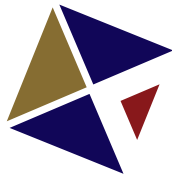


*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



## **CHINA PROPERTIES INVESTMENT HOLDINGS LIMITED**

**中國置業投資控股有限公司\***

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 736)**

### **INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2012**

The board (the “board”) of directors (the “directors”) of China Properties Investment Holdings Limited (the “company”) hereby announces the unaudited condensed consolidated interim results of the company and its subsidiaries (together the “group”) for the six months ended 30 September 2012, together with the comparative figures of the corresponding period last year as follows:

\* *For identification purposes only*

**CONDENSED CONSOLIDATED INCOME STATEMENT**  
**FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2012**

		<b>Six months ended</b>	
		<b>30 September</b>	
		<b>2012</b>	2011
		<b>(Unaudited)</b>	(Unaudited)
	<i>Notes</i>	<b>RMB'000</b>	<b>RMB'000</b>
Turnover	4	4,822	1,334
Cost of sales		<u>(1,282)</u>	<u>(1,190)</u>
		<b>3,540</b>	144
Valuation (loss)/gains on investment properties		(5,819)	11,947
Other revenue		578	1,097
Other net income		(16)	(49)
Administrative expenses		(20,743)	(17,634)
Exploration and development expenses of mine		(960)	(1,317)
Other operating expenses		<u>–</u>	<u>(3,578)</u>
Loss from operations		(23,420)	(9,390)
Finance costs		<u>(1,986)</u>	<u>(2,067)</u>
Loss before taxation	5	(25,406)	(11,457)
Income tax	6	<u>1,455</u>	<u>(2,987)</u>
Loss for the period		<u><b>(23,951)</b></u>	<u><b>(14,444)</b></u>
<b>Attributable to:</b>			
Owners of the company		(23,677)	(14,157)
Non-controlling interests		<u>(274)</u>	<u>(287)</u>
Loss for the period		<u><b>(23,951)</b></u>	<u><b>(14,444)</b></u>
		<b>RMB</b>	<b>RMB</b>
			(restated)
<b>Loss per share</b>	7		
– Basic		<u><b>(0.07)</b></u>	<u><b>(0.07)</b></u>
– Diluted		<u><b>(0.07)</b></u>	<u><b>(0.07)</b></u>

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2012**

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2012</b>	2011
	<b>(Unaudited)</b>	(Unaudited)
	<b>RMB'000</b>	RMB'000
Loss for the period	<b>(23,951)</b>	(14,444)
Other comprehensive loss for the period		
Exchange differences on translation of financial statements of group entities outside the PRC	<u>(576)</u>	<u>(7,360)</u>
Total other comprehensive loss for the period, net of nil tax	<u>(576)</u>	<u>(7,360)</u>
Total comprehensive loss for the period	<u><b>(24,527)</b></u>	<u>(21,804)</u>
<b>Attributable to:</b>		
Owners of the company	<b>(24,253)</b>	(21,517)
Non-controlling interests	<u>(274)</u>	<u>(287)</u>
Total comprehensive loss for the period	<u><b>(24,527)</b></u>	<u>(21,804)</u>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2012

