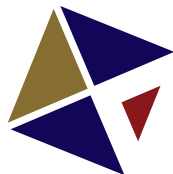


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CHINA PROPERTIES INVESTMENT HOLDINGS LIMITED

中國置業投資控股有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 736)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2016

The board (“board”) of directors (“director”) of China Properties Investment Holdings Limited (“company”) is pleased to announce the audited results of the company and its subsidiaries (“group”) for the year ended 31 March 2016 together with the audited comparative figures for the previous year as follows:

* *For identification purposes only*

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March 2016

	Note	2016 RMB'000	2015 RMB'000 (Restated)
Continuing operations:			
Revenue	3(a)	28,669	10,580
Cost of sales and services rendered		<u>(15,830)</u>	<u>(1,355)</u>
Gross profit		12,839	9,225
Valuation (loss)/gain on investment properties		(16,401)	28,725
Other income	3(b)	741	11,698
Other gains and losses		(21,507)	18,254
Selling expenses		(152)	(150)
Administrative expenses		(51,057)	(44,505)
Other expenses		<u>(305)</u>	<u>(8,941)</u>
(Loss)/profit from operations		(75,842)	14,306
Finance costs		(8,752)	(8,588)
Share of loss of an associate		<u>(137)</u>	<u>(42)</u>
(Loss)/profit before taxation		(84,731)	5,676
Income tax credit/(expenses)	4	<u>5,165</u>	<u>(6,860)</u>
Loss for the year from continuing operations		(79,566)	(1,184)
Discontinued operation:			
Loss for the year from discontinued operation		<u>(26,932)</u>	<u>(21,582)</u>
Loss for the year		<u>(106,498)</u>	<u>(22,766)</u>

	<i>Note</i>	2016 <i>RMB'000</i>	2015 <i>RMB'000</i> (Restated)
Attributable to:			
Owners of the company		(104,673)	(20,380)
Non-controlling interests		(1,825)	(2,386)
		<u>(106,498)</u>	<u>(22,766)</u>
Loss for the year		<u>(106,498)</u>	<u>(22,766)</u>
LOSS PER SHARE			
	5		
From continuing and discontinued operations			
Basic		<u>(RMB13.20 cents)</u>	<u>(RMB8.35 cents)</u>
Diluted		<u>(RMB13.20 cents)</u>	<u>(RMB14.62 cents)</u>
From continuing operations			
Basic		<u>(RMB10.00 cents)</u>	<u>(RMB0.31 cents)</u>
Diluted		<u>(RMB10.00 cents)</u>	<u>(RMB7.09 cents)</u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2016

	2016 RMB'000	2015 RMB'000
Loss for the year	<u>(106,498)</u>	<u>(22,766)</u>
Other comprehensive income/(loss) for the year		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of:		
– financial statements of group entities outside the PRC	3,062	(2,616)
– financial statements of an associate	60	(18)
	3,122	(2,634)
Release of exchange fluctuation reserve upon disposal of subsidiaries	(156)	–
Available-for-sale investments:		
Changes in fair value	<u>36,724</u>	<u>–</u>
Total other comprehensive income/(loss) for the year	<u>39,690</u>	<u>(2,634)</u>
Total comprehensive loss for the year	<u>(66,808)</u>	<u>(25,400)</u>
Attributable to:		
Owners of the company	(64,983)	(23,014)
Non-controlling interests	<u>(1,825)</u>	<u>(2,386)</u>
Total comprehensive loss for the year	<u>(66,808)</u>	<u>(25,400)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2016

