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

(incorporated in Bermuda with limited liability)

(Stock Code: 910)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017

The board (the "**Board**") of directors (the "**Directors**") of China Sandi Holdings Limited (the "**Company**") is pleased to announce the unaudited results of the Company and its subsidiaries for the six months ended 30 September 2017 together with the comparative figures for the corresponding period in 2016. The unaudited consolidated interim results have been reviewed by the Company's Audit Committee.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the six months ended 30 September 2017

	Notes	2017 HK$'000	2016 HK$'000 (Restated)
Revenue	5	**473,795**	50,019
Cost of properties sales		**(254,021)**	–
Other income	5	**28,763**	24,551
Other net gains and losses	7	**41,573**	(25,885)
Fair value loss on an investment property		**(12)**	(105)
Fair value loss on financial assets at fair value through profit or loss		**(9,294)**	–
Staff costs		**(8,389)**	(6,976)
Depreciation of property, plant and equipment		**(1,084)**	(1,043)
Other operating expenses		**(49,264)**	(28,605)
Finance costs	8	**(28,424)**	(58,252)
Profit/(loss) before income tax	9	**193,643**	(46,296)
Income tax expense	10	**(64,590)**	(4,023)
Profit/(loss) for the period		**129,053**	(50,319)
Other comprehensive income, after tax, that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		**103,055**	(90,487)
Other comprehensive income for the period, after tax		**103,055**	(90,487)
Total comprehensive income for the period		**232,108**	(140,806)
Profit/(loss) attributable to:			
Owners of the Company		**125,882**	(49,494)
Non-controlling interest		**3,171**	(825)
		129,053	(50,319)
Total comprehensive income attributable to:			
Owners of the Company		**228,109**	(139,161)
Non-controlling interest		**3,999**	(1,645)
		232,108	(140,806)
Earnings/(loss) per share	12		
Basic		**HK3.04 cents**	HK(1.23) cents
Diluted		**HK3.01 cents**	HK(1.23) cents

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**At 30 September 2017** *HK$'000*	At 31 March 2017 *HK$'000* (Restated)	At 1 April 2016 *HK$'000* (Restated)
Non-current assets				
Investment property		**3,695,076**	3,551,719	3,860,877
Property, plant and equipment		**5,747**	6,370	8,131
Properties under development		**323,987**	305,736	250,531
Properties under development for sale		**471,024**	435,524	477,594
Deposit for subscription of exchangeable bonds		**–**	–	131,301
Deposit for properties under development		**60,883**	56,377	59,952
Total non-current assets		**4,556,717**	4,355,726	4,788,386
Current assets				
Properties under development for sale		**486,046**	609,521	519,203
Accounts receivable	*13*	**7,023**	5,441	3,975
Loan receivables		**–**	259,332	–
Other receivables, deposits and prepayments		**97,684**	88,161	28,471
Available-for-sale investments		**–**	–	3,597
Financial assets at fair value through profit or loss		**133,483**	142,777	–
Investments held for trading	*14*	**145,660**	164,087	216,489
Amounts due from related companies	*17(a)*	**307,153**	295,441	1,221
Income tax recoverable		**–**	13,206	–
Pledged bank deposit		**590**	567	601
Cash and cash equivalents		**292,196**	40,824	427,303
Total current assets		**1,469,835**	1,619,357	1,200,860
Total assets		**6,026,552**	5,975,083	5,989,246
Current liabilities				
Accounts payable	*15(a)*	**231,158**	180,351	135,303
Other payables and accruals	*15(b)*	**763,648**	469,970	189,350
Amounts due to related companies	*17(a)*	**188**	211,152	263,939
Notes payable		**–**	–	137,937
Bank borrowings		**114,641**	134,530	327,718
Income tax payable		**24,623**	–	2,986
Total current liabilities		**1,134,258**	996,003	1,057,233
Net current assets		**335,577**	623,354	143,627
Total assets less current liabilities		**4,892,294**	4,979,080	4,932,013

	Notes	At 30 September 2017 HK$'000	At 31 March 2017 HK$'000 (Restated)	At 1 April 2016 HK$'000 (Restated)
Non-current liabilities				
Bonds payable		**10,114**	9,900	9,511
Deferred taxation		**698,511**	665,727	718,687
Bank borrowings		**1,024,592**	1,265,449	865,419
Total non-current liabilities		**1,733,217**	1,941,076	1,593,617
Net assets		**3,159,077**	3,038,004	3,338,396
Capital and reserves attributable to owners of the Company				
Share Capital	*16*	**41,464**	33,464	24,734
Reserves		**3,081,960**	2,972,886	3,273,899
Equity attributable to owners of the Company		**3,123,424**	3,006,350	3,298,633
Non-controlling interest		**35,653**	31,654	39,763
Total equity		**3,159,077**	3,038,004	3,338,396

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL

China Sandi Holdings Limited (the "Company") was incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of registered office and principal place of business of the Company are located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and Unit 3309, 33/F., West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong respectively.

The principal activity of the Company is investment holding. The principal activities of the Company's principal subsidiaries are engaged in property development, holding of property for investment and rental purpose in the People's Republic of China (the "PRC") and money lending business in Hong Kong.

2. BASIS OF PREPARATION AND ACCOUNTING POLICES

The unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 September 2017 (the "Interim Financial Statements") have been prepared in accordance with the applicable disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities on the Stock Exchange and the Hong Kong Accounting Standard (the "HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The preparation of Interim Financial Statements in conformity with HKAS 34 requires the management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The Interim Financial Statements include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since 31 March 2017, and therefore, do not include all of the information required for full set of financial statements prepared in accordance with the Hong Kong Financial Reporting Standards ("HKFRSs") which collective term includes all applicable individual HKFRSs, HKAS and Interpretation issued by the HKICPA. Except for the additional accounting policy as mentioned below, they shall be read in conjunction with the Group's audited financial statements for the year ended 31 March 2017 (the "Annual Report").

Merger accounting for business combination involving entities under common control

The consolidated financial statements incorporate the financial statements items of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party.

The net assets of the combining entities or businesses are consolidated using the existing book values from the controlling party's perspective. No amount is recognised in respect of goodwill or bargain purchase gain at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The consolidated statement of profit or loss and other comprehensive income include the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where this is a shorter period.

The comparative amounts in the consolidated financial statements are presented as if the entities or businesses had been combined at the end of the previous reporting period or when they first came under common control, whichever is shorter.

3. MERGER ACCOUNTING RESTATEMENT

On 15 December 2016, Fujian Sinco Industrial Co., Ltd. ("Fujian Sinco"), an indirectly wholly-owned subsidiary of the Company, and Fuzhou Gaojia Real Estate Development Co., Ltd. ("Fuzhou Gaojia"), the vendor which is beneficially owned by the common director, Mr. Guo Jiadi, entered into agreements pursuant to which Fujian Sinco conditionally agreed to acquire and Fuzhou Gaojia conditionally agreed to sell each of 95% of equity interests of Fujian Jingdu Land Co., Ltd. ("Fujian Company") and Xian Sandi Real Estate Development Co., Ltd. ("Xian Company").

Fujian Company

On 26 May 2017, the Company completed its acquisition of 95% of equity interests of Fujian Company.

The consideration for acquiring the Fujian Company is RMB455,816,462, which comprises RMB196,000,000 for acquiring 95% of the equity interests of Fujian Company ("Fujian Equity Consideration") and RMB259,816,462 for the entire amount of the loans owed by Fujian Company to Fuzhou Gaojia as at 31 October 2016 ("Fujian Loan Consideration"). The Fujian Equity Consideration was settled through the Company allotting and issuing 800,000,000 new shares at the issue price of HK$0.2745 each to United Century International Limited, a company incorporated in the BVI which is directly and wholly-owned by Mr. Guo Jiadi, on 26 May 2017. Part of the Fujian Loan Consideration was paid in cash by Fujian Sinco to Fuzhou Gaojia for amounts of RMB150,000,000 during the year ended 31 March 2017 and the remaining portion of RMB109,816,462 was paid in May 2017.

Xian Company

On 16 June 2017, the Company completed its acquisition of 95% of equity interests of Xian Company.