	<i>Notes</i>	<b>30/9/2012</b> <b>(Unaudited)</b> <b>RMB'000</b>	31/3/2012 (Audited) RMB'000
<b>Non-current assets</b>			
Plant and equipment		12,267	14,595
Investment properties		191,838	197,656
Intangible assets		259,000	259,000
Deposit for acquisition of subsidiaries		<u>120,042</u>	<u>120,479</u>
		<u>583,147</u>	<u>591,730</u>
<b>Current assets</b>			
Trade and other receivables	8	10,675	4,131
Trading securities		103	120
Cash and cash equivalents		<u>41,205</u>	<u>64,819</u>
		<u>51,983</u>	<u>69,070</u>
<b>Current liabilities</b>			
Other payables		18,452	24,073
Interest-bearing bank borrowings		<u>4,000</u>	<u>4,000</u>
		<u>22,452</u>	<u>28,073</u>
<b>Net current assets</b>		<u>29,531</u>	<u>40,997</u>
<b>Total assets less current liabilities</b>		<u>612,678</u>	<u>632,727</u>
<b>Non-current liabilities</b>			
Interest-bearing bank borrowings		46,000	48,000
Deferred tax liabilities		<u>9,517</u>	<u>10,971</u>
		<u>55,517</u>	<u>58,971</u>
<b>NET ASSETS</b>		<u><u>557,161</u></u>	<u><u>573,756</u></u>
<b>EQUITY</b>			
<b>Equity attributable to owners of the company</b>			
Share capital		10,941	7,333
Reserves		<u>522,282</u>	<u>542,211</u>
		<u>533,223</u>	<u>549,544</u>
Non-controlling interests		<u>23,938</u>	<u>24,212</u>
<b>TOTAL EQUITY</b>		<u><u>557,161</u></u>	<u><u>573,756</u></u>

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**  
**FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2012**

	Share capital RMB'000	Share premium RMB'000	Special compensation reserve RMB'000	Employee share-based reserve RMB'000	Exchange fluctuation reserve RMB'000	Accumulated losses RMB'000	Total RMB'000	Non- controlling interests RMB'000	Total equity RMB'000
At 1 April 2012	7,333	971,524	(56,225)	16,632	22,531	(412,251)	549,544	24,212	573,756
Right issue	3,608	4,569	-	-	-	-	8,177	-	8,177
Share issues expenses	-	(245)	-	-	-	-	(245)	-	(245)
Total comprehensive loss for the period	-	-	-	-	(576)	(23,677)	(24,253)	(274)	(24,527)
<b>At 30 September 2012 (Unaudited)</b>	<b><u>10,941</u></b>	<b><u>975,848</u></b>	<b><u>(56,225)</u></b>	<b><u>16,632</u></b>	<b><u>21,955</u></b>	<b><u>(435,928)</u></b>	<b><u>533,223</u></b>	<b><u>23,938</u></b>	<b><u>557,161</u></b>
At 1 April 2011	2,833	671,776	(56,225)	16,632	28,328	(105,644)	557,700	46,620	604,320
Right issue	4,176	279,841	-	-	-	-	284,017	-	284,017
Placing and subscription of new shares	844	17,713	-	-	-	-	18,557	-	18,557
Share issues expenses	-	(8,879)	-	-	-	-	(8,879)	-	(8,879)
Total comprehensive loss for the period	-	-	-	-	(7,360)	(14,157)	(21,517)	(287)	(21,804)
<b>At 30 September 2011 (Unaudited)</b>	<b><u>7,853</u></b>	<b><u>960,451</u></b>	<b><u>(56,225)</u></b>	<b><u>16,632</u></b>	<b><u>20,968</u></b>	<b><u>(119,801)</u></b>	<b><u>829,878</u></b>	<b><u>46,333</u></b>	<b><u>876,211</u></b>

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW (UNAUDITED)***FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2012*

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2012</b>	<b>2011</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
Net cash used in operating activities	<b>(27,873)</b>	(63,907)
Net cash generated from/(used in) investing activities	<b>312</b>	(19)
Net cash generated from financing activities	<b>3,947</b>	176,974
Net (decrease)/increase in cash and cash equivalents	<b>(23,614)</b>	113,048
Cash and cash equivalents at beginning of period	<b>64,819</b>	5,943
Cash and cash equivalents at end of period	<b>41,205</b>	118,991
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	<b>41,205</b>	118,991

## NOTES TO THE CONDENSED FINANCIAL STATEMENTS

### 1. Basis of Preparation of Financial Information

The unaudited condensed consolidated financial statements for the six months ended 30 September 2012 have been prepared in accordance with the applicable disclosure provision of the Rules Governing the Listing of Securities (the “Listing Rules”) on the Stock Exchange of Hong Kong Limited (“Stock Exchange”), including compliance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