	Note	2016 RMB'000	2015 RMB'000
Non-current assets			
Plant and equipment		7,063	10,218
Investment properties		190,196	206,597
Intangible assets		11,674	99,491
Goodwill		17,676	16,846
Deposit for acquisition of subsidiaries		1,297	–
Interest in an associate		7,564	7,642
Available-for-sale investments		313,819	–
Contingent consideration receivable		2,649	–
		<u>551,938</u>	<u>340,794</u>
Current assets			
Property under development		15,011	–
Trade and other receivables	6	21,846	18,962
Loan receivables	7	99,768	–
Trading securities		106	119
Promissory notes receivable		–	97,057
Tax recoverable		149	88
Consideration receivable		17,958	–
Fixed deposits		13,921	7,730
Cash and cash equivalents		38,514	27,204
		<u>207,273</u>	<u>151,160</u>
Current liabilities			
Trade and other payables	8	20,884	12,940
Interest-bearing bank borrowings		18,000	11,500
Tax payable		1	135
Warrants		61	–
		<u>38,946</u>	<u>24,575</u>
Net current assets		<u>168,327</u>	<u>126,585</u>
Total assets less current liabilities		<u>720,265</u>	<u>467,379</u>
Non-current liabilities			
Other payable		–	110
Interest-bearing bank borrowings		9,000	27,000
Deferred tax liabilities		10,991	16,153
Warrants		–	13,764
Unconvertible bonds		16,628	15,756
Purchase consideration payable		–	916
		<u>36,619</u>	<u>73,699</u>
NET ASSETS		<u>683,646</u>	<u>393,680</u>
EQUITY			
Equity attributable to owners of the company			
Share capital		7,745	36,260
Reserves		674,563	349,053
		<u>682,308</u>	<u>385,313</u>
Non-controlling interests		<u>1,338</u>	<u>8,367</u>
TOTAL EQUITY		<u>683,646</u>	<u>393,680</u>

NOTES TO THE FINANCIAL STATEMENTS:

1. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The HKICPA has issued certain new and revised HKFRSs which are first effective or available for early adoption for current accounting period of the group. Note 2 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the group for the current and prior accounting periods reflected in these financial statements.

These financial statements are presented in Renminbi (“RMB”), and it is also the functional currency of the company and the group’s presentation currency. All amounts are rounded to the nearest thousand except where otherwise indicated.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the group has applied the following new and revised HKFRSs issued by the HKICPA:

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

The application of the amendments to HKFRSs in the current year has had no material impact on the group’s financial performance and positions for the current and prior years.

3. REVENUE AND OTHER INCOME

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
a) Revenue		
Continuing operations:		
Rental income from investment properties	8,860	9,017
Commission income from educational support services	1,182	1,563
Sales of educational products	13,198	–
Educational service income	1,968	–
Loan interest income	3,461	–
	<u>28,669</u>	<u>10,580</u>
	2016 <i>RMB'000</i>	2015 <i>RMB'000</i> (Restated)
b) Other income		
Continuing operations:		
Interest income on promissory notes	615	7,212
Interest income on bank deposits	73	31
	<u>688</u>	<u>7,243</u>
Reversal of impairment loss of loan receivable	–	3,853
Sundry income	53	602
	<u>741</u>	<u>11,698</u>

4. INCOME TAX (CREDIT)/EXPENSES

Income tax relating to continuing operations recognised in profit or loss represents:

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
Current tax		
Hong Kong Profits Tax	1	177
Deferred tax		
Origination and reversal of temporary differences	<u>(5,166)</u>	<u>6,683</u>
Income tax (credit)/expenses	<u>(5,165)</u>	<u>6,860</u>

The provision for Hong Kong Profits Tax is calculated at 16.5% (2015: 16.5%) of estimated assessable profits for the year.

The provision for PRC Enterprise Income Tax (“EIT”) is calculated at 25% (2015: 25%) of the estimated assessable profits for the year. No provision for EIT was provided for as the company’s subsidiaries operating in the People’s Republic of China incurred losses for the years ended 31 March 2016 and 2015.

