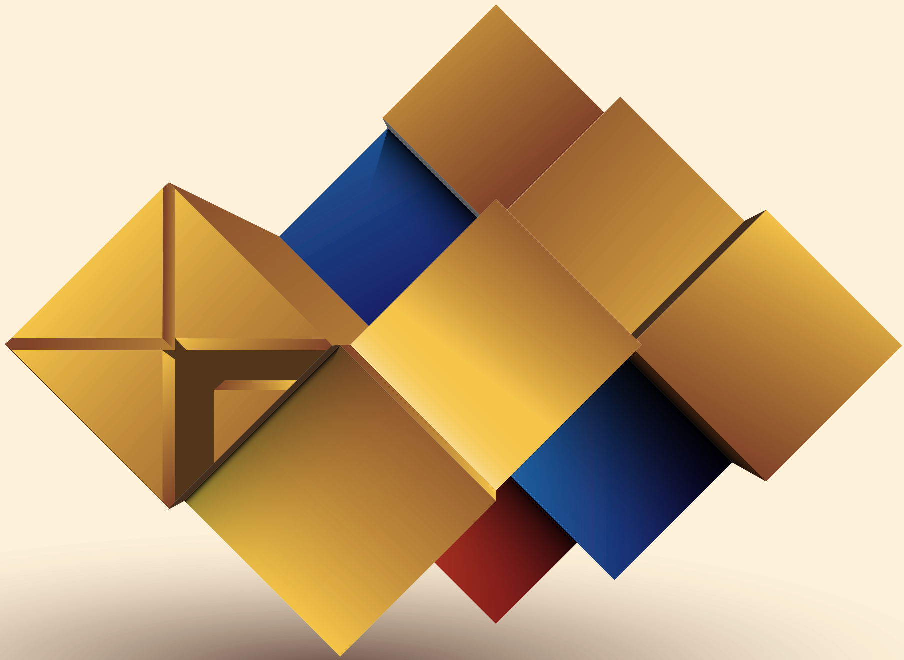
中國置業投資控股有限公司*

CHINA PROPERTIES INVESTMENT HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

Stock Code: 736

INTERIM REPORT 2013



* For identification purposes only

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors
Xu Dong *(Chairman)*
Au Tat On

Non-Executive Director
Yu Wai Fong

Independent Non-Executive Directors
Lai Wai Yin, Wilson
Cao Jie Min
Tse Kwong Wah

COMPANY SECRETARY

Yip Yuk Sing

AUTHORISED REPRESENTATIVES

Yu Wai Fong
Yip Yuk Sing

AUDITOR

Crowe Horwath (HK) CPA Limited

LEGAL ADVISER

Li, Wong, Lam & W.I. Cheung

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Room 2001, 20/F
Lippo Centre, Tower Two
89 Queensway Road
Hong Kong

HONG KONG SHARE REGISTRAR

Tricor Secretaries Limited
26/F, Tesbury Centre
28 Queen's Road East
Hong Kong

WEBSITE

736.com.hk

STOCK CODE

736

PRINCIPAL BANKERS

ICBC (Asia)
Wing Lung Bank

The board (the "board") of directors (the "directors") of China Properties Investment Holdings Limited (the "company") hereby announces the unaudited condensed consolidated financial results of the company and its subsidiaries (together the "group") for the six months ended 30 September 2013, together with the unaudited comparative figures for the corresponding period of 2012 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2013

	Notes	**Six months ended 30 September 2013 (Unaudited) RMB'000**	2012 (Unaudited) RMB'000
Turnover	*6*	**3,272**	4,822
Cost of sales		**(1,091)**	(1,282)
		2,181	3,540
Valuation gain/(loss) on investment properties		**9,257**	(5,819)
Other revenue	*7(a)*	**682**	578
Other net income	*7(b)*	**1**	(16)
Administrative expenses		**(22,895)**	(20,743)
Exploration and development expenses of mine		**(241)**	(960)
Other operating expenses	*8(d)*	**(7,579)**	–
Loss from operations		**(18,594)**	(23,420)
Finance costs	*8(a)*	**(1,999)**	(1,986)
Loss before taxation	*8*	**(20,593)**	(25,406)
Income tax	*9(a)*	**(2,399)**	1,455
Loss for the period		**(22,992)**	(23,951)
Attributable to:			
Owners of the company		**(22,331)**	(23,677)
Non-controlling interests		**(661)**	(274)
Loss for the period		**(22,992)**	(23,951)
		RMB	RMB
Loss per share	*11*		
– Basic		**(0.05)**	(0.07)
– Diluted		**(0.05)**	(0.07)

The notes on pages 7 to 34 form part of this condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2013

	Six months ended 30 September	
	2013	2012
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Loss for the period	**(22,992)**	(23,951)
Other comprehensive loss for the period		
Exchange differences on translation of financial statements of group entities outside the PRC	**(2,694)**	(576)
Total other comprehensive loss for the period, net of nil tax	**(2,694)**	(576)
Total comprehensive loss for the period	**(25,686)**	(24,527)
Attributable to:		
Owners of the company	**(25,025)**	(24,253)
Non-controlling interests	**(661)**	(274)
Total comprehensive loss for the period	**(25,686)**	(24,527)

The notes on pages 7 to 34 form part of this condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2013

	Notes	**30/9/2013 (Unaudited) RMB'000**	31/3/2013 (Audited) RMB'000
Non-current assets			
Plant and equipment	*12*	**7,711**	10,097
Investment properties	*13*	**188,878**	179,622
Intangible assets	*14*	**175,000**	180,000
Deposit for acquisition of subsidiaries	*15*	**117,271**	119,615
		488,860	489,334
Current assets			
Trade and other receivables	*16*	**11,718**	15,480
Trading securities		**147**	149
Cash and cash equivalents	*17*	**8,396**	21,308
		20,261	36,937
Current liabilities			
Other payables and accruals		**7,627**	10,872
Interest-bearing bank borrowings		**5,000**	4,500
Current taxation		**84**	–
		12,711	15,372
Net current assets		**7,550**	21,565
Total assets less current liabilities		**496,410**	510,899
Non-current liabilities			
Interest-bearing bank borrowings		**41,000**	43,500
Deferred tax liabilities		**8,777**	6,463
Unconvertible bonds	*18*	**7,913**	8,071
		57,690	58,034
NET ASSETS		**438,720**	452,865
EQUITY			
Equity attributable to owners of the company			
Share capital	*19*	**13,516**	10,941
Reserves		**409,261**	425,320
		422,777	436,261
Non-controlling interests		**15,943**	16,604
TOTAL EQUITY		**438,720**	452,865

The notes on pages 7 to 34 form part of this condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2013