The preparation of the unaudited condensed consolidated financial statements is in conformity with HKAS 34 requiring 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 condensed consolidated financial statements have been prepared in accordance with the same accounting policies adopted in the annual financial statements for the year ended 31 March 2012, except for the adoption of the new Hong Kong Financial Reporting Standards (“HKFRSs”) and Hong Kong Accounting Standards (“HKASs”) as disclosed in note 2 below. The unaudited condensed consolidated financial statements do not include all the information and disclosures required for annual financial statements, and should be read in conjunction with the financial statements of the group for the year ended 31 March 2012.

### 2. Changes in Accounting Policies

The HKICPA has issued a number of new and revised HKFRSs and Interpretations that are first effective or available for early adoption for the current accounting period of the group and the company. There have been no significant changes to the accounting policy applied in these financial statements for the periods as a result of the developments.

### 3. Segment Information

Operating segments are identified on the basis of internal reports which provides information about components of the group. These information are reported to and reviewed by the group’s most senior executive management (“CODM”) for the purposes of resource allocation and performance assessment.

The CODM considers the business from both geographic and product perspective. Geographically, management considers the performance of the segments in Hong Kong and mainland China. The group has presented the following two reportable segments. These segments are managed separately. The property investment segment and the investing in mining activities segment offer very different products and services.

***i) Properties investment***

The properties investment reportable operating segment derives its revenue primarily from leasing of investment properties.

***ii) Investing in mining activities***

The investing in mining activities reportable segment derives its revenue from the cooperation of the exploitation of copper and molybdenum mines with third party.

No reportable operating segment has been aggregated.

***a) Segment results, assets and liabilities***

For the purposes of assessing segment performance and allocating resources between segments, the group's CODM monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

The accounting policies of the reportable segments are the same as the group's accounting policies. Segment profit/(loss) represents the profit earned by/(loss) from each segment without allocation of central administration costs such as directors' salaries, investment income and finance costs. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

The revenue from external parties reported to the CODM is measured in a manner consistent with that in the income statement.

All assets are allocated to reportable segments other than trading securities and corporate assets. All liabilities are allocated to reportable segments other than current tax liabilities and corporate liabilities.



Information regarding the group's reportable segments as provided to the group's CODM for the purposes of resource allocation and assessment of segment performance for the period is set out below.

	Six months ended 30 September 2012 (Unaudited)			Six months ended 30 September 2011 (Unaudited)		
	Properties investment RMB'000	Investing in mining activities RMB'000	Total RMB'000	Properties investment RMB'000	Investing in mining activities RMB'000	Total RMB'000
Revenue from external customers	<u>4,822</u>	<u>-</u>	<u>4,822</u>	<u>1,334</u>	<u>-</u>	<u>1,334</u>
Reportable segment revenue	<u><b>4,822</b></u>	<u><b>-</b></u>	<u><b>4,822</b></u>	<u><b>1,334</b></u>	<u><b>-</b></u>	<u><b>1,334</b></u>
Reportable segment (loss)/ profit before taxation	<u>(7,355)</u>	<u>(3,713)</u>	<u>(11,068)</u>	<u>7,418</u>	<u>(2,699)</u>	<u>4,719</u>
Interest income	<u>1</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>-</u>	<u>3</u>
Depreciation	<u>(342)</u>	<u>(1,614)</u>	<u>(1,956)</u>	<u>(380)</u>	<u>(819)</u>	<u>(1,199)</u>
Income tax credit/(expenses)	<u>1,455</u>	<u>-</u>	<u>1,455</u>	<u>(2,987)</u>	<u>-</u>	<u>(2,987)</u>
Finance costs	<u>(1,986)</u>	<u>-</u>	<u>(1,986)</u>	<u>(2,067)</u>	<u>-</u>	<u>(2,067)</u>
Reportable segment assets	<u><b>197,185</b></u>	<u><b>266,980</b></u>	<u><b>464,165</b></u>	<u><b>203,456</b></u>	<u><b>268,525</b></u>	<u><b>471,981</b></u>
Additions to non-current segment assets	<u><b>35</b></u>	<u><b>4</b></u>	<u><b>39</b></u>	<u><b>842</b></u>	<u><b>368</b></u>	<u><b>1,210</b></u>
Reportable segment liabilities	<u><b>52,792</b></u>	<u><b>15,216</b></u>	<u><b>68,008</b></u>	<u><b>55,408</b></u>	<u><b>19,832</b></u>	<u><b>75,240</b></u>
Deferred tax liabilities	<u><b>9,517</b></u>	<u><b>-</b></u>	<u><b>9,517</b></u>	<u><b>10,971</b></u>	<u><b>-</b></u>	<u><b>10,971</b></u>
Total liabilities	<u><b>62,309</b></u>	<u><b>15,216</b></u>	<u><b>77,525</b></u>	<u><b>66,379</b></u>	<u><b>19,832</b></u>	<u><b>86,211</b></u>