The consideration for acquiring the Xian Company is RMB202,437,651, which comprises RMB95,000,000 for acquiring 95% of the equity interests of Xian Company ("Xian Equity Consideration") and RMB107,437,651 for the entire amount of the loans owed by Xian Company to Fuzhou Gaojia as at 31 October 2016 ("Xian Loan Consideration"). Part of the Xian Loan Consideration was paid in cash by Fujian Sinco to Fuzhou Gaojia for amounts of RMB50,000,000 during the year ended 31 March 2017. The remaining portion of RMB57,437,651 was paid in May 2017.

The directors of the Company have determined that the application of merger accounting to the acquisitions of Fujian Company and Xian Company, being a business combination involving entities under common control, under Accounting Guideline 5 "Merger Accounting for Common Control Combinations" ("AG 5") issued by the HKICPA, will provide more relevant and useful information to financial statement users as it better reflects the economic substance of the transaction.

Under merger accounting, based on the guidance set out in AG 5, the consolidated financial statements incorporate the financial statement items of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party.

The net assets of the combining entities or businesses are consolidated using the existing book values from the controlling party's perspective. The assets and liabilities of the acquired entities or businesses should be recorded at the book values as stated in the financial statements of the controlling party. No amount is recognised in respect of goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest. The adjustments to eliminate share/registered capital of the combining entities or businesses against the related investment costs have been made to merger reserve in the unaudited condensed consolidated statement of changes in equity.

The unaudited condensed consolidated statement of profit or loss and other comprehensive income, the unaudited condensed consolidated statement of changes in equity and the unaudited condensed consolidated statement of cash flows for the prior years have been restated to include assets and liabilities and the operating results of the Fujian Company and Xian Company, as if these acquisitions had been completed since the dates the respective entities or businesses came under the control of Mr. Guo Jiadi. The unaudited condensed consolidated statement of financial position as at 1 April 2016 and 31 March 2017 have been restated to adjust the carrying amounts of the assets and liabilities of the Group, had been in existence as at 1 April 2016 and 31 March 2017 as if those entities or businesses were combined from the date when they first came under the control of Mr. Guo Jiadi (see below for the financial impacts).

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

The effect of restatements described above on the unaudited condensed consolidated statement of profit or loss and other comprehensive income for the six months ended 30 September 2016 by line items is as follows:

	For the six months ended 30 September 2016 *HK$'000* (Originally reported)	Business combination of entities under common control *HK$'000*	For the six months ended 30 September 2016 *HK$'000* (Restated)
Revenue	50,019	–	50,019
Other income	24,482	69	24,551
Other net loss	(25,885)	–	(25,885)
Fair value loss on an investment property	(105)	–	(105)
Staff costs	(4,269)	(2,707)	(6,976)
Depreciation of property, plant and equipment	(392)	(651)	(1,043)
Other operating expenses	(15,937)	(12,668)	(28,605)
Finance costs	(58,252)	–	(58,252)
Loss before income tax	(30,339)	(15,957)	(46,296)
Income tax expense	(4,023)	–	(4,023)
Loss for the period	(34,362)	(15,957)	(50,319)
Other comprehensive income, after tax, that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations	(84,223)	(6,264)	(90,487)
Other comprehensive income for the period, after tax	(84,223)	(6,264)	(90,487)
Total comprehensive income for the period	(118,585)	(22,221)	(140,806)
Loss attributable to:			
Owners of the Company	(34,335)	(15,159)	(49,494)
Non-controlling interests	(27)	(798)	(825)
	(34,362)	(15,957)	(50,319)
Total comprehensive income attributable to:			
Owners of the Company	(117,688)	(21,473)	(139,161)
Non-controlling interests	(897)	(748)	(1,645)
	(118,585)	(22,221)	(140,806)

The effect of restatements on the unaudited condensed consolidated statement of financial position as at 1 April 2016 is as follows:

	At 1 April 2016 *HK$'000* (Originally reported)	Business combination of entities under common control *HK$'000*	At 1 April 2016 *HK$'000* (Restated)
Non-current assets			
Investment property	3,860,877	–	3,860,877
Property, plant and equipment	3,189	4,942	8,131
Properties under development	–	250,531	250,531
Properties under development for sale	–	477,594	477,594
Deposit for subscription of exchangeable bonds	131,301	–	131,301
Deposit for properties under development		59,952	59,952
Total non-current assets	3,995,367	793,019	4,788,386
Current assets			
Properties under development for sale	–	519,203	519,203
Accounts receivable	3,975	–	3,975
Other receivables, deposits and prepayments	17,596	10,875	28,471
Available-for-sale investments	–	3,597	3,597
Investments held for trading	216,489	–	216,489
Amounts due from related companies	25,419	(24,198)	1,221
Pledged bank deposit	–	601	601
Cash and cash equivalents	387,187	40,116	427,303
Total current assets	650,666	550,194	1,200,860
Total assets	4,646,033	1,343,213	5,989,246
Current liabilities			
Accounts payable	5,167	130,136	135,303
Other payables and accruals	49,225	140,125	189,350
Amounts due to related companies	719	263,220	263,939
Notes payable	137,937	–	137,937
Bank borrowings	89,834	237,884	327,718
Income tax payable	3,049	(63)	2,986
Total current liabilities	285,931	771,302	1,057,233
Net current assets	364,735	(221,108)	143,627
Total assets less current liabilities	4,360,102	571,911	4,932,013

	At 1 April 2016 *HK$'000* (Originally reported)	Business combination of entities under common control *HK$'000*	At 1 April 2016 *HK$'000* (Restated)
Non-current liabilities			
Bonds payable	9,511	–	9,511
Deferred taxation	718,687	–	718,687
Bank borrowings	505,710	359,709	865,419
Total non-current liabilities	1,233,908	359,709	1,593,617
Net assets	3,126,194	212,202	3,338,396
Capital and reserves attributable to owners of the Company			
Share Capital	24,734	–	24,734
Reserves	3,072,784	201,115	3,273,899
Equity attributable to owners of the Company	3,097,518	201,115	3,298,633
Non-controlling interest	28,676	11,087	39,763
Total equity	3,126,194	212,202	3,338,396

The effect of restatements on the unaudited condensed consolidated statement of financial position as at 31 March 2017 is as follows:

	At 31 March 2017 *HK$'000* (Originally reported)	Business combination of entities under common control *HK$'000*	At 31 March 2017 *HK$'000* (Restated)
Non-current assets			
Investment property	3,551,719	–	3,551,719
Property, plant and equipment	2,523	3,847	6,370
Properties under development	–	305,736	305,736
Properties under development for sale	–	435,524	435,524
Deposit for acquisition of companies	225,506	(225,506)	–
Deposit for properties under development	–	56,377	56,377
Total non-current assets	3,779,748	575,978	4,355,726
Current assets			
Properties under development for sale	–	609,521	609,521
Accounts receivable	5,441	–	5,441
Loan receivables	259,332	–	259,332
Other receivables, deposits and prepayments	28,008	60,153	88,161
Financial assets at fair value through profit or loss	142,777	–	142,777
Investments held for trading	164,087	–	164,087
Amounts due from related companies	24,062	271,379	295,441
Income tax recoverable	–	13,206	13,206
Pledged bank deposit	–	567	567
Cash and cash equivalents	24,673	16,151	40,824
Total current assets	648,380	970,977	1,619,357
Total assets	4,428,128	1,546,955	5,975,083
Current liabilities			
Accounts payable	3,526	176,825	180,351
Other payables and accruals	35,752	434,218	469,970
Amounts due to related companies	22,568	188,584	211,152
Bank borrowings	59,691	74,839	134,530
Income tax payable	2,529	(2,529)	–
Total current liabilities	124,066	871,937	996,003
Net current assets	524,314	99,040	623,354
Total assets less current liabilities	4,304,062	675,018	4,979,080
Non-current liabilities			
Bonds payable	9,900	–	9,900
Deferred taxation	665,727	–	665,727
Bank borrowings	735,510	529,939	1,265,449
Total non-current liabilities	1,411,137	529,939	1,941,076
Net assets	2,892,925	145,079	3,038,004

	At 31 March 2017 *HK$'000* (Originally reported)	Business combination of entities under common control *HK$'000*	At 31 March 2017 *HK$'000* (Restated)
Capital and reserves attributable to owners of the Company			
Share Capital	33,464	–	33,464
Reserves	2,836,252	136,634	2,972,886
Equity attributable to owners of the Company	2,869,716	136,634	3,006,350
Non-controlling interest	23,209	8,445	31,654
Total equity	2,892,925	145,079	3,038,004

The effect of the restatement on the Group's basic and diluted loss per share for the six months ended 30 September 2016 is as follow:

	For the six months ended 30 September 2016 *HK cents*
Impact on basic and diluted loss per share	
As originally reported	(1.06)
Adjustment arising from business combination under common control	(0.17)
Restated	(1.23)

Certain comparative figures have been restated to conform with current period's classification and presentation.

