax mainly represents the corresponding deferred tax expense recognised on the decrease in fair value of the investment property during the year.

Financial assets at fair value through profit or loss

As at 31 March 2017, the subscription of redeemable exchangeable bonds of principal amount of HK$133.3 million is recognised under the current assets. As at 31 March 2017, the fair value of the exchangeable bond was determined by an independent professional valuer engaged by the Group and a fair value gain from exchangeable bond of approximately HK$9.5 million is recognised in the consolidated statement of profit or loss during the year ended 31 March 2017 (2016: HK$Nil).

Bonds and notes payable

On 24 July 2015, the Company issued a 4-year 7% unlisted coupon bonds with principal amount of HK$11 million (the "7% Coupon Bonds") to certain independent third parties. The 7% Coupon Bonds are denominated in HK$ and interest is payable semi-annually. The effective interest of the 7% Coupon Bonds is 12.08%. During year ended 31 March 2017, there is no early redemption of the 7% Coupon Bonds neither by the Company nor the 7% Coupon 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. On 18 January 2017, the Company had early redeemed all the Notes in accordance with the notes subscription agreement. A loss of early redemption of Notes amounted to approximately HK$5,025,000 was recognised during the year ended 31 March 2017.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2017, the Group had bank borrowings of approximately HK$795.2 million denominated in RMB (31 March 2016: approximately HK$595.5 million denominated in RMB) and other debts comprising bonds and notes payable in total amount to approximately HK$9.9 million (31 March 2016: HK$147.4 million). As at 31 March 2017 and 2016, all bank borrowings were obtained on secured basis. 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 2017, the Group had cash and cash equivalents of approximately HK$24.7 million (31 March 2016: approximately HK$387.2 million) which were mainly denominated in HK$ and RMB. To manage liquidity risk, the management monitors 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 2017, the gearing ratio for the Group was approximately 21.3% (31 March 2016: 4.5%), calculated based on the net debts (comprising bank borrowings and bonds and notes payable less cash and cash equivalent and investments held for trading) of approximately HK$616.3 million (31 March 2016: HK$139.3 million) over the total equity of approximately HK$2,892.9 million (31 March 2016: HK$3,126.2 million) . The debt ratio was approximately 34.7% (31 March 2016: approximately 32.7%), 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 2017, the Group's net current assets amounted to approximately HK$524.3 million (31 March 2016: HK$364.7 million). The Group's current ratio, being percentage of its current assets and its current liabilities, amounted to 522.6% (31 March 2016: 227.6%)

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 2017 are summarised as follows:

(i) Share Capital

Pursuant to a placing agreement dated 23 August 2016, the Company had issued 159,996,000 new ordinary shares at a placing price of HK$0.24 per share on 8 September 2016. The net proceeds from the placing, after deducting the related placing commission, professional fees and all related expenses, is approximately HK$37,389,000 ("Placing Proceeds"), out of which approximately HK$1,600,000 and HK$35,789,000 were recorded in share capital and share premium respectively. Further details of the Share Placing are set out in the announcements of the Company dated 23 August 2016 and 8 September 2016.

On 19 September 2016, the Company received written notice issued by the holders of the convertible preference share ("CPS") for a full conversion of the CPS at the conversion price of HK$1.69 per share. On 28 September 2016, the Company issued 713,017,750 new ordinary shares with par value of HK$0.01. Approximately HK$7,130,000 and HK$276,728,000 were recorded in share capital and share premium respectively after the conversion of CPS. As at 31 March 2017, there is no outstanding of CPS. (31 March 2016: 713,017,750 shares of CPS). Further details of the conversion of CPS are set out in the announcement of the Company dated 19 September 2016 and 28 September 2016.

(ii) Bank Borrowings

As at 31 March 2017, the bank loans include loan principal amounts of HK$795,201,000 which bears interest at 5.88% per annum is repayable by instalments up to 31 December 2025 (2016: loan principal amounts of approximately HK$129,495,000 and HK$497,597,000 which bore interest at 6.18% and 6.78% per annum respectively were repayable by instalments up to 26 September 2020 and 29 April 2021 respectively.)

At 31 March 2017 and 2016, the bank borrowings were secured by the Group's investment property with carrying amount of approximately HK$3,551.7 million (2016: HK$3,860.9 million); rental proceeds over the investment property (2016: HK$Nil); a corporate guarantee for the bank borrowings with principal amount of approximately HK$795.2 million (2016: HK$Nil) executed by the Company; and personal guarantees for the bank borrowings with principal amount of approximately HK$795.2 million (2016: HK$129.5 million) executed by Mr. Guo Jiadi, a director of the Company, and Ms. Shen Bizhen, the spouse of Mr. Guo Jiadi (2016: Mr. Guo Jiadi) in which the guarantee is to fulfilled covenant of bank facilities if the subsidiary has breached the covenants of bank facilities.

(iii) Bonds payable

As at 31 March 2017 and 2016, the Company had a 4-year 7% coupon bonds with principal amount to HK$11 million (the "7% Coupon Bonds") to certain independent third parties. The 7% Coupon Bonds are denominated in HK$. Interest is payable semiannually and the principal will be repaid when the 7% Coupon Bonds fall due on 23 July 2019. There is no early redemption of the 7% Coupon Bonds neither by the Company nor the 7% Coupon Bonds holders during the year ended 31 March 2017.