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

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2012</b>	<b>2011</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>RMB'000</b>	<b>RMB'000</b>
<b>Revenue</b>		
Total reportable segments' revenues	4,822	1,334
Elimination of inter-segment revenue	—	—
	<u>—</u>	<u>—</u>
Consolidated turnover	<u><b>4,822</b></u>	<u><b>1,334</b></u>
<b>Profit/(loss)</b>		
Total reportable segments' (loss)/profit	(11,068)	4,719
Unallocated corporate income	6	530
Depreciation	(402)	(943)
Interest income	350	564
Finance costs	—	—
Unallocated corporate expenses	(14,292)	(16,327)
	<u>(14,292)</u>	<u>(16,327)</u>
Consolidated loss before taxation	<u><b>(25,406)</b></u>	<u><b>(11,457)</b></u>
<b>Assets</b>		
Total reportable segments' assets	464,165	471,981
Unallocated corporate assets	170,965	188,819
	<u>170,965</u>	<u>188,819</u>
Consolidated total assets	<u><b>635,130</b></u>	<u><b>660,800</b></u>
<b>Liabilities</b>		
Total reportable segments' liabilities	(77,525)	(86,211)
Unallocated corporate liabilities	(444)	(833)
	<u>(444)</u>	<u>(833)</u>
Consolidated total liabilities	<u><b>(77,969)</b></u>	<u><b>(87,044)</b></u>

c) *Revenue from major services*

The following is an analysis of the group's revenue from its major services:

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2012</b>	2011
	<b>(Unaudited)</b>	(Unaudited)
	<b>RMB'000</b>	<b>RMB'000</b>
Properties investment	<u>4,822</u>	<u>1,334</u>
	<u><b>4,822</b></u>	<u><b>1,334</b></u>

d) *Geographic information*

The following is an analysis of geographical location of (i) the group's revenue from external customers and (ii) the group's non-current assets. The geographical location of customers refers to the location at which the services were provided or the goods delivered. The group's non-current assets include plant and equipment, investment property, intangible assets and deposit for acquisition of subsidiary. The geographical location of plant and equipment and investment property are based on the physical location of the asset. In the case of intangible assets, it is based on the location of operation to which these intangibles are allocated.

	<b>Revenue from</b>		<b>Non-current</b>	
	<b>external customers</b>		<b>assets</b>	
	<b>Six months</b>	Six months	<b>As at</b>	As at
	<b>ended</b>	ended	<b>30 September</b>	31 March
	<b>30 September</b>	30 September	<b>2012</b>	2012
	<b>2012</b>	2011	<b>(Unaudited)</b>	(Audited)
	<b>(Unaudited)</b>	(Unaudited)	<b>RMB'000</b>	<b>RMB'000</b>
	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>
Hong Kong				
(place of domicile)	–	–	<b>123,334</b>	124,179
PRC	<u>4,822</u>	<u>1,334</u>	<u>459,813</u>	<u>467,551</u>
	<u><b>4,822</b></u>	<u><b>1,334</b></u>	<u><b>583,147</b></u>	<u><b>591,730</b></u>

#### 4. Turnover

The principal activities of the group are properties investment and investing in mining activities.

