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 2009

*For identification purposes only

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Yu Wai Fong *(Chairman)*
Au Tat On

Independent Non-Executive Directors

Lam Man Yui
Lai Wai Yin, Wilson
Cao Jie Min

COMPANY SECRETARY

Yip Yuk Sing

AUTHORISED REPRESENTATIVES

Yu Wai Fong
Yip Yuk Sing

AUDITORS

CCIF CPA Limited

PRINCIPAL BANKER

ICBC (Asia)

REGISTERED OFFICE

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Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

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89 Queensway Road
Hong Kong

HONG KONG SHARE REGISTRAR

Tricor Secretaries Limited
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WEBSITE

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LEGAL ADVISER

Michael Li & Co

STOCK CODE

736

The board (the "board") of directors (the "directors") of China Properties Investment Holdings Limited (the "company") hereby announces the unaudited condensed consolidated financial statements of the company and its subsidiaries (together the "group") for the six months ended 30 September 2009 together with the comparative figures as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2009

	Note	**Six months ended 30 September 2009 (Unaudited) RMB'000**	2008 (Unaudited) (Restated) RMB'000
Turnover	*6*	**3,391**	11,646
Direct outgoings		**(1,173)**	(1,038)
		2,218	10,608
Loss on disposal of investment property		**(10,362)**	–
Valuation gains/(deficit) on investment properties		**8,146**	(145,178)
Fair value adjustments for trading securities		**–**	(101)
Fair value deficit on convertible bonds		**(13,395)**	–
Other revenue	*7*	**21**	256
Administrative expenses		**(11,136)**	(6,708)
Loss from operations		**(24,508)**	(141,123)
Finance costs	*8(a)*	**(3,210)**	(4,249)
Loss before taxation	*8*	**(27,718)**	(145,372)
Income tax	*9(a)*	**(1,999)**	38,314
Loss for the period		**(29,717)**	(107,058)
Attributable to:			
Equity shareholders of the company		**(29,717)**	(107,058)
Non-controlling interests		**–**	–
Loss for the period		**(29,717)**	(107,058)
Loss per share	*11*		
– Basic		**(1.21) cents**	(6.07) cents
– Diluted		**(1.21) cents**	(6.07) cents

The notes on pages 7 to 27 form part of this condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2009

	Six months ended 30 September	
	2009	2008
	(Unaudited)	(Unaudited) (Restated)
	RMB'000	RMB'000
Loss for the period	**(29,717)**	(107,058)
Other comprehensive income for the period (after tax and reclassification adjustments)		
Exchange differences on translation of financial statements of the group	**2,317**	4,213
Total comprehensive income for the period	**(27,400)**	(102,845)
Attributable to:		
Equity shareholders of the company	**(27,400)**	(102,845)
Non-controlling interests	**–**	–
Total comprehensive income for the period	**(27,400)**	(102,845)

The notes on pages 7 to 27 form part of this condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2009

	Note	**At 30/9/2009 (Unaudited) RMB'000**	At 31/3/2009 (Audited) (Restated) RMB'000
Non-current assets			
Property, plant and equipment	*12*	**2,858**	997
Investment properties	*13*	**161,765**	201,678
Intangible asset	*14*	**656,519**	–
Goodwill	*15*	**2,861**	–
		824,003	202,675
Current assets			
Trade and other receivables	*16*	**18,505**	4,048
Trading securities		**85**	84
Cash and cash equivalents		**4,914**	5,631
		23,504	9,763
Current liabilities			
Other payables and accruals		**23,495**	4,402
Interest-bearing borrowings		**3,000**	12,000
		26,495	16,402
Net current liabilities		**(2,991)**	(6,639)
Total assets less current liabilities		**821,012**	196,036
Non-current liabilities			
Interest-bearing borrowings		**57,000**	78,500
Deferred tax liabilities	*9(b)*	**164,729**	–
Convertible bonds	*17*	**64,262**	–
		285,991	78,500
NET ASSETS		**535,021**	117,536
CAPITAL AND RESERVES			
Share capital	*19*	**33,301**	15,796
Reserves		**258,874**	101,740
Total equity attributable to equity shareholders of the company		**292,175**	117,536
Non-controlling interests		**242,846**	–
Total equity		**535,021**	117,536

The notes on pages 7 to 27 form part of this condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2009