(iv) Notes payable

As at 31 March 2016 , the Company had a 2-year 10% notes payable with an aggregated principal amount of HK$150 million (the "Notes"). On 18 January 2017, the Company had early redeemed all the Notes in accordance with the notes subscription agreement. A loss of early redemption of Notes amounted to approximately HK$5,025,000 was recognised during the year ended 31 March 2017.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSESTS

On 15 December 2016, Fujian Sinco, an indirect wholly-owned subsidiary of the Group, entered into an agreement with Fuzhou Gaojia Real Estate Development Co., Ltd (the "Fuzhou Gaojia") pursuant to which Fujian Sinco agreed to acquire and the Fuzhou Gaojia agreed to sell 95% of the equity interests of Fujian Jingdu Land Co., Ltd, the (the "Fujian Company") at an aggregate consideration of RMB455,816,462 (the "Fujian Acquisition").

Concurrent with the Fujian Acquisition, Fujian Sinco and Fuzhou Gaojia entered into another agreement pursuant to which the Purchaser agreed to acquire and the Vendor agreed to sell 95% of the equity interests of Xian Sandi Real Estate Development Co., Ltd (the "Xian Company") at an aggregate consideration of RMB202,437,651 (the "Xian Acquisition").

The Directors are reasonably optimistic about the prospects of such investment in view of the prospects of the property market in the Mainland China as set forth in the section headed "Business Review –" in this announcement. For more details of Fujian acquisition and Xian Acquisition, please refer to the related announcement of the Company dated 15 December 2016 and the circular dated 16 March 2017.

Save as disclosed in this announcement, there were no other material acquisitions or disposals of subsidiaries, associates and joint ventures during the year, nor was there any plan authorised by the Board for other material investments or additions of capital assets at the date of this announcement.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

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

Subsequent to the end of the reporting period, the Fujian Acquisition and Xian Acquisition were completed on 26 May 2017 and 16 June 2017 respectively.

Upon completion, Fujian Company and Xian Company would become subsidiaries of the Group. Prior to the completion of acquisitions, Fujian Company and Xian Company and the Company were under common control of Mr. Guo Jiadi, the controlling shareholder of the Company.

CHARGE ON THE GROUP'S ASSETS

As at 31 March 2017, an investment property with respective fair value of approximately HK$3,551.7 million (31 March 2016: approximately HK$3,860.9 million) was pledged to secure a subsidiary's bank loan.

FINANCIAL GUARANTEE

As at 31 March 2017, the Company had given corporate guarantee to a bank in relation to a bank borrowing with principal amount of approximately HK$795.2 million (2016: HK$Nil).

CONTINGENT LIABILITIES

As at 31 March 2017 and 2016, the Group did not have any material contingent liabilities.

CAPITAL COMMITMENTS

As at 31 March 2017, the Group has capital commitments in respect of construction in progress amounted to approximately HK$270,616,000 (2016: approximately HK$10,000).

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. The functional currency of the Company and certain of its subsidiaries which operate in Hong Kong as investment holding companies or companies providing corporate services to other group entities is HK$. The functional currency of the Company's principal operating subsidiaries in the PRC is RMB. 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 2017, 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 2017, 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 2017, the Group employed a total of approximately 20 employees (2016: 21) of which 17 employees (2016: 18) were hired in the PRC and 3 (2016: 3) employees in Hong Kong. Total remuneration paid to the employees for the year ended 31 March 2017 amounted to approximately HK$8.5 million (2016: HK$9.8 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.

CHANGES IN DIRECTORSHIP

On 1 July 2016, Mr. Lin Jianbin resigned as an Executive Director. On 15 September 2016, Mr. Yan Pingfeng was appointed as an Executive Director.

Dr. Wong Yun Kuen was re-designated from Independent Non-Executive Director to Non-Executive Director on 15 September 2016.

PROPERTY VALUATION

Property valuation on the Group's investment property located in the PRC as at 31 March 2017 had been carried out by an independent qualified professional valuer, Chung Hin Appraisal Limited. The property valuation was used in preparing 2016/2017 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$3,551.7 million as at 31 March 2017 (31 March 2016: approximately HK$3,860.9 million) a decrease in fair value of approximately HK$81.1 million (2016: an increase in fair value of approximately HK$96.7 million) was recognised in the consolidated statement of profit or loss for the year ended 31 March 2017.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules (the "Model Code") as the code of conduct in respect of the securities dealing by the Directors. The Company has made specific enquiry of all Directors in respect of the securities dealing by the Directors and all Directors have confirmed that they have complied with the Model Code throughout the year ended 31 March 2017.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any listed securities of the Company during the year ended 31 March 2017.

CORPORATE GOVERNANCE

During the year ended 31 March 2017 and up to the date of this report, the Company has complied with the code provisions ("Code Provisions") set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") except for the deviations from the Code Provision A.2.1, A.2.7, A.6.7 and the Rule 3.28 of the Listing Rules. 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 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 is justified 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 2017, 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 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 and the annual general meeting of the Company held on 10 May 2016 and 25 August 2016 respectively as they 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.

Rule 3.28

According to Rule 8.17 of the Listing Rules, the Company must appoint a company secretary who satisfies Rule 3.28 of the Listing Rules. Mr. Chiu Ngam, Chris has resigned from the post as company secretary of the Company with effect from 20 February 2017. On 28 April 2017, Ms. Chan Po Yu has been appointed as the company secretary to fill the vacancy in the office of company secretary occasioned by the resignation of Mr. Chiu Ngam, Chris. Save that for the period from 20 February 2017 to 27 April 2017, the Company did not comply with the requirement under Rule 3.28 of the Listing Rules and, hence, the relevant code provisions in respect of company secretary.

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, Mr. Yu Pak Yan, Peter and Mr. Zheng Yurui (appointed on 15 September 2016), 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 2017, 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 2017 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 2017. 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 2017 will be despatched to shareholders of the Company and will be published on the same websites in due course.

APPRECIATION

The Board wishes to take this opportunity to express gratitude to our employees for their contribution and dedication to the Group. We also thank our shareholders, customers and suppliers for their continuous support.

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

Hong Kong, 29 June 2017

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

* *for identification purpose only*