	Share capital RMB'000	Share premium RMB'000	Special reserve RMB'000	Employee share-based compensation 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)
At 30 September 2012 (Unaudited)	10,941	975,848	(56,225)	16,632	21,955	(435,928)	533,223	23,938	557,161
At 1 April 2013	**10,941**	**975,848**	**(56,225)**	**–**	**21,746**	**(516,049)**	**436,261**	**16,604**	**452,865**
Placing and subscription of new shares	**2,575**	**9,255**	**–**	**–**	**–**	**–**	**11,830**	**–**	**11,830**
Share issues expenses	**–**	**(289)**	**–**	**–**	**–**	**–**	**(289)**	**–**	**(289)**
Total comprehensive loss for the period	**–**	**–**	**–**	**–**	**(2,694)**	**(22,331)**	**(25,025)**	**(661)**	**(25,686)**
At 30 September 2013 (Unaudited)	**13,516**	**984,814**	**(56,225)**	**–**	**19,052**	**(538,380)**	**422,777**	**15,943**	**438,720**

The notes on pages 7 to 34 form part of this condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2013

	Six months ended 30 September	
	2013	2012
	RMB'000	RMB'000
Net cash used in operating activities	**(20,726)**	(27,873)
Net cash generated from investing activities	**320**	312
Net cash generated from financing activities	**7,810**	3,947
Net decrease in cash and cash equivalents	**(12,596)**	(23,614)
Cash and cash equivalents at beginning of period	**21,308**	64,819
Effect of foreign exchange rate changes, net	**(316)**	–
Cash and cash equivalents at end of period	**8,396**	41,205
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	**8,396**	41,205

The notes on pages 7 to 34 form part of this condensed consolidated financial statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2013

1. CORPORATE INFORMATION

The company was incorporated in Bermuda with limited liability under the Companies Act (1981) of Bermuda and is listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The company is an investment holding company. The principal activities of its subsidiaries are investment holding, property investment and investing in mining activities.

2. BASIS OF PRESENTATION

i) Going Concern

The group incurred a loss attributable to owners of the company of RMB22,331,000 (2012: RMB23,677,000) and negative operating cash flows of RMB20,726,000 (2012: RMB27,873,000) for the period ended 30 September 2013.

In preparing these financial statements, the directors of the company have given careful consideration to the impact of the current and anticipated future liquidity of the group and the ability of the group to attain positive cash flow operations in the immediate and longer term.

In order to strengthen the capital base of the group and to improve the group's financial position, liquidity and cash flows in the immediate foreseeable future, and to sustain the group as a going concern, the group has adopted the following measures.

On 2 October 2013, the Company and the placing agent had entered into the placing agreement pursuant to which the placing agent has agreed to place up to 40,000,000 new shares at the price of HK$0.104 per placing share. The placing of shares were completed on 25 October 2013. The total proceeds of the share placement before deduction of the relevant expenses was approximately HK$4,160,000 (equivalent to approximately RMB3,283,000).

For the mining business, the group entered into a co-operation agreement in 2011 with an independent third party to operate the mine such that the group will not be required to incur further capital expenditure and can still generate positive cash flows and enhance the profitability of the group in future periods.

2. BASIS OF PRESENTATION *(continued)*

i) Going Concern *(continued)*

For the acquisition of Pure Power Holdings Limited ("Pure Power") (Note 15), pursuant to the 2nd supplemental memorandum of understanding dated 20 June 2013, the company shall settle the remaining balance of the consideration in accordance with the terms of the formal agreement for the sale and purchase which are yet to be agreed. The exclusivity period has been extended to 20 September 2013 and further extended to 20 December 2013. As at the date of this report, the company required to arrange financing for the payment of the balance of the consideration if the possible acquisition continue to process. The directors of the company considered that as they are still in negotiation with the vendors for the terms and condition of the possible acquisition and will consider to obtain the required funding to settle the remaining balance of the consideration in due course.

In the opinion of the directors of the company, in light of the measures taken to date, together with the expected results of other measures in progress, the group will have sufficient working capital for its current requirements. Accordingly, the directors of the company consider that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Should the group be unable to continue as a going concern, adjustments would have to be made to restate the values of assets to their recoverable amounts, to provide for any further liabilities which might arise and to classify non-current assets and liabilities as current assets and liabilities, respectively. The effects of these potential adjustments have not been reflected in the consolidated financial statements.

ii) Basis of measurement

The unaudited condensed consolidated financial statements for the six months ended 30 September 2013 have been prepared in accordance with the applicable disclosure provision of the Rules Governing the Listing of Securities on the 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 unaudited 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 2013, except for the adoption of the new Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards as disclosed in note 3 below. The unaudited condensed consolidated financial statements do not include all the information and disclosures required for an annual financial statements, and should be read in conjunction with the financial statements of the group for the year ended 31 March 2013.

2. BASIS OF PRESENTATION *(continued)*

ii) Basis of measurement *(continued)*

Items included in the condensed consolidated financial statements of each entity in the group are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). These condensed consolidated financial statements are presented in Renminbi ("RMB"), rounded to the nearest thousand except where otherwise indicated.

The measurement basis used in the preparation of the financial statement is the historical cost basis except that the following assets are stated at their fair value:

- investment properties
- trading securities

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current interim period, the group has applied, for the first time, the following new and revised HKFRSs issued by the HKICPA:

HKFRSs (Amendments)	Annual Improvements to HKFRSs 2009-2011 Cycle
HKFRS 1	Government loans
HKFRS 7 (Amendments)	Disclosures – Offsetting Financial Assets and Financial Liabilities
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interest in Other Entities: Transition Guidance
HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income
HKAS 19 (Revised in 2011)	Employee Benefits
HKAS 27 (Revised in 2011)	Separate Financial Statements
HKAS 28 (Revised in 2011)	Investments in Associates and Joint Ventures
HK(IFRIC) – INT 20	Stripping Costs in the Production Phase of a Surface Mine

The application of the amendments to HKFRSs in the current interim period has had no material effect on the group's financial performance and positions for the current and prior periods and/or the disclosures set out in these condensed consolidated financial statements.

4. SEGMENT REPORTING

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 board of directors, chief operating decision maker ("CODM") for the purposes of resource allocation and performance assessment.

The CODM considers the business from both geographic and product perspectives. 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 properties 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 a 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.

4. SEGMENT REPORTING *(continued)*

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

Information regarding the group's reportable segments as provided to the group's CODM for the purposes of resources allocation and assessment of segment performance for the period ended 30 September 2013 and 2012 is set out below.