Turnover represents rental income from investment properties. The amount of each significant category of revenue recognised in turnover during the period is as follows:

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2012</b>	<b>2011</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Rental income from investment properties	<u><b>4,822</b></u>	<u><b>1,334</b></u>

#### 5. Loss Before Taxation

Loss before taxation is arrived at after charging/(crediting) the followings:

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2012</b>	<b>2011</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>RMB'000</b>	<b>RMB'000</b>
<b>a) Finance costs</b>		
Interest expenses on bank borrowings not wholly repayable within five years	<u><b>1,986</b></u>	<u><b>2,067</b></u>
Total interest expense on financial liabilities not at fair value through profit or loss	<u><b>1,986</b></u>	<u><b>2,067</b></u>
<b>b) Staff costs (including directors' remuneration)</b>		
Salaries, wages and other benefits	<u><b>6,392</b></u>	<u><b>4,226</b></u>
Contribution to defined contribution retirement plans	<u><b>316</b></u>	<u><b>310</b></u>
	<u><b>6,708</b></u>	<u><b>4,536</b></u>
<b>c) Other items</b>		
Operating lease charges: minimum lease payments	<b>1,915</b>	<b>1,440</b>
Depreciation	<b>2,358</b>	<b>2,142</b>
Gross rental income from investment properties less direct outgoings of RMB1,282,000 (2011: RMB1,190,000)	<b>(3,540)</b>	<b>(144)</b>
Exploration and development expenses of mine	<u><b>960</b></u>	<u><b>1,317</b></u>
<b>d) Other operating expenses</b>		
Fair value loss on convertible bonds	<u><b>-</b></u>	<u><b>3,578</b></u>

## 6. Income Tax

### a) *Income tax in the condensed consolidated income statement represents:*

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2012</b>	2011
	<b>(Unaudited)</b>	(Unaudited)
	<b>RMB'000</b>	<b>RMB'000</b>
Current tax		
Hong Kong profits tax	-	-
Overseas tax calculated at rates prevailing in relevant jurisdiction	-	-
	-	-
Deferred tax		
Origination and reversal of temporary difference	<b>1,455</b>	(2,987)
Tax charges	<b><u>1,455</u></b>	<b><u>(2,987)</u></b>

*Note:*

#### i) **Hong Kong profits tax**

No provision for Hong Kong profits tax has been provided for the period ended 30 September 2012 as the group has no estimated assessable profits for the period (2011: RMBNil).

#### ii) The PRC enterprise income tax ("EIT") for the period ended 30 September 2012 is 25% (2011: 25%). EIT has not been provided for as the group has incurred losses in PRC for the period.

#### iii) **Deferred taxation**

The amount represented deferred tax arising from the fair value adjustments of investment properties held by the subsidiary of the company in mainland China during the period ended 30 September 2012 is approximately RMB1,455,000 (2011: approximately RMB2,987,000).

### b) *Movements of deferred tax liabilities in the condensed consolidated statement of financial position are as follows:*

	<b>At</b>	<b>At</b>
	<b>30 September</b>	<b>31 March</b>
	<b>2012</b>	<b>2012</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Deferred tax (credited)/charged to the income statement ( <i>note 6(a)</i> )	<b><u>(1,455)</u></b>	<b><u>3,049</u></b>

## 7. Loss per share

### a) *Basic loss per share*

The calculation of basic loss per share is based on the loss attributable to owners of the company of RMB23,677,000 (2011: RMB14,157,000) and on the weighted average number of 358,034,000 ordinary shares in issue during the period (2011: 189,345,000 ordinary shares).