5. LOSS PER SHARE

From continuing and discontinued operations

The calculation of the basic and diluted loss per share attributable to owners of the company is based on the following data:

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
Loss for the purpose of basic loss per share	(104,673)	(20,380)
Effect of dilutive potential ordinary shares		
– Fair value change on convertible bonds and warrants	–	(17,832)
– Interest expense on convertible bonds	<u>–</u>	<u>102</u>
Loss for the purpose of diluted loss per share (<i>note a</i>)	<u>(104,673)</u>	<u>(38,110)</u>

Weighted average number of ordinary shares:

	2016 '000	2015 '000 (Restated)
Weighted average number of ordinary shares for the purpose of basic loss per share (<i>note b</i>)	792,950	243,934
Effect of deemed issue of shares under the company's share option scheme for nil consideration	–	4
Effect of deemed issue of shares from exercise of warrants	–	81
Effect of deemed issue of shares from exercise of convertible bonds	–	16,623
	<hr/>	<hr/>
Weighted average number of ordinary shares for the purpose of diluted loss per share (<i>note a</i>)	792,950	260,642
	<hr/> <hr/>	<hr/> <hr/>

Note a: The computation of diluted loss per share for the year ended 31 March 2016 does not assume the exercise of the company's outstanding warrants since the assumed exercise would result in a decrease in diluted loss per share for the year.

Note b: The weighted average number of ordinary shares held in 2015, for the purpose of calculation basic loss per share, has been adjusted for the share consolidation on the basis of five existing shares consolidated into one share in January 2016.

From continuing operations

The calculation of the basic and diluted loss per share from continuing operations attributable to owners of the company is based on the following data:

	2016 RMB'000	2015 RMB'000 (Restated)
Loss for the year attributable to owners of the company	(104,673)	(20,380)
Adjusted for: Loss for the year from discontinued operation	25,349	19,625
	<hr/>	<hr/>
Loss for the purpose of basic loss per share from continuing operations	(79,324)	(755)
Effect of dilutive potential ordinary shares		
– Fair value change on convertible bonds and warrants	–	(17,832)
– Interest expense on convertible bonds	–	102
	<hr/>	<hr/>
Loss for the purpose of diluted loss per share from continuing operations (<i>note c</i>)	(79,324)	(18,485)
	<hr/> <hr/>	<hr/> <hr/>

The denominators used are the same as those detailed above for both basic and diluted loss per share from continuing operations.

Note c: The computation of diluted loss per share for the year ended 31 March 2016 does not assume the exercise of the company's outstanding warrants since the assumed exercise would result in a decrease in diluted loss per share for the year.

From discontinued operation

Basic loss per share from the discontinued operation is RMB3.2 cents per share (2015: RMB8.04 cents per share) and diluted loss per share from the discontinued operation is RMB3.2 cents per share (2015: RMB7.53 cents per share), based on the loss for the year from the discontinued operation of approximately RMB25.3 million (2015: approximately RMB19.6 million) and the denominators detailed above for both basic and diluted loss per share from discontinued operation.

6. TRADE AND OTHER RECEIVABLES

i) Trade receivables

The following is an ageing analysis of trade receivables presented based on invoice dates at the end of the reporting period:

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
Within 1 month	2,042	4,744
1 to 3 months	3,380	1,089
Over 3 months but less than 6 months	1,925	–
Over 6 months	4,607	–
	<u>11,954</u>	<u>5,833</u>

ii) Interest receivables

The following is an ageing analysis of interest receivables presented based on invoice dates at the end of the reporting period:

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
Within 1 month	<u>1,407</u>	<u>–</u>

7. LOAN RECEIVABLES

At 31 March 2016, none of the loan receivables was overdue.

8. TRADE AND OTHER PAYABLES

The following is an ageing analysis of trade payables presented based on the invoice dates at the end of the reporting period:

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
Within 1 month	719	–
1 to 3 months	492	–
Over 3 months but less than 6 months	404	–
	<u>1,615</u>	<u>–</u>

DIVIDEND

The directors of the company do not recommend the payment of any dividend for the year ended 31 March 2016 (2015: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Operating Results

For the year under review, the group's turnover for the continuing operations was approximately RMB28.67 million (2015: approximately RMB10.58 million), representing an increase of approximately 171% compared with last year. The increase in turnover was mainly due to the contribution from the educational support services and interest income from money lending business.