	Six months ended 30 September 2013 (Unaudited)			Six months ended 30 September 2012 (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	**3,272**	**–**	**3,272**	4,822	–	4,822
Reportable segment revenue	**3,272**	**–**	**3,272**	4,822	–	4,822
Reportable segment profit/(loss) before taxation	**3,429**	**(7,944)**	**(4,515)**	(7,355)	(3,713)	(11,068)
Interest income on bank deposits	**1**	**–**	**1**	1	1	2
Depreciation	**(331)**	**(1,613)**	**(1,944)**	(342)	(1,614)	(1,956)
Income tax (expense)/credit	**(2,314)**	**–**	**(2,314)**	1,455	–	1,455
Finance costs	**(1,800)**	**–**	**(1,800)**	(1,986)	–	(1,986)
Exploration and development expenses of mine	**–**	**(241)**	**(241)**	–	(960)	(960)
Valuation gain/(loss) on investment properties	**9,257**	**–**	**9,257**	(5,819)	–	(5,819)
Write off of rental receivables	**(2,302)**	**–**	**(2,302)**	–	–	–
Impairment loss of intangible assets	**–**	**(5,000)**	**(5,000)**	–	–	–
Compensation for early termination of operating lease	**(277)**	**–**	**(277)**	–	–	–

4. SEGMENT REPORTING *(continued)*

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

	As at 30 September 2013			As at 31 March 2013		
	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
Reportable segment assets	**192,510**	**179,807**	**372,317**	186,253	186,564	372,817
Additions to non-current assets during the period/year	**5**	**–**	**5**	259	4	263
Reportable segment liabilities	**50,231**	**2,808**	**53,039**	54,504	3,245	57,749
Deferred tax liabilities	**8,777**	**–**	**8,777**	6,463	–	6,463
Total liabilities	**59,008**	**2,808**	**61,816**	60,967	3,245	64,212

4. SEGMENT REPORTING *(continued)*

b) Reconciliations of reportable segment revenue, profit or loss, assets and liabilities, and other items

	Six months ended 30 September 2013 (Unaudited) RMB'000	Six months ended 30 September 2012 (Unaudited) RMB'000
(i) Revenue		
Total reportable segments' revenues	**3,272**	4,822
Elimination of inter-segment revenue	**–**	–
Consolidated turnover	**3,272**	4,822
(ii) Profit/(loss)		
Total reportable segments' loss	**(4,515)**	(11,068)
Unallocated corporate income	**12**	6
Depreciation	**(395)**	(402)
Interest income	**632**	350
Finance costs	**(199)**	–
Unallocated corporate expenses	**(16,128)**	(14,292)
Consolidated loss before taxation	**(20,593)**	(25,406)

	As at 30 September 2013 (Unaudited) RMB'000	As at 31 March 2013 (Audited) RMB'000
(iii) Assets		
Total reportable segments' assets	**372,317**	372,817
Unallocated corporate assets	**136,804**	153,454
Consolidated total assets	**509,121**	526,271
(iv) Liabilities		
Total reportable segments' liabilities	**(61,816)**	(64,212)
Unallocated corporate liabilities	**(8,585)**	(9,194)
Consolidated total liabilities	**(70,401)**	(73,406)

4. SEGMENT REPORTING *(continued)*

b) Reconciliations of reportable segment revenue, profit or loss, assets and liabilities, and other items *(continued)*

(v) Other items

	Six months ended 30 September 2013			
	Properties investment RMB'000	**Investing in mining activities RMB'000**	**Unallocated RMB'000**	**Total RMB'000**
Interest income				
– loan receivable	**–**	**–**	**632**	**632**
– bank deposits	**1**	**–**	**–**	**1**
Depreciation	**(331)**	**(1,613)**	**(395)**	**(2,339)**
Finance cost	**(1,800)**	**–**	**(199)**	**(1,999)**

	Six months ended 30 September 2012			
	Properties investment RMB'000	Investing in mining activities RMB'000	Unallocated RMB'000	Total RMB'000
Interest income				
– loan receivable	–	–	329	329
– bank deposits	1	1	21	23
Depreciation	(342)	(1,614)	(402)	(2,358)
Finance cost	(1,986)	–	–	(1,986)

c) Revenue from major services

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

	Six months ended 30 September	
	2013 (Unaudited) RMB'000	2012 (Unaudited) RMB'000
Properties investment	**3,272**	4,822

4. SEGMENT REPORTING *(continued)*

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 properties, intangible assets and deposit for acquisition of subsidiaries. The geographical location of plant and equipment and investment properties 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.

	Revenue from external customers		Non-current assets	
	Six months ended 30 September 2013 (Unaudited) RMB'000	Six months ended 30 September 2012 (Unaudited) RMB'000	**As at 30 September 2013 (Unaudited) RMB'000**	As at 31 March 2013 (Audited) RMB'000
Hong Kong (place of domicile)	**–**	–	**119,597**	122,386
PRC	**3,272**	4,822	**369,263**	366,948
	3,272	4,822	**488,860**	489,334

5. SEASONALITY OF OPERATIONS

The group's business in properties leasing and investing in mining activities had no specific seasonality factor.

6. 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:

	Six months ended 30 September	
	2013	2012
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Rental income from investment properties	**3,272**	4,822

7. OTHER REVENUE AND OTHER NET INCOME

	Six months ended 30 September	
	2013	2012
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
a) Other revenue		
Interest income on loan receivables	**632**	329
Interest income on bank deposits	**1**	23
Total interest income on financial assets not at fair value through profit or loss	**633**	352
Sundry income	**49**	226
	682	578
b) Other net income		
Fair value gain/(loss) on trading securities	**1**	(16)
	683	562

8. LOSS BEFORE TAXATION

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

	Six months ended 30 September 2013 (Unaudited) RMB'000	2012 (Unaudited) RMB'000
a) Finance costs		
Interest expenses on bank borrowings not wholly repayable within five years	**1,800**	1,986
Total interest expense on financial liabilities not at fair value through profit or loss	**1,800**	1,986
Interest on unconvertible bonds	**199**	–
	1,999	1,986
b) Staff costs (including directors' remuneration)		
Salaries, wages and other benefits	**9,012**	6,392
Contribution to defined contribution retirement plans	**328**	316
	9,340	6,708
c) Other items		
Operating lease charges: minimum lease payments	**2,565**	1,915
Depreciation	**2,339**	2,358
Gross rental income from investment properties less direct outgoings of RMB1,091,000 (2012: RMB1,282,000)	**(2,181)**	(3,540)
Exploration and development expenses of mine	**241**	960
d) Other operating expenses		
Impairment loss of intangible assets	**5,000**	–
Write off of rental receivables	**2,302***	–
Compensation for early termination of operating lease *(note 24(b))*	**277**	–
	7,579	–

* During the period, the tenant moved out without notice. Rental receivables of RMB2,302,000 (2012: Nil) was written off against trade receivables directly.