4. ADOPTION OF NEW OR REVISED HKFRSs

The adoption of the new or revised HKFRSs that are relevant to the Group and effective from the current period had no significant effects on the results and financial position of the Group for the current period and prior years.

At the date of authorisation of the Interim Financial Statements, the Group has not early adopted any new or revised HKFRSs that have been issued but are not yet effective for the current period. The board of directors has already commenced an assessment of the impact of these new and revised HKFRSs but are not yet in a position to reasonably estimate whether these new and revised HKFRSs would have a significant impact on the Group's financial performance and financial position.

5. REVENUE AND OTHER INCOME

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

	For the six months ended 30 September	
	2017	2016
	HK$'000	*HK$'000*
		(Restated)
Revenue		
Rental income	**25,380**	21,899
Property management and related fee income	**27,510**	28,120
Sale of properties	**420,905**	–
	473,795	50,019
Other income		
Bank interest income	**259**	1,623
Dividend income from listed investments	**816**	899
Exchange gain, net	**9,034**	6
Gain on disposal of property, plant and equipment	**98**	–
Interest income from debts securities	**1,529**	2,132
Interest income from deposit for subscription of exchangeable bonds	**–**	13,330
Interest income from financial assets at fair value through profit or loss	**13,330**	–
Interest income from loan receivables	**3,515**	6,531
Sundry income	**182**	30
	28,763	24,551
	502,558	74,570

6. 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 development and property investment. The following summary describes the operations in each of the Group's reportable segments:

– Property development business – development and sales of properties

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

During the six months ended 30 September 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 measure of the segments' profit/(loss) that is used by the chief operating decision-maker for assessment of segment performance.

(a) Business Segments

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

	Property development business		Property investment business		Total	
	For the six months ended 30 September		For the six months ended 30 September		For the six months ended 30 September	
	2017	2016	**2017**	2016	**2017**	2016
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
		(Restated)		(Restated)		(Restated)
Revenue from:						
External sales	**420,905**	–	**52,890**	50,019	**473,795**	50,019
Inter-segment sales	**–**	–	**–**	–	**–**	–
Reportable segment revenue	**420,905**	–	**52,890**	50,019	**473,795**	50,019
Reportable segment profit/ (loss)	**123,442**	(16,012)	**19,558**	(2,083)	**143,000**	(18,095)
Interest revenue	**124**	613	**3,649**	7,520	**3,773**	8,133
Interest expense	**(3,808)**	–	**(24,021)**	(47,070)	**(27,829)**	(47,070)
Depreciation	**(693)**	(650)	**(160)**	(155)	**(853)**	(805)
Income tax expense	**(59,066)**	–	**(5,524)**	(4,023)	**(64,590)**	(4,023)
Fair value loss on an investment property	**–**	–	**(12)**	(105)	**(12)**	(105)

Assets and liabilities information

	Property development business		Property investment business		Total	
	At 30 September 2017	At 31 March 2017	**At 30 September 2017**	At 31 March 2017	**At 30 September 2017**	At 31 March 2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
		(Restated)		(Restated)		(Restated)
Segment assets	**1,760,035**	1,571,384	**3,913,973**	4,069,772	**5,674,008**	5,641,156
Addition to non- current assets	**16,311**	78,506	**12**	572	**16,323**	79,078
Segment liabilities	**(1,318,014)**	(1,407,001)	**(1,533,425)**	(1,493,202)	**(2,851,439)**	(2,900,203)

(b) **Reconciliation of reportable segment revenues and profit or loss, assets and liabilities**

	For the six months ended 30 September	
	2017	2016
	HK$'000	*HK$'000*
		(Restated)
Revenue		
Reportable segment revenue	**473,795**	50,019
Elimination of inter-segment revenue	**–**	–
Consolidated revenue	**473,795**	50,019
Profit/(loss) before income tax		
Reportable segment profit/(loss)	**143,000**	(18,095)
Exchange gain, net	**9,034**	6
Fair value gain/(loss) on investments held for trading	**40,928**	(25,885)
Fair value loss on financial assets at fair value through profit or loss	**(9,294)**	–
Interest income from deposit for subscription of exchangeable bonds	**–**	13,330
Interest income from financial assets at fair value through profit or loss	**13,330**	–
Net realised gain on disposal of investments held for trading	**645**	–
Finance costs	**(595)**	(11,182)
Unallocated corporate income	**2,345**	3,052
Unallocated corporate expenses	**(5,750)**	(7,522)
Consolidated profit/(loss) before income tax	**193,643**	(46,296)

	At 30 September 2017	At 31 March 2017
	HK$'000	*HK$'000*
		(Restated)
Assets		
Reportable segment assets	**5,674,008**	5,641,156
Cash at bank	**47,726**	4,544
Investments held for trading	**145,660**	164,087
Financial assets at fair value through profit or loss	**133,483**	142,777
Unallocated corporate assets	**25,675**	22,519
Consolidated total assets	**6,026,552**	5,975,083
Liabilities		
Reportable segment liabilities	**2,851,439**	2,900,203
Amount due to a related company	**–**	22,500
Bonds payable	**10,114**	9,900
Unallocated corporate liabilities	**5,922**	4,476
Consolidated total liabilities	**2,867,475**	2,937,079

(c) Geographical information

During the six months ended 30 September 2017 and 2016, the Group's major operations and assets are situated in the PRC in which all of its revenue was derived.

(d) Major customers

There are no customer contributing over 10% of the Group's turnover for the six months ended 30 September 2017 and 2016.

7. OTHER NET GAINS AND LOSSES

	For the six months ended 30 September	
	2017	2016
	HK$'000	*HK$'000*
Fair value gain/(loss) on investments held for trading	**40,928**	(25,885)
Net realised gain on disposal of investments held for trading	**645**	–
Net gain/(loss) on investments held for trading	**41,573**	(25,885)

8. FINANCE COSTS

	For the six months ended 30 September	
	2017	2016
	HK$'000	*HK$'000*
		(Restated)
Interest on bank borrowings	**43,774**	82,366
Interest on bonds and notes payable	**595**	11,182
Interest on amount due to a related company	**–**	12,655
	44,369	106,203
Less: Interest capitalised *(note)*	**(15,945)**	(47,951)
	28,424	58,252

Note:

Borrowing cost capitalised during the periods arose on the loan are capitalised fully to expenditure on qualifying assets.

9. PROFIT/(LOSS) BEFORE INCOME TAX

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

	For the six months ended 30 September	
	2017	2016
	HK$'000	*HK$'000*
		(Restated)
(Gain)/loss on disposal of property, plant and equipment	**(98)**	11
Depreciation of property, plant and equipment (note)	**1,084**	1,043
Minimum lease payments under operating leases on leasehold properties	**1,020**	1,020
Staff costs (including directors' emoluments):		
Basic salaries and allowances	**8,248**	6,918
Retirement benefits scheme contribution	**141**	58

Note: During the six months ended 30 September 2017, depreciation amounted to HK$17,000 is capitalised to expenditure on qualifying assets (for the six months ended 30 September 2016: HK$24,000).

10. INCOME TAX EXPENSE

	For the six months ended 30 September	
	2017	2016
	HK$'000	*HK$'000*
		(Restated)
PRC enterprise income tax		
– Current period	**21,963**	–
– Over provision in prior years	**(288)**	–
	21,675	–
PRC land appreciation tax ("LAT")	**37,103**	–
Deferred tax expense	**5,812**	4,023
Income tax expense	**64,590**	4,023

Hong Kong profits tax is calculated at 16.5% on the estimated assessable profit for the six months ended 30 September 2017 (for the six months ended 30 September 2016: 16.5%). No provision of Hong Kong profits tax was made as there was no assessable profit derived for both periods.