The audited net loss for the continuing operations for the year was approximately RMB79.57 million (2015: approximately RMB1.18 million) and the basic loss per share was RMB10.00 cents (2015: RMB0.31 cents). The increase in loss for the year was mainly attributable to (i) the valuation loss on change of fair value of the investment properties of the group in the amount of RMB16.40 million (2015: valuation gain approximate RMB28.73 million); (ii) decrease in interest income amounted approximately RMB6.60 million, which was due to settlement of the promissory note in April 2015 and the related interest income was not available for the year ended 31 March 2015; and (iii) the loss on fair value change in warrants issued by the company of approximately RMB20.09 million (2015: Nil). However, there was no cash flow impact on the group for such changes of fair value.

The administrative and selling expenses for the continuing operations of the group for the year amounted to approximately RMB51.20 million (2015: approximately RMB44.66 million). The finance cost of the group amounted to approximately RMB8.75 million (2015: approximately 8.59 million) which was incurred for the bank loans under the security of investment properties in Shanghai and the unconvertible bonds and promissory note issued by the company.

For the discontinued operation, representing the investment in mining activities which was disposed during the year, the loss for the year under review was approximately RMB26.93 million (2015: 21.58 million). The increase in loss was mainly attributable to the loss on disposal of the Mining Group amounted approximately RMB6.96 million.

Business Review

During the year under review, the principal business activities of the group included the properties investment business, the exploitation of copper and molybdenum in a mine (the "Mine") located in the Inner Mongolia, the People's Republic of China, provision of educational support services and money lending.

Properties investment business

As at 31 March 2016, the aggregate gross floor area of the investment properties located in Shanghai 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 year under review, the company acquired a land (the “Land”) located in Port Moody of Vancouver through China Properties Investment North America Inc., a wholly-owned subsidiary of the company, at a total consideration of approximately CAD2.9 million (equivalent to approximately RMB14.42 million). The land has an approximate land area of 5.49 acre with the intention to develop as a residential site (the “Canada Project”). According to a preliminary development plan prepared by the said subsidiary, the Canada Project will be divided into two phases, of which phase one will be focused on site servicing while phase two will be focused on the construction of a total of 7 luxury residential houses, representing a total gross floor area of approximately 21,900 square meters. The total investment and construction cost for the Canada Project is estimated to be approximately CAD10.5 million (equivalent to approximately RMB52.20 million). The phase one development will be commenced once after the development permits are granted from the local authority of Port Moody, which is expected in the fourth quarter of 2016.

Mining Business

On 17 February 2016, the company, as vendor, and an independent third party (the “Purchaser”) entered into a sales and purchase agreement (the “SPA I”), pursuant to which the company has conditionally agreed to sell and the Purchaser has conditionally agreed to acquire the entire shares of Main Pacific Group Limited and Universe Prosper Limited (the “Mining Group”), which have indirect interest of 91% in 克什克騰旗大地礦業有限責任公司 (Keshi Ketengqi Great Land Mine Industries Company Limited*), a company incorporated in the PRC and held a mining license with the right to conduct mining and exploitation works for copper and molybdenum in the Mine located at 內蒙古自治區赤峰市克什克騰旗三義鄉永勝村經棚鎮 (Keshi Ketengqi Sanyixiang, Yongsheng Cun, Jingpeng Zhen, Chifeng City, Inner Mongolia, the PRC*), at the consideration of HK\$64.8 million (equivalent to approximately RMB53.87 million) payable by the Purchaser in accordance with the terms and conditions of the SPA I.

The Mining Group was acquired by the group several years ago when the commodity market was relatively stable and positive. With the recent depression of commodity market, the fair value of the group’s mining right has decreased substantially in recent years. It is also expected that after disposal of the Mining Group, the overall gearing position of the group will be improved and it will generate funds for higher return in money lending business and/or potential investment to enhance the value of the company and the shareholders as a whole. After disposal of the Mining Group, the company will cease to hold any equity interest of the Mining Group and the results of the Mining Group will no longer be consolidated into the consolidated financial statements of the group. Disposal of the Mining Group was completed on 11 March 2016.