9. INCOME TAX

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

	Six months ended 30 September 2013 (Unaudited) RMB'000	2012 (Unaudited) RMB'000
Current tax		
Hong Kong Profits Tax	**(85)**	–
Overseas tax calculated at rates prevailing in relevant jurisdiction	**–**	–
	(85)	–
Deferred tax		
Origination and reversal of temporary differences	**(2,314)**	1,455
Tax (charged)/credited	**(2,399)**	1,455

Note:

i) Hong Kong Profits Tax
Hong Kong Profits Tax has been provided at the rate of 16.5% (2012: 16.5%) of the estimated assessable profits arising in Hong Kong for the period ended 30 September 2013. For the period ended 30 September 2012, no Hong Kong Profits Tax has been provided for in the financial statements as the group has no assessable profit for the period.

ii) The PRC enterprise income tax ("EIT") for the period ended 30 September 2013 is 25% (2012: 25%). The 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 in mainland China. During the period ended 30 September 2013, the deferred tax charged is approximately RMB2,314,000 (2012: credited approximately RMB1,455,000).

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

	At 30 September 2013 (Unaudited) RMB'000	At 31 March 2013 (Audited) RMB'000
Deferred tax (charged)/credited to the income statement *(note 9(a))*	**(2,314)**	4,508

10. DIVIDENDS

The directors did not recommend the payment of any dividend for both periods.

11. 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 RMB22,331,000 (2012: RMB23,677,000) and on the weighted average number of 453,424,000 ordinary shares in issue during the period (2012: 358,034,000 ordinary shares).

Weighted average number of ordinary shares:

	2013 Weighted average number of ordinary shares '000	2012 Weighted average number of ordinary shares '000
Issued ordinary shares at 1 April *	**441,915**	344,350
Effect of right issue *(note 19 (ii))*	**–**	13,684
Effect of placing and subscription of new shares I *(note 19 (iii))*	**9,290**	–
Effect of placing and subscription of new shares II *(note 19 (iv))*	**2,219**	–
Weighted average number of ordinary shares at the end of the period	**453,424**	358,034

* 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 completed on 24 September 2012 to reflect the bonus element inherent in the rights issue.

b) Diluted loss per share

There are no potential ordinary shares in issue during the period and at the end of the reporting period.

Diluted loss per share equals to basic loss per share because the outstanding share options had an anti-dilutive effect on the basic loss per share for the period ended 30 September 2012.

12. PLANT AND EQUIPMENT

During the six months ended 30 September 2013, the group acquired plant and equipment at a cost of approximately RMB5,000 (31 March 2013: approximately RMB280,000).

13. INVESTMENT PROPERTIES

All of the group's investment properties are situated in the PRC and are held under medium term leases.

All of the group's investment properties were revalued on 30 September 2013 and 31 March 2013 on an open market basis by Castores Magi (Hong Kong) Limited, an independent professional valuer, who has a recognised and relevant professional qualification and recent experience in the locations and category of properties being revalued. The investment properties are leased to third parties under operating leases, further details of which are included in note 22(i) to the financial statement.

As at 30 September 2013, certain of the group's investment properties with a total carrying amount of approximately RMB146,672,000 (31 March 2013: RMB139,881,000) were pledged to secure general banking facilities granted to the group.

The fair value of the investment properties were approximately RMB188,878,000 on 30 September 2013 (31 March 2013: approximately RMB179,622,000).

14. INTANGIBLE ASSETS

	RMB'000
Cost	
At 1 April 2012, 31 March 2013, 1 April 2013 and 30 September 2013	499,748
Accumulated amortisation and impairment losses	
At 1 April 2012	240,748
Impairment losses recognised for the year	79,000
At 31 March 2013 and 1 April 2013	319,748
Impairment losses recognised for the period	5,000
At 30 September 2013	324,748
	(Unaudited)
Carrying amount	
At 30 September 2013	175,000
	(Audited)
At 31 March 2013	180,000

14. INTANGIBLE ASSETS *(continued)*

a) In year 2010, the group acquired the subsidiaries which hold the mining rights for the copper and molybdenum in Inner Mongolia, the PRC with a carrying amount of RMB499,398,000. During the year ended 31 March 2012, the group further incurred RMB350,000 to renew the mining rights licence up to 17 November 2014. As at the end of reporting period, the mining rights had a carrying amount of RMB499,748,000.

b) The Company originally planned to submit, among others, the land using approval, solution for water and soil conservation, assessment on environment and assessment on mine safety to relevant government authorities for consideration and approval in the third quarter of 2013, and scheduled to commence mine construction after obtaining government approvals. As many regions and cities of Inner Mongolia Autonomous Region were hit by major flooding disasters this year, which led to some collapsed mines and cracks and bursts of tailing reservoirs in processing plants, the natural disasters caused tremendous losses on people's lives and properties. To prevent further accidents, the relevant government authorities required all newly established mining enterprises to prepare the Geotechnical Engineering Report and the Treatment Proposal on Geological Environment and Staged Land Rehabilitation on the Mine for mines and tailing reservoirs in processing plants. Therefore, the next task for the Company is to prepare relevant reports according to the requirements of each government authority and the progress of statutory operation will delay and expected to commence operation in the early 2015. The delay in operation will not have material impact on the value in use calculation.

c) The mining right is stated at cost less accumulated amortisation and any impairment losses.

   No amortisation was made during the period as the mine is at its development stage and no mining activities are conducted up to the end of the reporting period.

d) As at 30 September 2013, the group determined the recoverable amounts of cash generate unit for the mining rights based on value in use calculation. That calculation used cash flows projections based on financial budgets as approved by management at pre-tax discount rate of 19.32% (31 March 2013: 18.69%) with reference to the valuation performed by Roma Appraisals Limited, who is an independent firm of professionally qualified valuers and has a recognised and relevant professional qualification and experiences in the category of mining. As a result, the recoverable amount of the cash generate unit for the mining rights were below their carrying amount, impairment losses of approximately RMB5,000,000 (31 March 2013: RMB79,000,000) have been recognised to profit and loss and included in other operating expenses in the consolidated income statements. The decrease in the recoverable amounts of cash generate units for the mining rights for the period ended 30 September 2013 was mainly due to the decrease in the recent market price of copper and molybdenum and the income expected to be generated from the mine decreased.

   The decrease in the fair value of the mining rights for the year ended 31 March 2013 was mainly due to the decrease in the market price and the growth rate of copper and molybdenum and the income expected to be generated from the mine decreased.

e) The group's mining right at 30 September 2013 is as follows:

Mining right	**Location**	**Expiry date**
永勝礦區	內蒙古自治區赤峰市克什克騰旗三義鄉永勝村經棚鎮	17 November 2014

14. INTANGIBLE ASSETS *(continued)*

f) During the year ended 31 March 2012, the group renewed the licence of mining rights up to 17 November 2014. In accordance with the relevant laws and regulations of the PRC, the group has the right to apply for further extension upon expiration of the mining license.