	Share capital RMB'000	Share premium RMB'000	Special reserve RMB'000	Contributed surplus reserve RMB'000	Employee share-based compensation reserve RMB'000	Exchange fluctuation reserve RMB'000	(Accumulated losses)/ retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 April 2009	15,796	206,307	(9,988)	18,689	33,263	30,753	(177,284)	117,536	–	117,536
Acquisition of subsidiaries	–	–	–	–	–	–	–	–	242,846	242,846
Placing and subscription of new shares	6,779	67,599	–	–	–	–	–	74,378	–	74,378
Share issue expenses	–	(2,128)	–	–	–	–	–	(2,128)	–	(2,128)
Conversion of convertible bonds	10,726	119,063	–	–	–	–	–	129,789	–	129,789
Total comprehensive income for the period	–	–	–	–	–	2,317	(29,717)	(27,400)	–	(27,400)
At 30 September 2009	**33,301**	**390,841**	**(9,988)**	**18,689**	**33,263**	**33,070**	**(207,001)**	**292,175**	**242,846**	**535,021**
At 1 April 2008	15,796	206,307	(9,988)	18,689	46,441	28,673	713	306,631	–	306,631
Total comprehensive income for the period	–	–	–	–	–	4,213	(107,058)	(102,845)	–	(102,845)
At 30 September 2008	15,796	206,307	(9,988)	18,689	46,441	32,886	(106,345)	203,786	–	203,786

The notes on pages 7 to 27 form part of this condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2009

	Six months ended 30 September	
	2009	2008
		(Restated)
	RMB'000	RMB'000
Net cash used in operating activities	**(8,369)**	(832)
Net cash generated from investing activities	**394**	29
Net cash generated from/(used in) financing activities	**7,208**	(9,249)
Net decrease in cash and cash equivalents	**(767)**	(10,052)
Cash and cash equivalents at beginning of period	**5,631**	22,384
Effect of foreign exchange rate changes, net	**50**	(244)
Cash and cash equivalents at end of period	**4,914**	12,088
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	**4,914**	12,088

The notes on pages 7 to 27 form part of this condensed consolidated financial statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2009

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, provision of building management services and mining.

2. BASIS OF PRESENTATION AND ACCOUNTING POLICIES

i) Basis of measurement

The company's functional currency was Hong Kong dollar. Following the completion of acquisition of subsidiaries (details as set out in the circular dated 30 June 2009 and the announcement dated 3 August 2009) (note 20), the directors re-examined its functional currency and presentation currency. As a result of this examination, the directors determined to change the functional currency from Hong Kong dollar to Renminbi with effect from 24 July 2009 as a substantial part of the group's business are now conducted in Renminbi. The effect of the change of the functional currency of the company has been accounted for prospectively since 24 July 2009. The comparative figures for the year ended 31 March 2009 and period ended 30 September 2008 have also been restated to change the presentation currency to Renminbi accordingly.

The condensed consolidated financial statements for the six months ended 30 September 2009 have been prepared in accordance with the applicable disclosure provision of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, 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 condensed consolidated financial statements is in conformity with HKAS 34 requiring management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The condensed consolidated financial statements have been prepared in accordance with the same accounting policies adopted in the annual financial statements for the year ended 31 March 2009, except for the adoption of the new Hong Kong Financial Reporting Standards ("HKFRSs") and Hong Kong Accounting Standards ("HKASs") as disclosed in note 3 below. The 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 2009.

2. BASIS OF PRESENTATION AND ACCOUNTING POLICIES *(continued)*

ii) Going concern

The group incurred a loss attributable to equity shareholders of the company of RMB29,717,000 (31 March 2009: approximately RMB190,945,000), net current liabilities of approximately RMB2,991,000 (31 March 2009: approximately RMB6,639,000) and negative operating cash flows of approximately RMB8,369,000 (31 March 2009: approximately RMB914,000).

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 profitable and 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 otherwise to sustain the group as a going concern, the group completed two placings on 20 May 2009 and 6 July 2009, and generated net amount of cash inflow of approximately HK$45,219,000 (equivalent to approximately RMB40,168,000) and HK$36,072,000 (equivalent to approximately RMB32,082,000) respectively.

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 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 financial statements.

3. IMPACT OF NEW AND AMENDED HKFRSs AND HKASs

The group has adopted, for the first time, the following new HKFRSs and HKASs which are effective for the group's financial year beginning on 1 April 2009.