The Group's subsidiaries in the PRC are subject to the PRC enterprise income tax. The applicable PRC enterprise income tax is 25% for the six months ended 30 September 2017 (for the six months ended 30 September 2016: 25%) for the PRC subsidiaries.

The provision for LAT is estimated according to the requirements set forth in the relevant PRC tax laws and regulations. LAT has been provided at ranges of progressive rates of the appreciation value, with certain allowable deductions.

11. DIVIDEND

No dividend was paid or proposed during the six months ended 30 September 2017 (for the six months ended 30 September 2016: HK$Nil), nor has any dividend been proposed since 30 September 2017.

12. EARNINGS/(LOSS) PER SHARE

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

	For the six months ended 30 September	
	2017	2016
	HK$'000	*HK$'000*
Profit/(loss) attributable to owners of the Company		(Restated)
Profit/(loss) for the purpose of basic and diluted earnings/(loss) per share	**125,882**	(49,494)
	Number of shares	
	'000	*'000*
Weighted average number of ordinary shares and convertible preference shares for the purposes of basic earnings/(loss) per share	**4,146,402**	4,039,086
Effect of dilutive potential ordinary shares:		
Share options	**–**	–
Unlisted warrants	**42,622**	–
Weighted average number of ordinary shares and convertible preference shares for the purposes of diluted earnings/(loss) per share	**4,189,024**	4,039,086

The Company issued 800,000,000 ordinary shares as part of the consideration for the acquisition of Fujian Company which are under common control and accounted for using merger accounting, the ordinary shares issued are included in the calculation of the weighted average number of shares for the six months ended 30 September 2017 and 2016 as if these ordinary shares are issued and the acquisition of Fujian Company had completed on 1 April 2016.

The calculation of basic earnings/(loss) per share attributable to the owners of the Company for the six months ended 30 September 2017 is based on the profit attributable to the owners of the Company of approximately HK$125.9 million (for the six months ended 30 September 2016: loss of HK$49.5 million, restated) and on the weighted average number of 4,146,402,000 ordinary shares (for the six months ended 30 September 2016: 4,039,086,000 ordinary shares and convertible preference shares).

Share options:

For the six months ended 30 September 2017 and 2016, the computation of diluted earnings/(loss) per share does not assume the exercise of share options since the exercise price of those share option is higher than the average market price of the Company's shares for the respective periods.

Unlisted warrants:

For the six months ended 30 September 2017, the computation of diluted earnings per share assume the exercise of the unlisted warrants since the exercise price of those unlisted warrants is lower than the average market price of the Company's shares for the respective period. For the six months ended 30 September 2016, 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 six months ended 30 September 2016 was based on the loss attributable to the owners of the Company of approximately HK$49.5 million and on the weighted average number 4,039,086,000 ordinary shares and convertible preference shares during the period.

13. ACCOUNTS RECEIVABLE

A credit period of 30 days (31 March 2017: 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 receivables are generally non-interest bearing and their carrying amounts approximate their fair value. The Group did not hold any collateral over these balances.

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

	At 30 September 2017 *HK$'000*	At 31 March 2017 *HK$'000*
0 – 90 days	**3,061**	2,879
91 – 180 days	**916**	1,006
Over 180 days	**3,046**	1,556
	7,023	5,441

14. INVESTMENTS HELD FOR TRADING

	At 30 September 2017 *HK$'000*	At 31 March 2017 *HK$'000*
Equity securities listed in Hong Kong, at fair value	**145,660**	130,663
Debt securities listed in Hong Kong, at fair value	**–**	33,424
	145,660	164,087

The above equity and debt securities are classified as investments held for trading as they have been acquired principally for the purpose of selling in the near term, or are part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit making. Changes in their fair values are recorded in profit or loss.

15. ACCOUNTS AND OTHER PAYABLES AND ACCRUALS

(a) Accounts Payable

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

	At 30 September 2017 *HK$'000*	At 31 March 2017 *HK$'000* (Restated)
Current or less than 1 month	**210,975**	169,766
1 to 3 months	**1,900**	1,308
More than 3 months but less than 12 months	**11,457**	5,323
More than 12 months	**6,826**	3,954
	231,158	180,351

(b) Other payables and accruals

As at 30 September 2017 and 31 March 2017, the Group's other payables and accruals primarily comprised receipts in advance from customers and rental deposits received from tenants.

16. SHARE CAPITAL

	At 30 September 2017		At 31 March 2017	
	Number of shares *'000*	**Amount** *HK$'000*	Number of shares *'000*	Amount *HK$'000*
Authorised:				
Ordinary shares of HK$0.01 each	**200,000,000**	**2,000,000**	200,000,000	2,000,000
Convertible preference shares	**602,000**	**6,020**	602,000	6,020

	At 30 September 2017		At 31 March 2017	
	Number of shares	**Amount**	Number of shares	Amount
	'000	***HK$'000***	*'000*	*HK$'000*
Issued and fully paid:				
Ordinary shares				
At beginning of period/year	**3,346,401**	**33,464**	2,473,387	24,734
Issue of ordinary shares				
– Placing *(note (i))*	**–**	**–**	159,996	1,600
– Conversion of convertible preference shares *(note(ii))*	–	–	713,018	7,130
– Acquisition of entities under common control *(note(iii))*	**800,000**	**8,000**	–	–
At end of period/year	**4,146,401**	**41,464**	3,346,401	33,464
Convertible preference shares				
At beginning of period/year	**–**	**–**	401,667	283,858
Conversion of convertible preference shares *(note (ii))*	**–**	**–**	(401,667)	(283,858)
At end of period/year	**–**	**–**	–	–
Conversion to ordinary shares				
At beginning of period/year	**–**	**–**	713,018	283,858
Conversion of convertible preference shares *(note (ii))*	**–**	**–**	(713,018)	(283,858)
At end of period/year	**–**	**–**	–	–

Notes:

(i) 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, was approximately HK$37,389,000, out of which HK$1,600,000 and HK$35,789,000 were recorded in share capital and share premium respectively.

(ii) On 19 September 2016, the Company received written notice issued by the holders of convertible preference shares (the "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.

(iii) As detailed in note 3, pursuant to the sale and purchase agreement dated 15 December 2016 entered into between Fujian Sinco and Fuzhou Gaojia, the Group acquired 95% equity interest of Fujian Company for an agreed consideration of RMB196,000,000. The consideration was satisfied by the allotment and issue of 800,000,000 shares of the Company at the issue price of HK$0.2745 each to United Century International Limited on 26 May 2017.

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

17. RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in the Interim Financial Statements, the Group has the following balances and transactions with related parties:

(a) As at 30 September 2017 and 31 March 2017, the amounts due from related companies are unsecured, interest-free and repayable on demand. Maximum amounts due from related companies during the period was approximately HK$307,153,000 (31 March 2017: HK$295,441,000). Among the balance of approximately HK$307,153,000 as at 30 September 2017, a sum of approximately HK$293,694,000 was settled by a related company subsequent to the end of the reporting period in November 2017. A considerable amount of judgement has been made by the board of directors in assessing the realisation of these receivables, and no recognition of impairment loss is considered necessary in view of the situation that a significant portion of amounts due from related companies of approximately HK$293,694,000 were settled subsequent to the end of the reporting period.

As at 30 September 2017 and 31 March 2017, the amounts due to related companies are unsecured, interest-free and repayable on demand. For the six months ended 30 September 2016, interest expense of approximately HK$12,655,000 was incurred on an amount due to a related company of approximately HK$136,539,000 as at 30 September 2016 (1 April 2016: HK$186,832,000) which was unsecured, interest-bearing at 14% per annum and repayable on demand (the "Interest-bearing Related Party Balance"). This interest expense was capitalised in properties under development and properties under development for sale. The Interest-bearing Related Party Balance became interest-free effective from 1 November 2016.

(b) Mr. Guo Jiadi has granted guarantees to banks for the bank loans with principal amount of approximately HK$1,139,233,000 (31 March 2017: HK$1,399,979,000, restated), for due performance of the covenants of bank facilities granted to the subsidiaries of the Company.