15. DEPOSIT FOR ACQUISITION OF SUBSIDIARIES

On 21 June 2010, the company entered into the Memorandum of Understanding ("MOU of Pure Power") with certain independent third parties (the "Vendors") in relation to the possible acquisition of the 100% equity interest in Pure Power Holdings Limited ("Pure Power") which owns a 100% equity interest in Bright Sky Energy & Minerals, INC ("Bright Sky"), a company incorporated in Nevada, USA. Bright Sky is the holder of three leases with exploration and exploitation rights for oil and gas assets in Nevada, USA. The equity interest of the possible acquisition of Pure Power was amended to 71.76% under the letter of confirmation signed on 20 September 2011.

According to the Supplemental Memorandum of Understanding (the "SMOU") signed on 20 September 2010, the total deposit of the transaction is US$150 million (approximately equivalent to RMB985 million). According to the letter of confirmation signed on 24 December 2012, the group has to settle the balance of the deposit of US$131 million (equivalent to approximately RMB824 million) before 20 March 2013.

In accordance with the terms of the MOU of Pure Power, the MOU of Pure Power shall have a term of three months. The company has requested and the Vendors have agreed to extend the term of the MOU of Pure Power for another one month to until 20 October 2010 by entering into the SMOU. Pursuant to the SMOU, the company shall have the rights to extend the period. The exclusivity period has also been extended for one month to 20 October 2010. On 20 October 2010, the company entered into a letter of confirmation with the Vendors whereby, inter alia, the term of the MOU as amended by the SMOU was further extended to 20 December 2010. The letter of confirmation was extended several times to 20 March 2013.

According to the 2nd Supplemental Memorandum of Understanding (the "2nd SMOU") signed on 20 June 2013, the group and the Vendors agree that the balance of the deposit of US$131 million shall not be paid until the formal agreement for the sale and purchase is entered between the group and the Vendors and it shall be paid in accordance with the terms of the formal agreement for the sale and purchase. In addition the exclusivity period has been extended for a further six months to 20 September 2013 (the "New Exclusivity Period"). The Group shall have the right to extend the New Exclusivity Period for a further three months (or any period as agreed by the Group and the Vendors) by notifying the Vendors in writing no later than two days prior to the expiration of the New Exclusivity Period. On 16 October 2013, the Company entered into a letter of confirmation with the Vendors whereby, inter alia, the term of the MOU as amended by the SMOU and the 2nd SMOU was further extended for three months to 20 December 2013. The date of the exclusivity period has also been extended to 20 December 2013. The company obtained the indemnity letter from the major shareholder of Pure Power, who guarantees to the company to repay the deposit to the company if the transaction defaults. The directors considered the major shareholder have adequate financial resources to repay the deposit to the Company if the transaction defaults.

15. DEPOSIT FOR ACQUISITION OF SUBSIDIARIES *(continued)*

On 31 May 2013, the company announced that it has sought confirmation from the Stock Exchange of Hong Kong Limited ("HKEX") regarding whether the possible acquisition would be classified for the purpose of the Listing Rules as a very substantial acquisition only but not a back door listing or a reverse takeover. The HKEX replied that they considered the possible acquisition is an extreme case and therefore, they would classify it as a reverse takeover under the relevant Listing Rule (the "Ruling").

On 20 August 2013, notwithstanding further information provided for the HKEX's re-consideration of the Ruling, the HKEX replied that they upheld their decision that the possible acquisition is a reverse takeover. On 28 August 2013, the company filed an application to HKEX to seek a review of the Ruling. After a review hearing held on 22 October 2013, the company received a letter from the Listing Committee of the HKEX on 25 October 2013 stating that it decided to uphold the decision of the Listing Division that the possible acquisition would constitute a reserve takeover ("Review Decision").

On 4 November 2013, the company announced not to appeal the Review Decision. Accordingly, the company will further negotiate with the Vendors the terms of the possible acquisition after taking into account of the effect of the Review Decision on the possible acquisition. As at the date of the report, the group required to arrange financing for the payment of the remaining balance of the consideration if the possible acquisition continue to process. The directors of the company considered that they will obtain the required facilities to settle the remaining balance of the consideration in due course.

16. TRADE AND OTHER RECEIVABLES

	At 30 September 2013 (Unaudited) RMB'000	At 31 March 2013 (Audited) RMB'000
Trade receivables	**4,453**	6,731
Less: allowance for doubtful debts	**(2,838)**	(2,838)
Trade receivables (net)	**1,615**	3,893
Loan and interest receivables *(note 2)*	**46,204**	47,128
Less: impairment loss	**(39,565)**	(40,356)
Loan and interest receivables (net)	**6,639**	6,772
Other receivables	**799**	905
Loan and receivables	**9,053**	11,570
Prepayment and deposits	**2,665**	3,910
	11,718	15,480

16. TRADE AND OTHER RECEIVABLES *(continued)*

Note:

1). All of the trade and other receivables are expected to be recovered within one year.

2). 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.

Following a litigation between Mayer and the Borrower, Simsen disposed of the PN on 10 February 2012 for an 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 period ended 30 September 2013 and year ended 31 March 2013.

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 RMB40,356,000 (equivalent to HK$50,000,000) was fully impaired.

16. TRADE AND OTHER RECEIVABLES *(continued)*

a) Ageing analysis

Trade receivables are net of allowance for doubtful debts of RMB2,838,000 (31 March 2013: RMB2,838,000) with the following ageing analysis presented based on invoice date as of the end of the reporting period:

	At 30 September 2013 (Unaudited) RMB'000	At 31 March 2013 (Audited) RMB'000
Current	**–**	–
1-90 days	**1,615**	3,893
	1,615	3,893

Trade receivables are due after the date of billing.

b) Impairment of trade receivables, loan and interest receivables

i. The movements in the allowance for doubtful debts

Impairment losses in respect of trade receivables are recorded using an allowance account unless the group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade receivables directly.

	At 30 September 2013 (Unaudited) RMB'000	At 31 March 2013 (Audited) RMB'000
At 1 April	**2,838**	2,838
Impairment loss recognised *(note)*	**–**	–
At 30 September and 31 March	**2,838**	2,838

Note: As at 30 September 2013, trade receivables of the group amounting to approximately RMB2,838,000 (31 March 2013: RMB2,838,000) were individually determined to be impaired. These individually impaired receivables were outstanding for over 180 days as at the end of the reporting period and the management considered the recoverability of the amount is low. The group does not hold any collateral over these balances.