Weighted average number of ordinary shares:

	<b>2012</b> <b>Weighted</b> <b>average</b> <b>number of</b> <b>ordinary shares</b> <b>'000</b>	2011 Weighted average number of ordinary shares '000 (restated)
Issued ordinary shares at 1 April *	<b>344,350</b>	124,211
Effect of issue of new shares by placement	–	207,849
Effect of issue of new shares upon conversion of convertible bonds	–	4,550,438
Effect of thirty-for-one share consolidation	–	(4,693,153)
Effect of right issue	<b>13,684</b>	–
	<hr/>	<hr/>
Weighted average number of ordinary shares at the end of the period	<b><u>358,034</u></b>	<b><u>189,345</u></b>

\* The number of ordinary shares for the six months ended 30 September 2012 has been adjusted to take into account the retrospective adjustment to the number of shares outstanding before the rights issue which was completed on 24 September 2012 to reflect the bonus element inherent in the rights issue.

The number of ordinary shares for the six months ended 30 September 2011 has been adjusted to take into account the retrospective adjustment to the number of shares outstanding before the rights issue which was completed on 21 April 2011 and 24 September 2012 to reflect the bonus element inherent in the rights issue.

### b) *Diluted loss per share*

Diluted loss per share equals to basic loss per share because the outstanding share options had an anti-dilutive effect on the basis loss per share for both periods presented.

## 8. Trade and Other Receivable

Trade receivables are due after the date of invoice. An aged analysis of the rental receivables as at the end of the reporting period, based on invoice date and net of allowance for doubtful debts, is as follows:

	At 30 September 2012 (Unaudited) RMB'000	At 31 March 2012 (Audited) RMB'000
Current 3 months overdue	2,418	1,986
More than 3 months but less than 12 months overdue	—	—
Trade receivables (net)	2,418	1,986
Loan receivables (note 1)	46,724	41,054
Less: impairment (note 1)	(41,054)	(41,054)
Loan receivables (net)	5,670	—
Other receivables	1,150	797
Loan and receivables	9,238	2,783
Prepayment and deposits	1,437	1,348
	<b>10,675</b>	<b>4,131</b>

### Note 1

#### Loan receivable I

On 27 July 2011, the company entered into a participation deed with the Simsen Capital Finance Limited (“**Simsen**”) and the sub-participation agreement with Power Alliance International Limited respectively in relation to the participation of the advancement of the first participation amount of HK\$42,000,000 and second participation amount of HK\$8,000,000 (together the “**Participation Loans**”). The interest rate for Participation Loans was 18% per annum. The Participation Loans are in association with a loan agreement (the “**Loan Agreement**”) between Simsen and Make Success Limited (“**Borrower**”). The Borrower has assigned a promissory note of HK\$300,000,000 (the “**PN**”) and a convertible note of HK\$90,000,000 (the “**CN**”) as security to Simsen under the Loan Agreement. The PN and CN were issued by Mayer Holdings Limited (“**Mayer**”) to the Borrower.

The repayment date of the loan is the date falling three months from the date of drawdown which may be extended for further three months if so agreed by the parties thereto. The Loan had been drawn down by the Borrower on 7 June 2011, and the repayment date of the Loan was 6 September 2011. On 7 September 2011, both parties agreed to extend the Loan for further three months to 5 December 2011. The Borrower had defaulted the first and second payments during the year ended 31 March 2012.

Due to the litigation between Mayer and the Borrower, Simsen disposed the PN on 10 February 2012 in the amount of HK\$10,000,000 with the consent of the company. The company anticipates that after the payment of all costs and expenses incurred in connection with the disposal, the portion that will be repaid to the company by Simsen is approximately HK\$5.7 million which will be applied to settle part of the accrued interest. Due to the uncertain outcome of the litigation, Simsen had not yet confirmed and repaid the disposal amount to the company. Therefore, the company had not yet recognised the amount as income for the year ended 31 March 2012.