* *For identification purpose only*

Money Lending Business

The group has been proactively expanding the money lending business in Hong Kong. For the year ended 31 March 2016, the group had an existing loan portfolio amounted to HK\$120 million (equivalent to approximately RMB99.77 million) with the terms ranging from 6 months to 12 months (the “Existing Loan Portfolio”) with the average interest rate of 18% per annum. The Existing Loan Portfolio will generate a total interest income of approximately HK\$14.97 million (equivalent to approximately RMB12.44 million) of which approximately HK\$4.25 million (equivalent to approximately RMB3.46 million) was accrued for the year ended 31 March 2016. For the sake of the recoverability and the quality of the money lending portfolio, the company has adopted prudence approach that all the loans must be secured by proper collaterals.

Educational Support Services

In the educational support services segment, the group recorded a revenue of approximately RMB16.348 million for the year ended 31 March 2016, which is mainly attributable to services provided by the group in the areas of METAS, 3D printing, English learning, student referral and overseas education counselling.

During the period under review, the business in supporting local schools to make use of Quality Education Fund to develop educational projects was not optimistic as expected. However, the management team of Kotech Education Limited (“Kotech Education”), a subsidiary of the company, has put much effort in improving and expanding its product line and services, which created different business opportunity with both existing customers and potential customers. Kotech Education started collaboration with certain local schools and organizations in providing services and products sales in smart electronic building blocks, 3D Printing, creativity course and English e-learning. We expect Kotech Education to have positive contribution both in terms of revenue and profit to the group for the year come.

Pursuant to the sale and purchase agreement (“SPA II”) dated 16 October 2014 among Wan Cheng Investments Limited as the vendor, the company as the purchaser and three individuals as guarantors, for the sale and purchase of interest in Kotech Education, each of the vendor and the guarantors, on a joint and several basis, irrevocably warrants and guarantees to the company that Kotech Education shall attain the prescribed performance targets (the “Guaranteed Profit”) for the periods as indicated in SPA II, and the Guaranteed Profit for the six months ending 30 September 2015 is a net profit after tax of not less than HK\$1.5 million (equivalent to approximately RMB1.25 million). According to the management accounts of Kotech Education, the net profit after tax for the six months ended 30 September 2015 was approximately HK\$2.3 million (equivalent to approximately RMB1.91 million) which exceeded the Guaranteed Profit. As such, the company has redeemed part of the outstanding promissory note, which have been issued to satisfy the consideration of the acquisition, in the principal amount of HK\$10 million (equivalent to approximately RMB8.31 million) in November 2015 pursuant to the terms and conditions of the SPA II and the promissory note.

Termination of Subscription Agreement

On 4 June 2015, CSR (Hong Kong) Co. Limited (the “Subscriber”) and the company entered into a subscription agreement (the “Subscription Agreement”) pursuant to which the Subscriber conditionally agreed to subscribe for and the company conditionally agreed to allot and issue 6,500,000,000 new shares of the company at the Subscription Price of HK\$0.10 (the “Subscription”). Completion of the Subscription is conditional upon the satisfaction (if applicable, waiver) of certain conditions, one of which being the notification by the Subscriber in writing to the company that the Subscriber is satisfied with the results of its due diligence exercise conducted on each group member.

The company has been informed by the Subscriber in August 2015 that the aforesaid condition precedent to completion of the Subscription relating to due diligence exercise conducted on each group member to the satisfaction of the Subscriber, has not been satisfied. As a result, the Subscriber decided not to proceed with the completion of Subscription pursuant to the Subscription Agreement and the relevant terms of the Subscription Agreement will be of no further effect. Accordingly, there will not be any issue of new shares under Subscription Agreement.

Outlook

In April 2016, the group has acquired a company which is principally engaged in the business of securities brokerage and is a licensed corporation to carry out Type 1 (Dealing in Securities) regulated activity under the Securities and Futures Ordinance (the “SFO”). In addition, the company also entered into a sale and purchase agreement with an independent third party in May 2016 to purchase the entire issued share capital of a company, which is principally engaged in the business of assets management and is licensed under the SFO to carry on Type 9 (asset management) regulated activity. Such acquisitions enable the group to enter into securities brokerage business and asset management business. The group is expected to be benefited from the synergy arising from these new business segments. The company intends to develop the financial services business, including the provision of securities trading, margin financing, underwriting and assets management which will help diversifying the businesses of the group for maximizing returns to the shareholders.