3. IMPACT OF NEW AND AMENDED HKFRSs AND HKASs *(continued)*

HKFRS 8 Operating Segments (effective for annual periods beginning on or after 1 January 2009)

HKFRS 8 requires segment disclosure to be based on the way that the group's chief operating decision maker regards and manages the group, with the amounts reported for each reportable segment being the measures reported to the group's chief operating decision maker for the purposes of assessing segment performance and making decisions about operating matters. This contrasts with the presentation of segment information in prior years which was based on a disaggregation of the group's financial statements into segments based on related product and services and on geographical areas. The adoption of HKFRS 8 has resulted in the presentation of segment information in a manner that is more consistent with internal reporting provided to the group's most senior executive management, and has resulted in additional reportable segments being identified and presented. As this is the first period in which the group has presented segment information in accordance with HKFRS 8, additional explanation has been included in the interim financial report which explains the basis of preparation of the information (see note 4). Corresponding amounts have also been provided on a basis consistent with the revised segment information.

HKAS 1 (Revised) Presentation of Financial Statements (effective for annual periods beginning on or after 1 January 2009)

As a result of the adoption of HKAS 1 (Revised), details of changes in equity during the period arising from transactions with equity shareholders in their capacity as such have been presented separately from all other income and expenses in a revised consolidated statement of changes in equity. All other items of income and expense are presented in the consolidated income statement, if they are recognised as part of profit or loss for the period, or otherwise in a new primary statement, the consolidated statement of comprehensive income. The new format for the consolidated statement of comprehensive income and the consolidated statement of changes in equity has been adopted in this interim financial report and corresponding amounts have been restated to conform to the new presentation. This change in presentation has no effect on reported profit or loss, total income and expense or net assets for any period presented.

The adoption of the following new and revised standards, amendments and interpretations did not have any significant impact on the accounting policies, financial position or performance of the group.

HKFRSs (Amendments)	Improvements to HKFRSs#
HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 23 (Revised)	Borrowing Costs
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligation Arising on Liquidation
HKFRS 1 and HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate

3. IMPACT OF NEW AND AMENDED HKFRSs AND HKASs *(continued)*

HKFRS 2 (Amendments)	Vesting Conditions and Cancellations
HKFRS 7 (Amendments)	Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HK(IFRIC) – Int 9 & HKAS 39 (Amendments)	Reassessment of Embedded Derivatives
HK(IFRIC) – Int 13	Customer Loyalty Programmes
HK(IFRIC) – Int 15	Agreements for the Construction of Real Estate
HK(IFRIC) – Int 16	Hedges of a Net Investment in a Foreign Operation

The group has not early adopted any of the following new and revised standards, amendments or interpretations that have been issued but are not yet effective for the annual periods beginning on 1 April 2009.

HKFRSs (Amendments)	Improvements to HKFRSs 2009[1]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[1]
HKAS 32 (Amendments)	Classification of Right Issues[2]
HKAS 39 (Amendments)	Eligible Hedged Items[1]
HKFRS 1 (Revised)	First-time Adoption of Hong Kong Financial Reporting Standards[1]
HKFRS 3 (Revised)	Business Combinations[1]
HK(IFRIC) – Int 17	Distributions of Non-cash Assets to Owners[1]
HK(IFRIC) – Int 18	Transfers of Assets from Customers[3]

1 Effective for annual periods beginning on or after 1 July 2009
2 Effective for annual periods beginning on or after 1 February 2010
3 Effective for transfers of assets from customers received on or after 1 July 2009

Effective for the financial year beginning on 1 April 2009 except the amendments to HKFRS 5, "Non-current assets held for sale and discontinued operations", which is effective for the financial year beginning on or after 1 July 2009.

3. IMPACT OF NEW AND AMENDED HKFRSs AND HKASs *(continued)*

The adoption of HKFRS 3 (Revised) may affect the group's accounting for business combinations for which the acquisition dates is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009.

HKAS 27 (Revised) will affect the accounting treatment for changes in the group's ownership interest in a subsidiary that do not result in loss of control of the subsidiary. Changes in the group's ownership interest that do not result in loss of control of the subsidiary will be accounted for as equity transaction.

The group is in the process of making an assessment of the impact of these new standards, amendments and interpretations upon initial application but is not yet in a position to state whether these new standards, amendments and interpretations would have a significant impact on the group's results of operations and financial position.

4. SEGMENT REPORTING

The group manages its businesses by business lines. On first-time adoption of HKFRS 8, "Operating Segments" and in a manner consistent with the way in which information is reported internally to the group's most senior executive management for the purposes of resource allocation and performance assessment, the group has identified the following two reportable segments.

i) Properties investment: Rental of investment properties and property management services.

ii) Mining: Exploitation of the mine.