16. TRADE AND OTHER RECEIVABLES *(continued)*

b) Impairment of trade receivables, loan and interest receivables *(continued)*

ii. The movements of impairment loss of loan and interest receivables

	At 30 September 2013 (Unaudited) RMB'000	At 31 March 2013 (Audited) RMB'000
At 1 April	**40,356**	41,054
Exchange realignment	**(791)**	(698)
At 30 September and 31 March	**39,565**	40,356

c) Trade receivables that are not impaired

The ageing analysis of trade receivables that are neither individually nor collectively considered to be impaired are as follows:

	At 30 September 2013 (Unaudited) RMB'000	At 31 March 2013 (Audited) RMB'000
Neither past due nor impaired	**–**	–
Past due but not impaired		
– Less than 3 months past due	**1,615**	3,893

Receivables that were past due but not impaired relate to a tenant that have a good track record with the group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The group hold rental deposits of RMB565,000 (31 March 2013: RMB1,765,000) as collateral over these balances.

17. CASH AND CASH EQUIVALENTS

	At 30 September 2013 (Unaudited) RMB'000	At 31 March 2013 (Audited) RMB'000
Cash at bank and on hand	**8,396**	21,308
Cash and cash equivalents in the condensed consolidated statement of financial position and condensed consolidated statement of cash flows	**8,396**	21,308

18. UNCONVERTIBLE BONDS

On 18 January 2013, the company entered into a bond placing agreement (the "UB Placing Agreement") with Delta Wealth Securities Limited (the "Placing Agent") pursuant to which the Placing Agent agreed conditionally to produce, on a best-effort basis, placees to subscribe in cash for unconvertible bonds of up to an aggregate principal amount of HK$50,000,000 (equivalent to approximately RMB40,355,000).

On 7 February 2013, the Placing Agent procured a placee to subscribe for one tranche of unconvertible bonds in the aggregate principal amount of HK$10,000,000 (equivalent to approximately RMB7,913,000). The company issued the aforesaid unconvertible bonds to the placee on 7 February 2013.

The unconvertible bonds bear interest at 5% per annum on the outstanding aggregate principal amount. The interest payable in arrears annually of the first issue date of unconvertible bonds. The Company may redeem principal amounts of outstanding bonds in whole or in part at any time before the maturity date. The maturity date of the unconvertible bonds are 7 years from its issue date.

On 9 May 2013, the company and the Placing Agent entered into a termination agreement to terminate the UB Placing Agreement. Pursuant to the termination agreement, the parties thereto shall have no future obligation and liabilities towards each other under the UB Placing Agreement.

19. SHARE CAPITAL

	Number of shares '000	Amount RMB'000
Authorised		
At 1 April 2012	333,333	8,593
Increase in authorised share capital *(note i)*	2,666,667	65,608
At 31 March 2013, 1 April 2013 and 30 September 2013	3,000,000	74,201
Issued and fully paid		
At 1 April 2012	294,610	7,333
Right issue *(note ii)*	147,305	3,608
At 31 March 2013 and 1 April 2013	441,915	10,941
Placing and subscription of new shares I *(note iii)*	50,000	1,381
Placing and subscription of new shares II *(note iv)*	58,000	1,194
At 30 September 2013	549,915	13,516

i) Increase in authorised share capital

By an special general meeting on 21 August 2012, the company's authorised share capital was increased to HK$90,000,000 (equivalent to approximately RMB74,201,000) by the creation of an additional 2,666,667,000 ordinary shares of HK$0.03 each.

ii) Rights issue

On 25 July 2012, the company proposed to issue 147,305,164 rights shares at the subscription price of HK$0.068 per rights share on the basis of one rights share for every two existing issued shares. 147,305,164 shares were issued when the rights issue was completed on 24 September 2012 and approximately HK$10,017,000 (equivalent to approximately RMB8,214,000) was raised, before deduction of relevant expenses.

19. SHARE CAPITAL *(continued)*

iii) Placing of new shares I

On 16 August 2013, the Company and Emperor Securities Limited, entered into a placing agreement pursuant to which the placing agent agreed to place up to 50,000,000 new shares at the price of HK$0.136 per placing share.

The placing of shares were completed on 27 August 2013. The total proceeds of the share placement, before deduction of the relevant expenses was approximately HK$6,800,000 (equivalent to approximately RMB5,401,000).

iv) Placing of new shares II

On 12 September 2013, the Company and Cheong Lee Securities Limited, entered into a placing agreement pursuant to which the placing agent agreed to place up to 58,000,000 new shares at the price of HK$0.14 per placing share.

The placing of shares were completed on 23 September 2013. The total proceeds of the share placement, before deduction of the relevant expenses was approximately HK$8,120,000 (equivalent to approximately RMB6,429,000).

20. SHARE OPTION SCHEME

The company has adopted a share option scheme ("old scheme") on 4 October 2002 whereby the directors of the company are authorised, at their discretion, to invite the company's directors (including independent non-executive directors), other employees of the group, suppliers of goods or services to the group, customers of the group, persons or entities that provided research, development or other technological support to the group and any non-controlling interest in the company's subsidiaries, to take up options at a nominal consideration to subscribe for shares of the company. The exercise price of options should be the highest of the nominal value of the shares, the closing price of the shares on the SEHK on the date of grant and the average closing price of the shares on the SEHK for the five business days immediately preceding the date of grant. The options vest immediately from the date of grant. The options are exercisable after the vesting date but within the period from 28 November 2007 to 3 October 2012. The options give the holder the right to subscribe for ordinary shares in the company.

20. SHARE OPTION SCHEME *(continued)*

For the period ended 30 September 2013

a) There were no share options outstanding and exercisable during the period ended 30 September 2013 as all share options were forfeited upon expiry of exercisable period on 3 October 2012.

b) The number and weighted average exercise price of share options under the old scheme are as follows:

	30 September 2013		31 March 2013	
	Weighted average exercise price	**Number of shares issuable under options**	Weighted average exercise price	Number of shares issuable under options
Outstanding at 1 April	–	–	876.30	48,296
Effect of right issue *(note i)*	–	–	720.99	10,403
Expired during the period/year	–	–	–	(58,699)
Outstanding at the end of period/year	–	–	–	–
Issuable at the end of the period/year	–	–	–	–
Exercisable at end of the period/year	–	–	–	–

i) The exercise price and the number of shares to be issued under the share option scheme have been adjusted to HK$720.99 and 58,699 new shares after issuing 147,305,164 rights share at the subscription price of HK$0.068 per rights share on the basis of one rights share for two existing issued share with effect from 22 August 2012.