Whilst the group remains focused on developing its existing businesses, the directors consider that it is beneficial for the group to seek suitable investment opportunities from time to time to develop its existing business portfolio and engage in new lines of business with growth potential and broaden its source of income.

Liquidity and Financial Resources

As at 31 March 2016, the group’s net current assets were approximately RMB168.33 million (2015: approximately RMB126.59 million), including cash and bank deposit of approximately RMB52.44 million (2015: approximately RMB34.93 million).

The group had bank borrowings of approximately RMB27 million as at 31 March 2016 (2015: approximately RMB38.5 million), of which 66.67% were due within one year from balance sheet date, 33.33% were due more than one year but not exceeding two years. The gearing ratio, defined as the percentage of net debts to the total equity of the company, was nil (2015: approximately 8.40%).

Significant Investments

For the year ended 31 March 2016, the company has the following significant investments.

Avant Capital Dragon Fund SP

On 8 July 2015, the company subscribed for an aggregate amount of HK\$200 million (equivalent to approximately RMB166.28 million) of the class S participating segregated portfolio redeemable shares of US\$0.01 par value each of Avant Capital Dragon Fund SP (the “AC Fund”), a segregated portfolio of Avant Capital SPC, an exempted segregated portfolio company incorporated on 27 April 2015 under the laws of the Cayman Islands.

The investment strategy of the AC Fund is to generate return via capturing inefficiencies in the financial markets with flexibility in its approach to investing and taking calculated risks when appropriate opportunities arise. The investment manager of the AC Fund will generally invest in global equities and equity-based securities (including OTC CFDs, convertible bonds, equity options and stock index options and futures types if investment), foreign exchange, commodities, fixed income, futures or derivatives on any asset classes, any securities or derivatives issued by publicly listed companies and secondary market activities including share lending and monetization of the AC Fund, as part of the AC Fund’s risk management process to minimize downside risk and generate additional income for the AC Fund. The investment manager of the AC Fund may also invest in non-listed assets including but not limited to pre-IPO companies.

As at 31 March 2016, the fair value of the AC fund was approximately RMB166.28 million.

Tiger High Yield Fund

On 31 July 2015, the company subscribed for an aggregate amount of HK\$150 million (equivalent to approximately RMB124.71 million) of the non-voting participating redeemable preference shares of US\$0.01 par value each of Tiger High Yield Fund Segregated Portfolio (the “Tiger Fund”), a segregated portfolio of Tiger Super Fund SPC, an exempted segregated portfolio company incorporated under the laws of the Cayman Islands.

Investment strategy of the Tiger Fund is to invest in both short and long term Hong Kong listed securities, including IPO securities. In general, the fund will invest in high yield but medium to high risk securities.

As at 31 March 2016, the fair value of the Tiger Fund was approximately RMB147.54 million.

Save as disclosed above, the group did not have any other significant investment position in stocks, bonds and other financial derivatives as at 31 March 2016.

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 year under review, the group did not use any financial instruments for hedging purposes.

Capital Structure

On 21 November 2014, the company issued a promissory note (the "PN") in the principal amount of HK\$70 million (equivalent to approximately RMB58.70 million) at the interest rate of 8% per annum to Wan Cheng Investments Limited as the consideration for the acquisition of the entire issued share capital of Liqun Investments Limited. During the year ended 31 March 2016, the company has redeemed part of the PN in the principal amount of HK\$10 million (equivalent to approximately RMB8.31 million).

Save as disclosed above, there was no other change in the capital structure of the company for the year ended 31 March 2016.

Charges on Group's Assets

As at 31 March 2016, the group's investment properties with a fair value of approximately RMB159 million were pledged to secure general banking facilities granted to Shanghai Xiang Chen Hang Place The Industry Co. Limited, a wholly-owned subsidiary of the group.