Segment results, assets and liabilities

In accordance with HKFRS 8, segment information disclosed in this interim financial report has been prepared in a manner consistent with the information used by the group's most senior executive management for the purposes of assessing segment performance and allocating resources among segments. In this regard, the group's senior executive management monitors the results and assets attributable to each reportable segment on the following bases:

Segment assets include non-current assets and current assets with the exception of interest in associates and certain assets unallocated to an individual reportable segment.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments.

The reportable segment profit is measured from "adjusted profit from operation" ("adjusted EBITDA") which excluded those items not specifically attributed to an individual reportable segment, such as corporate administrative expenses. To arrive at reportable segment profit, the management additionally provided the segment information concerning interest income, finance costs and major non-cash items such as depreciation, amortisation and impairment losses derived from reportable segments.

Inter-segment revenue are priced with reference to prices charged to external parties for similar orders.

4. SEGMENT REPORTING *(continued)*

Segment results, assets and liabilities *(continued)*

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

	Six months ended 30 September 2009 (Unaudited)			Six months ended 30 September 2008 (Unaudited) (Restated)		
	Properties investment RMB'000	**Mining RMB'000**	**Total RMB'000**	Properties investment RMB'000	Mining RMB'000	Total RMB'000
Revenue from external customers	**3,391**	**–**	**3,391**	11,646	–	11,646
Inter-segment revenue	**–**	**–**	**–**	–	–	–
Reportable segment revenue	**3,391**	**–**	**3,391**	11,646	–	11,646
Reportable segment loss (adjusted EBITDA)	**24,284**	**–**	**24,284**	140,948	–	140,948
Depreciation for the period	**224**	**–**	**224**	175	–	175

	As at 30 September 2009 (Unaudited)			As at 31 March 2009 (Audited) (Restated)		
	Properties investment RMB'000	**Mining RMB'000**	**Total RMB'000**	Properties investment RMB'000	Mining RMB'000	Total RMB'000
Reportable segment assets	**173,905**	**673,602**	**847,507**	212,438	–	212,438
Total assets	**173,905**	**673,602**	**847,507**	212,438	–	212,438
Reportable segment liabilities	**127,957**	**19,800**	**147,757**	94,902	–	94,902
Deferred tax liabilities	**1,999**	**162,730**	**164,729**	–	–	–
Total liabilities	**129,956**	**182,530**	**312,486**	94,902	–	94,902

5. SEASONALITY OF OPERATIONS

The group's business in properties and mining has no specific seasonality factor.

6. TURNOVER

Turnover represents gross rental income and property management services income after elimination of all intra-group transactions.

	Six months ended 30 September	
	2009	2008
	(Unaudited)	(Unaudited)
		(Restated)
	RMB'000	RMB'000
Turnover		
Gross rental income	**3,391**	9,977
Property management services income	**–**	1,669
	3,391	11,646

7. OTHER REVENUE

	Six months ended 30 September	
	2009	2008
	(Unaudited)	(Unaudited)
		(Restated)
	RMB'000	RMB'000
Interest income	**11**	42
Total interest income on financial assets not at fair value through profit or loss	**11**	42
Sundry income	**10**	214
	21	256

8. LOSS BEFORE TAXATION

The group's loss before taxation is arrived at after charging/(crediting):

	Six months ended 30 September 2009 (Unaudited) RMB'000	2008 (Unaudited) (Restated) RMB'000
a) Finance costs		
Interest on bank loans wholly repayable over five years	**2,523**	4,249
Interest on bank overdrafts wholly repayable within five years	**10**	–
Interest on convertible bonds	**677**	–
	3,210	4,249
b) Other items		
Staff costs (including directors' remuneration)		
– Wages, salaries and other benefits	**2,200**	2,435
– Pensions scheme contribution	**38**	40
	2,238	2,475
Depreciation	**224**	175
Minimum lease payments under operating leases for land and buildings (including director's quarter)	**1,172**	824
Auditors' remuneration	**60**	216
Valuation (gains)/deficit of investment properties	**(8,146)**	145,178
Fair value adjustments for trading securities	**–**	101
Fair value deficit on convertible bonds	**13,395**	–
Loss on disposal of investment property	**10,362**	–

9. INCOME TAX

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

	Six months ended 30 September 2009 (Unaudited) RMB'000	2008 (Unaudited) (Restated) RMB'000
Deferred tax		
(Charge)/reversal for the period	**(1,999)**	38,314
Tax (expense)/credit	**(1,999)**	38,314

Note:

i) Hong Kong profits tax

Hong Kong profits tax is not provided for the period as the group has no estimated assessable profits for the period (2008: Nil).

ii) 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 is approximately RMB1,999,000 (2008: approximately reversal of RMB38,314,000).