20. SHARE OPTION SCHEME *(continued)*

c) The company has passed a resolution at the special general meeting held on 16 December 2011 to terminate the Old Scheme and to approve and adopt a new scheme ("New Scheme"). Save for a few changes that have been made in the New Scheme to conform with the market practices, the terms of the New Scheme and the Old Scheme are broadly similar. The terms of the New Scheme provide that in granting options under the New Scheme, the board may offer to grant any options subject to such terms and conditions in relation to the minimum period of the options to be held and/or the performance criteria to be satisfied before such options can be exercised and/or any other terms as the board may determine in its absolute discretion. The board will also have the discretion in determining the subscription price in respect of any option, provided that the relevant requirements in the Listing Rules are complied with. A summary of the terms of the New Scheme is set out in the appendix to company's circular published on 30 November 2011.

The New Scheme constitutes a share option scheme governed by chapter 17 of the Listing Rules. No option has been granted under the New Scheme for the period ended 30 September 2013 and year ended 31 March 2013.

21. MATERIAL RELATED PARTY TRANSACTIONS

The group had the following transactions with related parties during the six months ended 30 September 2013.

a) Key management personnel emoluments

The key management personnel of the group are the directors and certain of the highest paid employees of the company. The emoluments of directors during the six months ended 30 September 2013 was as follows:

	Six months ended 30 September 2013 (Unaudited) RMB'000	Six months ended 30 September 2012 (Unaudited) RMB'000
Short-term employee benefits	**6,677**	4,115
Post-employment benefits	**44**	40
	6,721	4,155

Total emoluments is included in "Staff costs" (see note 8(b)).

21. MATERIAL RELATED PARTY TRANSACTIONS *(continued)*

b) Outstanding balances with related parties

	At 30 September 2013 (Unaudited) RMB'000	At 31 March 2013 (Audited) RMB'000
Amounts due to directors	**49**	49
Amounts due to related parties	**3,105**	3,871

The amount due to related parties represented the advance from directors of subsidiaries. The balances with these related parties and the amounts due to directors are unsecured, interest-free and repayable on demand.

22. OPERATING LEASE COMMITMENTS

i) The group as lessor:

The group leases its investment properties under operating lease arrangements to tenants, with leases negotiated for a period of ten years. The terms of the leases generally require the tenants to pay security deposits. At the end of the reporting period, the group had total future minimum lease payments receivable under non-cancellable operating leases from its tenants falling due as follows:

	At 30 September 2013 (Unaudited) RMB'000	At 31 March 2013 (Audited) RMB'000
Within one year	**2,755**	9,172
In the second to fifth year, inclusive	**12,212**	42,073
Over five years	**3,768**	48,048
	18,735	99,293

22. OPERATING LEASE COMMITMENTS *(continued)*

ii) The group as lessee:

The group leases certain office premises under operating leases, leases for these properties are negotiated for a period of five years. At the end of the reporting period, the group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	At 30 September 2013 (Unaudited) RMB'000	At 31 March 2013 (Audited) RMB'000
Within one year	**2,301**	4,539
In the second to fifth year, inclusive	**–**	7,747
Over five years	**–**	5,133
	2,301	17,419

23. LITIGATION

In 1998, the company brought up legal proceedings against ASG Capital Limited and ASG Brokerage Limited (the "Defendants") for breach of the placing and underwriting agreement dated 9 December 1997 in that the Defendants failed to fulfill their underwriting obligations thereunder and for the recovery of RMB40 million being the economic loss suffered by the company together with interest and legal costs. The proceedings are now in pre-trial stage of discovery of documents of the parties and the date of the trial has not been fixed. The last action of the parties to the proceedings took place in middle of 2005 when solicitors acting for the company in the legal proceedings served a notice to inspect documents to those acting for the Defendants.

24. SUBSEQUENT EVENTS

a) Placing of new shares

On 2 October 2013, the company and Emperor Securities Limited, entered into a placing agreement pursuant to which the placing agent agreed to place up to 40,000,000 new shares at the price of HK$0.104 per placing share.

The placing of shares were completed on 25 October 2013. The total proceeds of the share placement, before deduction of the relevant expenses was approximately HK$4,160,000 (equivalent to approximately RMB3,283,000).

24. SUBSEQUENT EVENTS *(continued)*

b) Termination of tenancy agreement

On 2 July 2013, Shanghai Xiang Chen Hang Place The Industry Co Ltd ("Shanghai Xiang Chen Hang") requested to early terminate a tenancy agreement located in Shanghai, the PRC. The landlord refused such termination and requested negotiation for payment of rental and other compensations in accordance with the tenancy agreement.

On 10 September 2013, the landlord sued Shanghai Xiang Chen Hang for breach of tenancy agreement. On 18 November 2013, the mediation agreement was reached between the landlord and Shanghai Xiang Chen Hang. The mediation agreement was passed to the Shanghai Arbitration tribunal and the final decision will be made in December 2013. According to the mediation agreement signed on 18 November 2013, the landlord and Shanghai Xiang Chen Hang agreed that the tenancy agreement was terminated on 18 November 2013. Rental deposit of RMB277,000 (note 8(d)) was forfeited as compensation for early termination of operating lease and rental and building management fee from June 2013 to November 2013 amounting to RMB831,000 shall be paid on or before 18 December 2013. The portion for the rental and building management from June 2013 to September 2013 amounting to RMB602,000 was accrued during the period.

c) Acquisition of equity interest in Edknowledge Group Limited

On 27 November 2013, the Company signed sale and purchase agreement ("Agreement") with Global Success Business Inc. for the acquisition of 32.39% equity interest in Edknowledge Group Limited ("Target Company"), including 2,941 ordinary shares of HK$1 each which represents 29.41% equity interest in the Target Company prior to completion and approximately 28.17% equity interest in the Target Company immediately upon completion, and the Target Company conditionally agreed to allot and issue and the Company conditionally agreed to subscribe 441 new ordinary shares which represents 4.22% of the issued share capital of the Target Company immediately upon completion, for a total consideration of HK$11,150,000. The consideration shall be satisfied with the following manner:

(i) HK$10,000,000 shall be settled by issuance of promissory note ("Note") in the principal amount of HK$10,000,000 at the rate of 8% per annum on the outstanding principal amount of the Note with the maturity date of 2 years; and

(ii) HK$1,500,000 shall be settled by cash.

The Target Company is a company incorporated in Hong Kong with limited liability and is principally engaged in the provision of blended learning educational services for corporations, institutions, schools, non-governmental organizations and individuals in Hong Kong and abroad. Subject to fulfillment of certain conditions mentioned in Agreement, completion of acquisition shall take place on the tenth business day after the signing of the Agreement or such other date as may be agreed by the parties to the Agreement. Up to the date of approval of these financial statements, the acquisition has not yet been completed.