(c) A rental agreement for leasing a portion of a floor of the shopping mall in Fuzhou was signed between the Group and a company of which Mr. Guo Jiadi was beneficially interested in. Rental income charged for the period amounted to HK$138,000 (for the six months ended 30 September 2016: HK$423,000, restated).

(d) Fuzhou Gaojia, which is beneficially owned by Mr. Guo Jiadi, director of the Company, has granted guarantees to banks for the bank loans with principal amount of approximately HK$342,985,000 (31 March 2017: HK$604,778,000), for due performance of the covenants of bank facilities granted to the subsidiaries of the Company.

(e) Guo Shi investment Co. Limited, which was ultimately owned as to approximately 95% by Mr. Guo Jiadi, has granted a guarantee to a bank for the bank loan with principal amount of approximately HK$120,107,000 (31 March 2017: HK$186,381,000), for due performance of the covenants of bank facilities granted to a subsidiary of the Company.

18. EVENTS AFTER THE REPORTING PERIOD

On 23 October 2017, the Xian Company acquired the land use right of two land parcels in Qujiang New District, Xian City, Shaanxi Province, PRC with a total area of approximately 22,182.59 sq.m and a total consideration of approximately RMB186,550,000 (equivalent to approximately HK$219,835,000) from the public auction by the Land and Resources Bureau of Xian.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL HIGHLIGHTS

For the six months ended 30 September 2017 (the "Interim Period"), the Group recorded a revenue of approximately HK$473.8 million, representing an increase of 847.2% compared with the corresponding period for the six months ended 30 September 2016 and the Group's profit attributable to shareholders was approximately HK$125.9 million, and its basic earnings per share for the period was HK$3.04 cents (2016: loss of HK$49.5 million, representing a basic loss per share of HK$1.23 cents).

DIVIDENDS

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

Property development

Contracted property sales

For the six months ended 30 September 2017, the contracted sales of the Group reached approximately HK$766,164,000 with a total gross floor area ("GFA") of approximately 59,523 square meters ("sq.m") (for the six months ended 30 September 2016, HK$Nil). The Group focuses on its projects in respect of peripheral facilities seeking to fulfill needs of the middle to upper class households.

The table below illustrates the contracted sales (stated before the deduction of applicable taxes) achieved by the Group for the six months ended 30 September 2017:

Contracted Sales for the six months ended 30 September 2017

Location	Property projects	Project type	Contracted sales amount HK$'000	Contracted sales area (sq.m)	Average price of contracted sales HK$/ sq.m *(Note)*	Percentage of total contracted sales amount
Fuzhou City, Fujian Province,	Fuzhou Sandi Chuangfu Plaza	Commercial/office	164,918	7,863	20,974	21.5%
Xian City, Shaanxi Province	Qujiang Xiangsong Fengdan • Xian Sandi					
	– Zone A of Phase 1	Commercial	21,433	979	21,893	2.8%
		Residential	27,779	2,418	11,488	3.6%
	– Zone B of Phase 1	Residential	552,034	48,263	11,438	72.1%
Total			766,164	59,523	12,872	100.0%

Note

The calculation of average price per sq.m is based on the sales revenue before the deduction of business/value-added tax and other surcharges/taxes.

GFA available for sale and pre-sale in second half of the fiscal year

The Group has approximately 13,807 sq.m of attributable GFA available for sale and pre-sale during second half of the fiscal year, as summarised below:

Available for sales and pre-sale in second half of the fiscal year

Location	**Property projects**	**Project type**	**GFA in sq.m**	**Group's interest%**	**Attributable GFA in sq.m**
Fuzhou City, Fujian Province	Fuzhou Sandi Chuangfu Plaza 福州三迪創富廣場	Commercial/ Office	56	95%	53
		Carpark	3,538	95%	3,361
		Retail	2,349	95%	2,232
Xian City, Shaanxi Province	Qujiang Xiangsong Fengdan • Xian Sandi 西安三迪•曲江香頌楓丹				
	– Zone A of Phase 1	Residential	1,382	95%	1,313
	– Zone B of Phase 1	Residential	7,208	95%	6,848
Total			14,533		13,807

The actual market launch dates depends on and will be affected by various factors, such as construction progress, changes in market environments, changes in government regulations and sales strategies of the Group.

Portfolio of property development projects

The table below summaries the portfolio of property development projects as at 30 September 2017:

				Completed	Under development/future development		
Location	**Project**	**Project types**	**Actual/ expected completion dates**	**GFA available for sale sq.m**	**GFA under development sq.m**	**Planned GFA for future development sq.m**	**Group's interest%**
Fuzhou City, Fujian Province	Fuzhou Sandi Chuangfu Plaza						
	– Zone A	Commercial/office	2017	56	–	–	95%
		Others *(Note ii)*	2017	5,887	–	–	95%
	– Zone B	Hotel	Pending	–	69,998	–	95%
Xian City, Shaanxi Province	Qujiang Xiangsong Fengdan • Xian Sandi						
	– Zone A of Phase 1	Residential	2017	1,382	–	–	95%
		Commercial	2017	–	–	–	95%
	– Zone B of Phase 1	Residential	2018/2019		57,049	–	95%
		Commercial	2018/2019		2,109	–	95%
		Others *(Note ii)*	2018	–	12,206	–	95%
	– Phase 2	Residential and commercial	Pending	–	–	44,671	95%
				7,325	141,362	44,671	

Notes:

(i) The table above includes properties for which the Group has obtained the relevant land use rights certificate(s) but has not obtained the requisite construction permits; The figures for "GFA available for sale", "GFA under development" and "Planned GFA for future development" are based on figures provided in the relevant governmental documents, such as the property ownership certificates, the construction work planning permits, the pre-sale permits, the construction land planning permits or the land use rights certificate. The categories of information are based on our internal records.

(ii) Others mainly comprises car parks and ancillary facilities.

(iii) "GFA available for sale" and "GFA under development" and "Planned GFA for future development" are derived from the Group's internal records and estimates.

(iv) Certain completed projects have no GFA available for sale by the Group as all saleable GFA have been sold or pre-sold.

The following section provides further details of the development progress and completion of each of the projects.

1) Fuzhou Sandi Chuangfu Plaza

Fuzhou Sandi Chuangfu Plaza comprises two zones, namely Zone A and Zone B. As at 30 September 2017, the construction works of Zone A was completed with a total saleable GFA of approximately 27,351 sq.m. It was launched for pre-sales since April 2016 and well received by the market. A total GFA of 17,869 sq.m has been progressively delivered to buyers since August 2017.

2) Qujiang Xiangsong Fengdan • Xian Sandi

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 with a total saleable GFA of 67,317 sq.m for residential and 1,572 sq.m of ancillary retail. Zone A was first launched for pre-sale in November 2014. And the second and third batch pre-sale were launched for pre-sale in June 2015 and February 2016 respectively. The construction works of Zone A was completed in 2017. In addition to a total GFA of 33,815 sq.m delivered to the buyers in March 2017, a total GFA of 16,028 sq.m has been delivered to the buyers during the six months ended 30 September 2017.

Land bank replenishment

The Group's strategy is to maintain a land bank portfolio sufficient to support the Group's own development pipeline for the next few years. As at 30 September 2017, the Group had a quality land bank amounting to a total GFA of approximately 186,033 sq.m of which approximately 141,362 sq.m were properties under development and construction and the remaining approximately 44,671 sq.m was held for future development.

Subsequent to the six months ended 30 September 2017, the Group has acquired the land use rights of two land parcels in Xian City, Shaanxi Province, the PRC for a total consideration of approximately RMB186.6 million with a total site area of approximately 22,183 sq.m.

The property investment business

The current property investment business is mainly operated by Fujian Sinco Industrial Co., Ltd. ("Fujian Sinco") which is engaged in development, operation and management of a home improvement plaza ("Sandi Plaza"). During the period under review, the Group recorded the rental, property management and related fee income of approximately HK$52.9 million (2016: HK$50.0 million). The Sandi Plaza had an occupancy rate of approximately 89.7% which represent an increase in the occupancy rate as compared to corresponding period in 2016 of approximately 75.9%. The increase in occupancy rate is primarily due to the completion of renovation works on one entire floor of the Sandi Plaza. The construction works of the Fuzhou subway transportation in front of the Sandi Plaza is still ongoing, which continues to pose some 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.