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

	At 30 September 2009 (Unaudited) RMB'000	At 31 March 2009 (Audited) (Restated) RMB'000
Balance brought forward	**–**	54,487
Arising from acquisition of subsidiaries (note 20)	**162,730**	–
Deferred tax charged/(credited) to the income statement	**1,999**	(54,487)
	164,729	–

10. DIVIDENDS

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

11. LOSS PER SHARE

The calculation of basic loss per share is based on the following data:

	Six months ended 30 September	
	2009	2008
	(Unaudited)	(Unaudited) (Restated)
	RMB'000	RMB'000
Loss for the purpose of basic loss per shares attributable to equity shareholders of the company	**(29,717)**	(107,058)

	Number of ordinary shares	Number of ordinary shares
Weighted average number of ordinary shares for basic loss per share	**2,457,612,304**	1,763,698,191

Diluted loss per share for the period ended 30 September 2009 and 2008 have not been disclosed as the impact of the potential ordinary shares was anti-dilutive.

12. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2009, the group acquired plant and equipment at a cost of approximately RMB1,887,000 (31 March 2009: approximately RMB12,000).

13. INVESTMENT PROPERTIES

All of the group's investment properties were revalued on 30 September 2009 and 31 March 2009 by Castores Magi (Hong Kong) Limited, an independent professional valuer, who has appropriate qualification and experience in the valuation of properties in the relevant locations, on a market value basis, after taking into consideration the net rental income receivable from the existing tenancies and the reversionary rental income potential where appropriate.

On 22 June 2009, a subsidiary of the company entered into a sale and purchase agreement with the independent third parties relating to the disposal of the investment property for an aggregate consideration of RMB40.0 million (equivalent to approximately HK$45.5 million).

13. INVESTMENT PROPERTIES *(continued)*

The investment properties were mortgaged to the Bank of Shanghai as part of the security for bank loan. The subsidiary applied the proceeds from the disposal to repay part of the outstanding of bank loan of RMB30.5 million and procured the release the mortgage upon the completion of the transaction. The property was sold free of encumbrances. Part of the consideration of RMB30.5 million (equivalent to approximately HK$34.7 million) was paid to the Bank of Shanghai directly to settle part of the secured bank loan of the group and the remaining balance of RMB9.5 million (equivalent to approximately HK$10.8 million) was received in cash by the subsidiary.

The fair value of the investment properties were approximately RMB161,765,000 on 30 September 2009 (31 March 2009: approximately RMB201,678,000).

14. INTANGIBLE ASSET

	RMB'000
Cost	
Acquisition from subsidiaries (note 20)	656,519
At 30 September 2009	656,519
Net book value	
At 30 September 2009 (unaudited)	656,519
At 31 March 2009	–

a) Intangible asset represents the right to explore a mine held by the group.

b) The exploration right is stated at cost less impairment losses.

15. GOODWILL

	(Unaudited) RMB'000
Cost and carrying amount	
Acquisition of subsidiaries (note 20)	2,861
At 30 September 2009 (Unaudited)	2,861

15. GOODWILL *(continued)*

The recoverable amount to the cash-generating unit ("CGU") is determined on value in use calculations. These calculations use cash flow projections based on the financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. The growth rate does not exceed the long-term average growth rate for the business in which the CGU operates.

Key assumptions used for value in use calculations:

	Mining CGU **30 September 2009** %
– Growth rate	–
– Discount rate	13.85

Management determined the budgeted operating profit margin based on past performance and its expectation for market development. The discount rates used are pre-tax and reflect specific risks relating to the relevant segment.

The goodwill of approximately RMB2,861,000 was arising on the acquisition of 100% interest in Main Pacific Group Limited ("Main Pacific"), which holds 51% indirect interest in a mining company in Inner Mongolia of the PRC. In September 2009, the recoverable amount of mining CGU is higher than its carrying amount based on value in use calculations. Accordingly, no impairment loss is recognised for the period.

Management believes that any reasonably possible change in the key assumptions on which recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the mining CGU.