As at 31 March 2012, the company engaged an independent valuer to perform the valuation on the loan receivables. The valuation performed by Castores Magi Asia Limited, an independent professional valuer, who has a recognised and relevant professional qualification and recent experience in this area. Taking into consideration the legal advice on the recoverability and the assessment of the market value of the loan receivables, the directors considered that the loan receivables of RMB41,054,000 (equivalent to HK\$50,000,000) was fully impaired.

#### Loan receivable II

On 15 June 2012, Triple Glory Holdings Limited (“**Triple Glory**”), a wholly owned subsidiary of the company, entered into an agreement with a borrower and an indemnifier, pursuant to which Triple Glory has agreed to lend to the borrower a secured term loan in the principal amount of HK\$7,000,000 (equivalent to approximately RMB5,670,000) repayable on 8 November 2012. The secured loan was drawn down on 18 June 2012. The loan receivable was fully settled on 8 November 2012.

## **DIVIDEND**

The directors of the company do not recommend the payment of any interim dividend for the six months ended 30 September 2012 (2011: Nil).

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Business Review**

During the period under review, the group continued to engage in its principal business activities, including the properties investment business and the exploitation of copper and molybdenum in a mine (“Mine”) located in the Inner Mongolia, the PRC.

As at 30 September 2012, the aggregate gross floor area of the investment properties being held by the group was approximately 7,004 square meters, all of which were leased to third parties under operating leases with lease terms ranging up to twelve years.

For the mining business, the construction of the Mine is still in progress and thus it has not yet contributed any operational turnover to the group during the period under review. The expenditure incurred on the mining development for the period ended 30 September 2012 was approximately RMB0.96 million.

On 3 April 2012, an indirectly wholly-owned subsidiary of the company has been granted a money lenders licence by the licensing court in Hong Kong to carry on business as a money lender in Hong Kong. We consider that it is in the interests of the shareholders of the company as a whole for the group to diversify its business scope with a view to achieving better shareholders’ return and that money lending business is a valuable business opportunity to the group. The group has started the money lending business during the period which made certain contribution to the interim results of group. Details of the loan made by the group which constituted a notifiable transaction to the company under the Listing Rules have been set out in the published announcement of the Company dated 15 June 2012. As the money lending business is still at the early stage of operation, it has not been classified as a principal business activity of the group for the period under review.

### **Financial Review**

For the period under review, the group’s turnover was approximately RMB4.8 million (2011: approximately RMB1.3 million), representing an increase of approximately 269% compared with the same period last year. The increase in turnover was mainly due to the rearrangement of certain operating leases. The unaudited net loss for the period under review was approximately RMB24.0 million (2011: approximately RMB14.4 million) and the loss per share for was RMB0.07 (2011: RMB0.07). The increase in loss for the period was mainly attributable to change in fair value of the investment properties of the group which resulted in a valuation loss of approximately RMB5.8 million (2011: valuation gain of approximately RMB11.9 million).



The administrative expenses of the group for the period amounted to approximately RMB20.7 million, representing an increase of approximately 17.6% compared with the same period last year. The finance cost of the group amounted to approximately RMB2.0 million which was incurred for the bank loan under the security of investment properties in Shanghai.

### **Liquidity and Financial Resources**

As at 30 September 2012, the group's net current assets were approximately RMB29.5 million (at 31 March 2012: approximately RMB41.0 million), including cash and bank balance of approximately RMB41.2 million (at 31 March 2012: approximately RMB64.8 million).

The group had bank borrowings of RMB50 million as at 30 September 2012 (at 31 March 2012: RMB52 million). The borrowings were bank loans under security, of which 8% were due within one year from balance sheet date, 10% were due more than one year but not exceeding two years and 82% were due more than two years but not exceeding five years. The gearing ratio, defined as the percentage of net debts to the total equity of the company, was approximately 1.6% (at 31 March 2012: nil).

### **Investment Position**

The group did not have any significant investment position in stocks, bonds and other financial derivatives as at 30 September 2012.