Other investments

Our other investments including investing surplus cash from operations in listed equity securities, debts securities and exchangeable bonds in Hong Kong and the PRC. We have invested in listed high yield debts and stocks with growth potentials. We have also invested in exchangeable bonds for interest incomes. The objectives of these investments are to strike a balance between risk and return in order to maximise return to shareholders.

The equity and debt securities acquired are principally for short term investment purpose. The Group would closely monitor performances of the mentioned and will seek for disposal opportunities for profit if any. Our principal business still is engaged in property development and property investment business and thus we will continue to proactively take up opportunities in real estate market. Therefore, the Group would consider disposing or downsizing the existing listed-equities investment portfolio when the Group has funding needs for expanding the property development business in the future.

Significant events during the Interim Period

(i) Completion of major acquisitions

Fujian Sinco, an indirect wholly owned subsidiary of the Group, acquired 95% of the equity interests of Fujian Company at an aggregate consideration of approximately RMB455.8 million, (the "Fujian Acquisition"). Fujian Acquisition was completed on 26 May 2017.

Concurrent with the Fujian Acquisition, Fujian Sinco, acquired 95% of the equity interests of Xian Company at an aggregate consideration of approximately RMB202.4 million. Xian Acquisition was completed on 16 June 2017.

As a result of the completion of Fujian and Xian Acquisitions, each of the Fujian Company and the Xian Company has become a non-wholly-owned subsidiary of the Company. The Fujian Company owns the Fujian Land which is being developed into a commercial and hotel complex named Fuzhou Sandi Chuangfu Plaza* (福州三迪創富廣場); and (ii) the Xian Company owns the Xian Lands which are being developed into a residential and commercial property development project named Qujiang Xiangsong Fengdan • Xian Sandi* (西安三迪•曲江香頌楓丹).

For more details of Fujian acquisition and Xian Acquisition, please refer to the related announcement of the Company dated 15 December 2016 and 19 June 2017 and the circular dated 16 March 2017.

(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. With reference to announcements of the Company dated 3 May 2016, 22 August 2016, 9 November 2016 and 10 November 2016, the Group found two 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 into 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, 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**	**As at 30 September 2017 Drawn down amount**
3 May 2016	Jianyang 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))*
22 August 2016	Putian Sanfeng Footwear Company Limited* ("Putian Sanfeng")	RMB140 million (equivalent to approximately HK$162 million)	5%	9 months	RMB140 million	– *(Note (ii))*

* *For identification purpose only*

Notes

(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 as at 31 March 2017. The outstanding principal amount of the loan together with the accrued interest at maturity were fully repaid by Jianyang Lide during the six months period ended 30 September 2017.

(ii) The principal amount of the loan together with the accrued interest at maturity were fully repaid by Putain Sanfeng during the six months ended 30 September 2017.

PROSPECTS

Looking ahead, we predict stable growth for the Chinese economy. The central government will stick to its policy orientation that housing supply should regain its residential purpose, with quicker efforts of studying and rolling out a long-term effective mechanism to promote a healthy and stable development of the industry. This will benefit the industry's mid to long-term development.

The Group would continue to promote the progress of Fuzhou and Xian projects, and determine the specific launch time of the properties according to the local economic trend and investment atmosphere. It is worth noting that Xian was designated to serve "One Belt One Road" national strategies, and it was named as the starting point for the Silk Road Economic Belt. Fujian is also a province at the heart of the "One Belt One Road" initiative which aims to boost linkages with other countries with an overland network of highways and railroads as well as a maritime route. This should help to attract capital and talent to Xian and Fuzhou, strengthening the cities' innovation-driven growth model.

The Group will continue the precise position of its property investment business. And we will remain diversified in its land acquisition channels and proactively took up opportunities to expand its operating scale for continuous development and lay the foundation for persisted growth.

OPERATING RESULTS AND FINANCIAL REVIEW

Revenue

The Group's revenue is primarily generated from property development, property leasing and property management services, which contributed approximately 88.8%, 5.4% and 5.8% respectively of the revenue for the six months ended 30 September 2017. The Group's revenue increased by HK$423.8 million, or 847.2%, to HK$473.8 million for the six months ended 30 September 2017 from HK$50.0 million for the six months ended 30 September 2016. This increase was primarily attributable to the increase in revenue from sales of properties. The table below sets forth the breakdown of the Group's revenue by operating segment as indicated:

	For the six months ended 30 September 2017		For the six months ended 30 September 2016	
	HK$'000	*%*	*HK$'000*	*%*
Revenue from sales of properties	**420,905**	**88.8**	–	–
Rental income	**25,380**	**5.4**	21,899	43.8
Property management and related fee income	**27,510**	**5.8**	28,120	56.2
	473,795	**100.0**	50,019	100.0

Property development

The Group's revenue from sales of properties increased to HK$420.9 million for the six months ended 30 September 2017 (for the six months ended 30 September 2016: HK$Nil).

The table below summarises the revenue from sales of properties for the six months ended 30 September 2017:

Location	**Property projects**	**Project type**	**Sales revenue HK$'000**	**GFA sold (sq.m)**	**Average price per sq.m HK$/sq.m** *(Note)*	**Percentage of total sales amount**
Fuzhou City, Fujian Province	Fuzhou Sandi Chuangfu Plaza	Commercial/ office	305,974	17,869	17,123	72.7%
Xian City, Shaanxi Province	Qujiang Xiangsong Fengdan • Xian Sandi – Zone A of Phase 1	Residential	114,931	16,028	7,171	27.3%
Total			420,905	33,897	12,417	100.0%

Note

The calculation of average price per sq.m is based on the sales revenue after the deduction of business/value-added tax and other surcharges/taxes.

Rental income and property management and related fee income

The sales for the six months ended 30 September 2017 includes the rental income and property management and related fee income in amount aggregate to approximately HK$52.9 million (2016: approximately HK$50.0 million), representing an increase of approximately 5.8% compared with corresponding period in 2016. Reason for the increase mainly due to the increase in the occupancy rate during the period under review.

Cost of properties sales

The Group's cost of properties sales increased to HK$254.0 million for the six months ended 30 September 2017 (2016: HK$Nil). The increase was primarily attributable to the increase in the total GFA of properties delivered as there were no properties delivered during the corresponding period in 2016, which led to the increase in the cost of properties sales.

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$12,000 was recognised during the six months ended 30 September 2017 (2016: HK$105,000).

Other net gains and losses

Other net gains for the Interim Period included unrealised fair value gain on investments held for trading amounted to approximately HK$41.0 million and net realised gain on disposal of investments held for trading amounted to approximately HK$0.6 million (2016: unrealised fair value loss of approximately HK$25.9 million).

Other operating expenses

The Group's other operating expenses for the six months ended 30 September 2017 in the amount of approximately HK$49.3 million (2016: HK$28.6 million) mainly included various administrative and selling expenses. The reason for the increase in other operating expenses was mainly due to the increase in selling and marketing costs which mainly attributable from the increase in sales of properties of the Group.

Finance costs

Finance costs consist of interest expenses on bank borrowings, amount due to a related company, bonds and notes payable. The finance costs decreased by approximately HK$29.9 million or 51.3% from approximately HK$58.3 million for the six months ended 30 September 2016 to approximately HK$28.4 million for corresponding period in 2017. The decrease in finance costs mainly due to the decrease in interest on notes payable as the notes payable were early redeemed in January 2017, full 6-months interest expenses were accounted for in the six months ended 30 September 2016, while no interest expenses were recognised during the corresponding period in 2017.

Income tax expense

Income tax expense mainly comprises the PRC enterprise income tax and land appreciation tax amounted to approximately HK$64.6 million for the six months ended 30 September 2017 (2016: approximately HK$4.0 million). The substantial increase was represented by the provision of PRC enterprise income tax and land appreciation tax which was mainly attributable to the sales of properties recognised during the Interim Period.

Investments held for trading

	At 30 September 2017 *HK$'000*	At 31 March 2017 *HK$'000*
Equity securities listed in Hong Kong, at fair value	**145,660**	130,663
Debt securities listed in Hong Kong, at fair value	**–**	33,424
	145,660	164,087

The above equity and debt securities are classified as investments held for trading as they have been acquired principally for the purpose of selling in the near term.