25. APPROVAL OF INTERIM FINANCIAL REPORT

The interim financial report was approved and authorised for issue by the board on 28 November 2013.

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 2013, the aggregate gross floor area of the investment properties being held by the group was approximately 7,004 square meters, among which approximately 27% were leased to third parties under operating leases with lease terms for a period of ten years.

Regarding the mining business, there are still substantial preparations and construction works. With the support from the People's Government of Keshi Ketengqi and the authorities concerned, Keshi Ketengqi Great Land Mine Industries Company Limited* (the "Mining Company") was qualified as the enterprise of Keshi Ketengqi with priority in terms of protection and project support. The Mining Company originally planned to submit, among others, the land using approval, solution for water and soil conservation, assessment on environment and assessment on mine safety to relevant government authorities for consideration and approval in the third quarter of 2013, and scheduled to commence mine construction after obtaining government approvals. As many regions and cities of Inner Mongolia Autonomous Region were hit by major flooding disasters this year, which led to some collapsed mines and cracks and bursts of tailing reservoirs in processing plants, the natural disasters caused tremendous losses on people's lives and properties. To prevent further accidents, the relevant government authorities required all newly established mining enterprises to prepare the Geotechnical Engineering Report and the Treatment Proposal on Geological Environment and Staged Land Rehabilitation on the Mine for mines and tailing reservoirs in processing plants. Therefore, the next task for the Mining Company is to prepare relevant reports according to the requirements of each government authority and the expected statutory operation will delay to the early 2015. Numerous regions and cities of Inner Mongolia Autonomous Region were affected by major flooding disasters this year, and the road to the mine was severely destroyed. For the upcoming construction commencement on the mine, the Mining Company repaired and restored the road to the mine. In order to achieve a win-win situation in social and economic benefit as soon as possible, the Mining Company will carry out the construction by strictly following the government approved advice and mining design as well as each rule and regulation during future mining and processing. Meanwhile, the Mining Company will continue to engage related experts and entrust a qualified geological survey department to conduct geological surveys covering a vast area on the mine, so as to provide the mine with more backup resources to ensure a sustainable development of the enterprise.

The expenditure incurred on the mining development for the period ended 30 September 2013 was approximately RMB0.3 million.

*   For identification purpose only

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

Financial Review

For the period under review, the group's turnover was approximately RMB3.3 million (2012: approximately RMB4.8 million), representing a decrease of approximately 31% compared with the same period last year. The decrease in turnover was mainly due to termination of certain operating leases during the period under review. The unaudited net loss for the period under review was approximately RMB23 million (2012: approximately RMB24 million) and the loss per share was RMB0.05 (2012: RMB0.07).

The administrative expenses of the group for the period amounted to approximately RMB22.9 million, representing an increase of approximately 10.4% compared with the same period last year. The finance cost of the group amounted to approximately RMB2 million which was mainly incurred for the bank loan under the security of investment properties in Shanghai.

Liquidity and Financial Resources

As at 30 September 2013, the group's net current assets were approximately RMB7.6 million (at 31 March 2013: approximately RMB21.6 million), including cash and bank balance of approximately RMB8.4 million (at 31 March 2013: approximately RMB21.3 million).

The group had bank borrowings of RMB46 million as at 30 September 2013 (at 31 March 2013: RMB48 million). The borrowings were bank loans under security, of which 10.9% were due within one year from balance sheet date, 10.9% were due more than one year but not exceeding two years and 78.2% 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 10.4% (at 31 March 2013: approximately 7.7%).

Investment Position

The group did not have any significant investment position in stocks, bonds and other financial derivatives as at 30 September 2013.

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.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

Shares Capital and Capital Structure

On 27 August 2013, the company issued 50,000,000 new shares at HK$0.136 per share under the placing agreement dated 16 August 2013.

On 23 September 2013, the company issued 58,000,000 new shares at HK$0.14 per share under the placing agreement dated 12 September 2013.

Save as disclosed above, there was no change in the share capital and capital structure of the company for the period ended 30 September 2013.

Charges on group's Assets

As at 30 September 2013, the group's investment properties with a value of approximately RMB146.7 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 2013, the group did not have any material contingent liability (2012: Nil).

Acquisition and Disposal of Subsidiaries

There was no acquisition and disposal of subsidiaries of the group during the period ended 30 September 2013.

Employees

As at 30 September 2013, 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 remain focus on the existing business of properties investment, mining and money lending. In the meantime, the group will actively seek suitable investment opportunities from time to time to diversify its existing business portfolio and engage in new line of business with potential growth.

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 period ended 30 September 2013.

DIRECTORS' INTEREST AND SHORT POSITIONS IN SHARES

As at 30 September 2013, the interests and short positions of the directors of the company in the shares ("Shares") of the company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the company pursuant to Section 352 of the SFO, or as otherwise notified to the company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules, were as follows:

Long positions in shares of the company

Name of director	Capacity of shares held	No. of Shares held	Percentage of issued share capital
Yu Wai Fong	Beneficial owner	2,118,871	0.39%

Save as disclosed above, as at 30 September 2013, none of directors had registered an interest or short position in the shares of the company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the share option scheme in note 20 to the condensed consolidated financial statements of the company, at no time during the period under review were rights to acquire benefits by means of the acquisition of shares in or debentures of the company granted to any director or their respective spouse or minor children, or were any such rights exercised by them; or was the company or any of its subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES

As at 30 September 2013, so far as was known to the directors of the company, the following parties being directly or indirectly interested or deemed to be interested in 5% or more of the Shares, was recorded in the register kept by the company under section 336 of the SFO:

Long positions in shares of the company

Name	Capacity of shares held	No. of Shares held	Percentage of issued share capital
Oriental Development Group (HK) Co., Limited *(Note)*	Beneficial owner	50,000,000	10.16%

Note: Oriental Development Group (HK) Co., Limited is 100% beneficially owned by Mr. Man Yuen. Mr. Man Yuen is deemed to be interested in 50,000,000 Shares held by Oriental Development Group (HK) Co., Limited.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The company has adopted the Model Code 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.

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 2013, except for the deviation from the requirement of code provision A.2.1, A.6.7 and E.1.2 of the CG Code as follow.

The 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 conductive with strong and consistent leadership, enabling the company to respond promptly and efficiently.

The code provision A.6.7 stipulates that the independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders. The code provision E.1.2 stipulates that the chairman of the board should attend the annual general meeting. The Chairman and an independent non-executive Director were unable to attend the annual general meeting of the Company held on 28 August 2013 due to their other work commitments.

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 duties 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 2013 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.

By order of the board
China Properties Investment Holdings Limited
Xu Dong
Chairman

Hong Kong, 28 November 2013