### **Foreign Exchange Exposure**

As most of the group's assets and liabilities are denominated in Renminbi and the liabilities of the group are well covered by its assets, the group does not have any significant exposure to foreign exchange fluctuation. During the period under review, the group did not use any financial instruments for hedging purposes.

### **Shares Capital and Capital Structure**

On 24 September 2012, the company issued 147,305,164 new shares under the right issue exercise on the basis of one right shares for every two existing issued share at the subscription price of HK\$0.068 per rights share.

Save as disclosed above, there was no change in the share capital and capital structure of the company for the period ended 30 September 2012.

### **Charges on group's Assets**

As at 30 September 2012, the group's investment properties with a value of approximately RMB191.8 million were pledged to secure general banking facilities granted to Shanghai Xiang Chen Hang Place The Industry Co. Limited, the wholly-owned subsidiary of the company.

## **Contingent Liabilities**

As at 30 September 2012, the group did not have any material contingent liability (2011: Nil).

## **Acquisition and Disposal of Subsidiaries**

There was no acquisition and disposal of subsidiaries of the group during the period ended 30 September 2012.

## **Employees**

As at 30 September 2012, the group has 41 employees. The remuneration was determined with reference to statutory minimum wages, market terms and the performance, qualification and experience of individual employees. The group provides contributory provident fund and insurance scheme to the employees. Share option scheme and incentive schemes are adopted to encourage personal commitment of employees.

## **Outlook**

Going forward, the group will continue to focus on the principal activities of properties investment, mining and money lending business. In the meantime, we will look for other investment opportunities in any other streams in the long run.

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

Neither the company, nor any of its subsidiaries purchased, redeemed or sold any of the company's listed securities during the six months ended 30 September 2012.

## **CORPORATE GOVERNANCE**

The company has complied with the code provisions as set out in the Corporate Governance Code and Corporate Governance Report (the "CG Code") in Appendix 14 of the Listing Rules throughout the six months ended 30 September 2012, except for the deviation from the requirement of code provision A.2.1 and E.1.2 of the CG Code as follow.

Code provision A.2.1 stipulates that the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. The chairman of the company also acted as chief executive officer of the company during the period under review, which was deviated from the requirement of the code provision A.2.1. The board considered that this structure was conducive with strong and consistent leadership, enabling the company to respond promptly and efficiently.

Code provision E.1.2 stipulates that the chairman of the board should attend the annual general meeting. The company did not comply with such code provision as the chairman was absent from the last annual general meeting of the company held on 31 August 2012 due to his another appointment which was important to the company's business.

## **AUDIT COMMITTEE**

During the period under review, the audit committee of the company (the “Audit Committee”) comprises three independent non-executive directors, namely Mr. Lai Wai Yin Wilson, Ms. Cao Jie Min and Mr. Tse Kwong Wah. The written terms of reference which describe the authority and duties of the Audit Committee were prepared and adopted with reference to “A Guide for The Formation of An Audit Committee” published by the HKICPA. The principal activities of the Audit Committee include the review and supervision of the group’s financial reporting process and internal controls.

The Audit Committee has regularly reviewed with the management the accounting principles and policies adopted by the group. The results of the group for the six months ended 30 September 2012 was reviewed by the Audit Committee who are of the opinion that such statements comply with the applicable accounting standards and that adequate disclosures have been made.

## **DIRECTORS’ SECURITIES TRANSACTION**

The company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the directors. The company had also made specific enquiry of the directors and the company was not aware of any non-compliance with the required standard as set out in the Model Code.

By order of the board

**China Properties Investment Holdings Limited**

**Xu Dong**

*Chairman*

Hong Kong, 26 November 2012

*As at the date of this announcement, the executive Directors are Mr. Xu Dong and Mr. Au Tat On, the non-executive Director is Ms. Yu Wai Fong, and the independent non-executive Directors are Mr. Lai Wai Yin, Wilson, Ms. Cao Jie Min and Mr. Tse Kwong Wah.*