The carrying amount of the investments held for trading are equal to its fair values, which have been determined by reference to the quoted market bid prices available on the Stock Exchange. During the Interim Period, the Group has recorded net fair value gain on investments held for trading of approximately HK$41.6 million (2016: unrealised fair value loss of approximately HK$25.9 million).

As at 30 September 2017, the investments held for trading represented an investment portfolio comprising 5 equity securities (31 March 2017: 7 equity securities and 1 debt securities) listed in Hong Kong. All of them are securities listed on the Main Board of the Stock Exchange. Except for those mentioned below, there were no significant acquisitions or disposals of the investments held for trading during the Interim Period.

The Group's investments held for trading were represented as follows:

Company name/(stock code)	*Notes*	**Percentage of shareholdings at 30 September 2017** %	**Realised fair value gain/(loss) for the period** *HK$'000*	**Unrealised fair value gain/(loss) for the period** *HK$'000*	**Dividend income for the period** *HK$'000*	**Fair value at 30 September 2017** *HK$'000*	**Percentage of total investments held for trading** %	**Percentage of total assets of the Group at 30 September 2017** %
Equity Securities								
Kingston Financial Group Limited (1031)	*(i)*	0.23%	1,658	46,348	799	127,217	87.3%	2.1
Others	*(ii)*		(1,013)	(5,420)	17	18,443	12.7%	0.3
			645	40,928	816	145,660	100.0%	2.4

Notes

i. Kingston Financial Group Limited ("Kingston Financial") is principally engaged in the provision of a wide range of financial services which include securities brokerage, underwriting and placements, margin and initial public offering financing, corporate finance advisory services, futures brokerage and asset management services. Kingston Financial also provides gaming and hospitality services in Macau.

   During the Interim Period, the Group has disposed of 6,838,000 shares in Kingston Financial which led to a realised gain of approximately HK$1,658,000.

ii. None of these investments represented more than 1% of the total assets of the Group as at 30 September 2017.

During the Interim Period, the Group had disposed all the listed debt securities and a loss of approximately HK$59,000 is recognised in the condensed consolidated statement of profit or loss.

Financial assets at fair value through profit or loss

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"), pursuant to whom 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, which is a subsidiary of Sundo Gas, 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 recognised 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 subscription of Exchangeable Bonds was completed on 13 October 2016 ("the Issue Date") and the maturity date of Exchangeable Bonds is 29 October 2017.

UC Energy is an exempt company incorporated in the Cayman Islands which is the sole shareholder of UC Energy Technology Limited, a company incorporated in Hong Kong which in turn holds 100% equity interests in United Coal Bed Methane (Nanjing) Development Company Limited* (聯合煤層氣(南京)發展有限公司), a wholly-foreign owned enterprise established under the laws of the PRC (collectively referred to as the "UC Group"). The UC Group is principally engaged in investment holding and through the variable interest entity structure established for the purpose of controlling the Dong Bao Neng Investment (Beijing) Ltd. (the "Dong Bao Neng")* (東寶能投資(北京)有限公司) and the subsidiary of Dong Bao Neng (collectively referred to as the "Dong Bao Neng Group"). Dong Bao Neng Group are principally engaged in the business of exploration and production of coalbed methane in the PRC. Dong Bao Neng Group owns the Zhangzhi Block covers an area of 82.1 km2 and is located on the south eastern margin of the Qinshui Basin in Zhangzhi City, Shanxi Province, the PRC (the "Zhangzhi Coalbed Methane Project").

During the six months ended 30 September 2017, the Zhangzhi Coalbed Methane Project is still at the development stage and no commercial production has been commenced yet. 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.

As at 31 March 2017 and 30 September 2017, the Exchangeable Bonds was compound instruments and designated as financial assets at fair value through profit or loss.

The fair value of the Exchangeable Bonds as at 30 September 2017 was determined by an independent professional valuer engaged by the Group which led to a fair value loss of approximately HK$9.3 million recognised in the condensed consolidated statement of profit or loss during the six months ended 30 September 2017 (2016: HK$Nil).

During the six months ended 30 September 2017, the Group recognised interest income from financial assets at fair value through profit or loss of approximately HK$13.3 million (2016: HK$13.3 million was recognised as interest income from deposit for subscription of exchangeable bond).

Other receivables, deposits and prepayments

The Group's other receivables, prepayments and other receivables as at 1 April 2016, 31 March 2017 and 30 September 2017 primarily comprised (i) prepayments and deposits (ii) other receivables and (iii) other tax recoverable.

As at 1 April 2016, 31 March 2017 and 30 September 2017, the Group's prepayments and deposits amounted to approximately HK$9.6 million, HK$54.9 million and HK$52.8 million respectively. Prepayments and deposits increased from approximately HK$9.6 million as at 1 April 2016 to approximately HK$54.9 million as at 31 March 2017 was mainly due to an increase in the payments to contractors made by the Group for the construction of properties.

As at 1 April 2016, 31 March 2017 and 30 September 2017, the Group's other receivables amounted to approximately HK$17.9 million, HK$27.5 million and HK$25.3 million respectively. As at 30 September 2017, the Group's other receivables includes interest receivable from financial assets through profit or loss of approximately HK$22.4 million. Such interest receivables have been fully settled subsequent to the period ended 30 September 2017.

As at 1 April 2016, 31 March 2017 and 30 September 2017, the Group's other tax recoverable amounted to approximately HK$1.0 million, HK$5.8 million and HK$19.6 million respectively. The increase in other tax recoverable was due to an increase in pre-sales of properties, resulting in a corresponding increase in value-added tax recoverable.

Other payables and accruals

The Group's accruals and other payables as at 1 April 2016, 31 March 2017 and 30 September 2017 primarily comprised (i) receipts in advance from customers and (ii) rental deposits received from tenants.

* *For identification purposes only*

As at 1 April 2016, 31 March 2017 and 30 September 2017, the Group's receipts in advance from customers amounted to approximately HK$131.6 million, HK$380.9 million and HK$708.5 million respectively. The increase was mainly due to the increase in pre-sale of properties.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 September 2017, the Group had bank borrowings of approximately HK$1,139.2 million denominated in RMB (31 March 2017: approximately HK$1,400.0 million denominated in RMB) and other debts comprising bonds payable in total amount to approximately HK$10.1 million (31 March 2017: approximately HK$9.9 million). As at 30 September 2017 and 31 March 2017, all bank borrowings were secured.

As at 30 September 2017, the Group had cash and cash equivalents of approximately HK$292.2 million (31 March 2017: approximately HK$40.8 million) which were mainly denominated in HK$ and RMB.

As at 30 September 2017, the gearing ratio for the Group was approximately 22.5% (31 March 2017: 39.7%), calculated based on the net debts (comprising bank borrowings and bonds payable less cash and cash equivalent and investments held for trading) of approximately HK$711.5 million (31 March 2017: approximately HK$1,205.0 million) over the total equity of approximately HK$3,159.1 million (31 March 2017: approximately HK$3,038.0 million). The debt ratio was approximately 47.6% (31 March 2017: approximately 49.2%), 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 30 September 2017, the Group's net current assets amounted to approximately HK$335.6 million (31 March 2017: HK$623.4 million). The Group's current ratio, being percentage of its current assets and its current liabilities, amounted to 129.6% (31 March 2017: 162.6%).

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.

SHARE CAPTIAL AND CAPITAL STRUCTURE

The share capital and capital structure of the Group during the Interim Period is summarised as follows:

(i) Bank borrowings

As at 30 September 2017, the Group had bank borrowings of approximately HK$1,139.2 million (31 March 2017: HK$1,400.0 million), of which approximately HK$114.6 million are repayable within one year and the remaining HK$1,024.6 million are repayable beyond one year. The Group's bank borrowings bears interest rates ranging from approximately 5.7% to 9.5% per annum. All the bank borrowings were denominated in RMB.