Contingent Liabilities

As at 31 March 2016, the group did not have any material contingent liability (2015: Nil).

ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES

On 17 February 2016, the company, as vendor, and an independent third party (the "Purchaser") entered into a sales and purchase agreement (the "Agreement"), pursuant to which the company has conditionally agreed to sell and the Purchaser has conditionally agreed to acquire the entire shares of Main Pacific Group Limited and Universe Prosper Limited (together the "Subsidiaries") at the consideration of HK\$64.8 million (equivalent to approximately RMB53.87 million) payable by the Purchaser in accordance with the terms and conditions of the Agreement. Upon completion of the Agreement on 11 March 2016, the company will cease to hold any equity interest of the Subsidiaries and the results of the Subsidiaries will no longer be consolidated into the consolidated financial statements of the group.

Save as disclosed above, the company did not have other acquisition or disposal of subsidiaries or associated companies for the year ended 31 March 2016.

EVENT AFTER THE REPORTING PERIOD

Disposal of an associate

On 27 May 2016, the company entered into a sales and purchase agreement with an independent third party to dispose 3,382 ordinary shares in an associate, which is approximately 32.39% of entire issued paid-up share capital of an associate.

Acquisition of a subsidiary

On 20 November 2015, a wholly-owned subsidiary of the group, and three independent third parties entered into a sale and purchase agreement to acquire 100% of issued paid-up share capital of J.A.F. Brokerage Limited (“J.A.F.”). J.A.F. is a licensed corporation to carry out Type 1 (Dealing in securities) regulated activity under the SFO and is principally engaged in the business of securities brokerage.

On 24 May 2016, a wholly-owned subsidiary of the Group, and an independent third party entered into the agreement to acquire 100% of issued paid-up share capital of Hong Kong Financial Management Limited (“HKFM”). HKFM is a company incorporated in Hong Kong and is licensed under the SFO to carry on Type 9 (asset management) regulated activities.

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 year ended 31 March 2016.

CORPORATE GOVERNANCE

In view of the corporate governance practices, the company has adopted a set of clear guidelines to explain its policies, practices and procedures which aim at meeting our shareholders’ expectations. The company has committed to maintain a high standard of corporate governance based on the principles of the code provisions set out in the Corporate Governance Code and Corporate Governance Report (the “CG Code”) in Appendix 14 to the Listing Rules. The company recognizes the maintenance of good corporate governance practices is essential to the growth of the company. In the opinion of the directors, the company had complied with the CG Code throughout the year ended 31 March 2016, except for the code provisions A.2.1 and E.1.2.

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 year, 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 making and implementing decisions promptly and efficiently.

The code provision E.1.2 stipulates that the chairman of the board should attend the annual general meeting. The Chairman was unable to attend the company's annual general meeting held on 26 August 2016 due to his other work commitments.

AUDIT COMMITTEE

The company has established an audit committee ("Audit Committee") with written terms of reference for the purpose of reviewing and providing supervision over the financial reporting process and internal control of the group. The Audit Committee comprises a total of three independent non-executive directors of the company. The annual results of the group for the year ended 31 March 2016 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.

REVIEW OF FINANCIAL INFORMATION

The figures in respect of the preliminary announcement of the group's results for the year ended 31 March 2016 have been agreed by the group's auditors, Crowe Horwath (HK) CPA Limited to the amounts set out in the group's audited consolidated financial statements for the year. The work performed by Crowe Horwath (HK) CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Crowe Horwath (HK) CPA Limited on the preliminary announcement.

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. Having made specific enquiry of the directors, all directors confirmed that they had complied with the required standards as set out in the Model Code throughout the year ended 31 March 2016.

PUBLICATION OF DETAILED ANNUAL RESULTS ON THE STOCK EXCHANGE'S WEBSITE

The company's annual report for the year ended 31 March 2016 containing all applicable information required by Appendix 16 to the Listing Rules will be despatched to the shareholders of the company and published on the Stock Exchange's website and on the company's website in due course.

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

Hong Kong, 30 June 2016

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.