At 30 September 2017, the Group's bank borrowings were secured by the Group's investment property with carrying amount of approximately HK$3,695.1 million (31 March 2017: approximately HK$3,551.7 million); rental proceeds over the investment property; Group's properties under development with carrying amount of approximately HK$324.0 million (31 March 2017: approximately HK$305.7 million); Group's properties under development for sale with carrying amount of HK$957.1 million (31 March 2017: approximately HK$1,045.0 million), entire ordinary shares of a subsidiary of the Company; a corporate guarantee for the bank borrowings with principal amount of approximately HK$796.2 million (31 March 2017: HK$795.2 million) executed by the Company; corporate guarantees for the bank loan with principal amount of approximately HK$222.9 million (31 March 2017: HK$418.4 million) executed by a subsidiary and Fuzhou Gaojia, which is beneficially owned by Mr. Guo Jiadi, director of the Company; corporate guarantees for the bank loan with principal amount of approximately HK$120.1 million (31 March 2017: HK$186.4 million) executed by Fuzhou Gaojia, which is beneficially owned by Mr. Guo Jiadi, director of the Company and Guo Shi Investment Group Co. Limited, which is ultimately owed as to approximately 95% by Mr. Guo Jiadi, director of the Company; and personal guarantees for the bank borrowings with principal amount of approximately HK$1,139.2 million (31 March 2017: HK$1,400.0 million) executed by Mr. Guo Jiadi, a director of the Company, and Ms. Shen Bizhen, the spouse of Mr. Guo Jiadi.

ii) Bonds payable

As at 30 September 2017 and 31 March 2017, 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 six months ended 30 September 2017.

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

Save as set forth in the section headed "Business Review- Significant events during the Interim Period (i) Completion of major acquisitions" in this report, each of the Fujian Company and the Xian Company has become a non-wholly owned subsidiary of the Company as a result of the completion of Fujian and Xian Acquisitions.

The Directors are reasonably optimistic about the prospects of such investment in view of the prospects of the property market in the Mainland China. For more details of Fujian and Xian Acquisitions, please refer to the related announcement of the Company dated 15 December 2016 and 19 June 2017 and the circular dated 16 March 2017.

Except for the above, there were no other material acquisitions or disposals of subsidiaries, associates and joint ventures during the period, nor was there any plan authorised by the Board for other material investments or additions of capital assets at the date of this report.

USE OF NET PROCEEDS FROM THE EQUITY FUND RAISING ACTIVITIES

The use of the net proceeds from the equity fund raising activities during the six months ended 30 September 2017 are summarised as follows:

Rights issue of 1,648,924,892 new shares under special mandate

The rights issue was completed on 3 February 2016 and net proceeds of approximately HK$323 million were raised from the right issue ("Rights Issue Proceeds"). As disclosed in the circular of the Company dated 13 January 2016, in relation to, among other things, the proposed use of the Rights Issue Proceeds was for (i) approximately 70% or HK$226.1 million thereof for acquiring state owned land use right(s) and financing potential residential or commercial properties property development project(s) in Shanghai ("Property Development & Investments"); (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 for the general working capital of the Group.

As the Group had funding needs to finance the Fujian Acquisition, the Group applied to utilise the Rights Issue Proceeds of amount approximately HK$226.1 million 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.

As at 30 September 2017, approximately HK$64.6 million of the Rights Issue Proceeds had been utilised to repay bank loans; approximately HK$32.3 million had been utilised as general working capital of the Group; and approximately HK$226.1 million had been utilised to satisfy part of the cash consideration of Fujian Acquisition.

CHARGE ON THE GROUP'S ASSETS

As at 30 September 2017, the Group's investment property with respective fair value of approximately HK$3,695.1 million (31 March 2017: approximately HK$3,551.7 million), the Group's properties under development with carrying amount of approximately HK$324.0 million (31 March 2017: approximately HK$305.7 million) and the Group's properties under development for sale with carrying amount of approximately HK$957.1 million (31 March 2017: approximately HK$1,045.0 million) were pledged to secure the Group's bank borrowings.

CONTINGENT LIABILITIES

As at 30 September 2017 and 31 March 2017, the Group did not have any material contingent liabilities.

CAPITAL COMMITMENTS

As at 30 September 2017, the Group has capital commitments in respect of construction in progress amounted to approximately HK$1,121.7 million (31 March 2017: approximately HK$1,106.2 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. 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 30 September 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 30 September 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 30 September 2017, the Group employed a total of approximately 74 employees (31 March 2017: 20) of which 72 employees (31 March 2017: 17) were hired in the PRC and 2 (31 March 2017: 3) employees in Hong Kong. In addition to competitive remuneration package offered to the employees, other benefits included contributions to mandatory provident fund, as well as group medical and accident insurance. Ongoing training sessions were also conducted to enhance the competitiveness of the Group's human assets. The Company also maintains a share option scheme, pursuant to which share options may be granted to the Directors, executives and employees of the Company to provide them with incentives in the growth of the Group.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issues (the "Model Code") as set out in Appendix 10 of the Listing Rules as its own code of conduct in respect of the securities dealing by the Directors. The Company has made specific enquiry of all Directors in respect of the securities dealing by the Directors and all Directors confirmed that they have complied with the Model Code during the six months ended 30 September 2017.

PURCHASE, REDEMPTION OR SALE OF LISTING SECURITIES BY THE COMPANY

On 15 December 2016, Fujian Sinco entered into an agreement with Fuzhou Gaojia pursuant to which Fujian Sinco agreed to acquire and Fuzhou Gaojia agreed to sell 95% of the equity interests of Fujian Company at an aggregate consideration of RMB455,816,462 (the "Fujian Acquisition"). Fujian Acquisition was completed on 26 May 2017.

Part of the consideration of the Fujian Acquisition was settled through the Company allotting and issuing 800,000,000 new shares at the issue price of HK$0.2745 each to United Century International Limited, a company incorporated in the BVI which is directly and wholly-owned by Mr. Guo Jiadi, on 26 May 2017

Save as disclosed above, neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the Company's securities for the six months ended 30 September 2017.

CORPORATE GOVERNANCE

For the six months ended 30 September 2017 and up to date of this report, the Company has complied with the code provisions ("Code Provisions") set out in the Corporate Governance Code (the "CG Code") under Appendix 14 of the Listing Rules except for the deviations from the Code Provision A.2.1, A.6.7, E.1.2 and the Rule 3.28 of the Listing Rules and the Board is committed to complying with the CG Code to the extent that the Directors consider it to be practical and applicable to the Company.

The corporate governance principles of the Company emphasis an effective Board, sound internal control, appropriate independence policy, transparency and accountability to the shareholders of the Company ("Shareholders"). 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. 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 ("Mr. Guo") currently serves as the Chairman of the Board (the "Chairman").

Up to date of this report, no individual was appointed as the chief executive officer of the Company (the "CEO"). 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.6.7

Code provision A.6.7 stipulates that independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the view of shareholders of the Company ("Shareholders").

Mr. Zheng Jinyun and Mr. Zheng Yurui were unable to attend the annual general meeting (the "2017 AGM") of the Company held on 25 August 2017 due to other business engagements. As an action plan to address the aforesaid deviation, the Company will require all the independent non-executive Directors and other non-executive Directors to attend all future general meetings in order to comply with the code provision A.6.7 of the CG Code.

Code Provision E.1.2

The code provision E.1.2 currently in force stipulates, among other things, that the chairman of the issuer should attend the annual general meeting Mr. Guo being the Chairman, was unable to attend the 2017 AGM due to another commitment and Mr. Guo appointed Ms. Amika Lan E Guo, an executive Director, to act as his representative at the 2017 AGM and take the chair of the said 2017 AGM and to ensure that proceedings of the meeting would be conducted in order. The Company considers that sufficient measures have been taken to ensure the Company's corporate governance practices are no less exacting than those in the CG Code. This constitutes a deviation of the code provision E.1.2.

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 been 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 AND REVIEW OF FINANCIAL STATEMENT

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

The audit committee has reviewed the unaudited condensed consolidated financial statements for the six months ended 30 September 2017.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

The interim 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 2017 interim report of the Company for the six months ended 30 September 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.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in the section headed ''Business Review'' in this report, the Group has acquired the land use rights of two land parcels in the PRC for a total consideration of approximately RMB186.6 million in October 2017.

Except for the above, there is no other significant event occurred subsequently after the reporting period.

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

Hong Kong, 29 November 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 the non-executive Director; and Mr. Chan Yee Ping, Michael, Mr. Yu Pak Yan, Peter, Mr. Zheng Jinyun and Mr. Zheng Yurui, being the independent non-executive Directors.