16. TRADE AND OTHER RECEIVABLES

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

	At 30 September 2009 (Unaudited) RMB'000	At 31 March 2009 (Audited) (Restated) RMB'000
Within 3 months past due	**917**	2,571
More than 3 months but less than 6 months past due	**–**	373
More than 6 months past due	**1,386**	–
Trade receivables	**2,303**	2,944
Other receivables	**13,884**	–
Prepayment and deposits	**2,318**	1,104
	18,505	4,048

17. CONVERTIBLE BONDS

On 27 July 2009, the company issued convertible bonds with principal amount of HK$260 million (equivalent to approximately RMB231,140,000) which bears interest at 3% per annum payable annually in arrears. The bondholder has the option to convert the bonds into fully paid shares at HK$0.2 per share at any time within three years from the date of issue. Apart from the adjustments upon occurrence of the usual adjustment events, the conversion price of the convertible bonds can be reset (if necessary) 12 times (i.e. on the last business day of each month) in each calendar year before the date of its maturity in the event that the average closing price of the shares as quoted on the Stock Exchange for the last three consecutive trading days up to and including the Reset Date (the "Reset Price") is lower than the conversion price of the convertible bonds. When such situation takes place, the conversion price of the convertible bonds will be adjusted downwards to the Reset Price with effect from the next trading day, and in any case the reset conversion price should not be less than the par value of the share of HK$0.01 each.

17. CONVERTIBLE BONDS *(continued)*

The average closing price of the shares of the company for the last three consecutive trading days of July 2009 was HK$0.121 per share, which was lower than the initial conversion price of HK$0.20. Therefore, the conversion price of the convertible bonds was reset to HK$0.121 per share with effect from 3 August 2009.

The company may at any time before the maturity date with the consent of the holder(s) of the convertible bonds redeem in whole or in part the convertible bonds. Unless previously converted, purchased and cancelled, the company shall pay the outstanding principal amount under the convertible bonds by cash on the date of maturity of the convertible bonds.

The convertible bonds were recognised as follows:

	(Unaudited) RMB'000
At date of issue at fair value	212,665
Redemption of convertible bonds	(32,004)
Conversion of convertible bonds	(129,794)
Fair value deficit (note 8(b))	13,395
At 30 September 2009	64,262

18. SHARE OPTIONS

During the six months ended 30 September 2009, no share option has been granted under the option scheme.

19. SHARE CAPITAL

	At 30 September 2009		At 31 March 2009	
	No. of share	**Amount**	No. of share	Amount
		(Unaudited)		(Audited)
				(Restated)
		RMB'000		RMB'000
Authorised				
Beginning of period/year	**3,500,000,000**	**31,346**	3,500,000,000	31,346
Increase during the period/year (note i)	**26,500,000,000**	**235,650**	–	–
At the end of period/year	**30,000,000,000**	**266,996**	3,500,000,000	31,346

	At 30 September 2009 (Unaudited) RMB'000	At 31 March 2009 (Audited) (Restated) RMB'000
Issued and fully paid		
At the beginning of period/year	**15,796**	15,796
Issue of new shares (note ii)	**3,109**	–
Issue of new shares (note iii)	**3,670**	–
Conversion of convertible bonds (note iv)	**10,726**	–
At the end of period/year	**33,301**	15,796

i) By an ordinary resolution passed at a special general meeting held on 16 July 2009, the company's authorised share capital was increased to HK$300,000,000 (equivalent to approximately RMB266,996,000) by the creation of an additional 26,500,000,000 ordinary shares of HK$0.01 each.

19. SHARE CAPITAL *(continued)*

ii) On 22 May 2009, Ms. Yu Wai Fong ("Ms. Yu"), the company and Get Nice Securities Limited (the "Placing Agent") entered into a placing and subscription agreement pursuant to which the Placing Agent agreed to place 350,000,000 placing shares at the placing price of HK$0.133 per placing share to not less than six independent places. In addition, Ms. Yu also agreed to subscribe for and the company agreed to issue a total of 350,000,000 subscription shares at a price of HK$0.133 per subscription share. The net proceeds of the share subscription, after reduction of the relevant expenses, are approximately HK$45,100,000 (equivalent to approximately (RMB40,168,000).

iii) On 6 July 2009, Ms. Yu, the company and the Placing Agent entered into a placing and subscription agreement pursuant to which the Placing Agent agreed to place 412,600,000 placing shares at the placing price of HK$0.09 per placing share to not less than six independent places. In addition, Ms. Yu also agreed to subscribe for and the company agreed to issue a total of 412,600,000 subscription shares at a price of HK$0.09 per subscription share. The net proceeds of the share subscription, after deduction of the relevant expenses, are approximately HK$36,072,000 (equivalent to approximately RMB32,082,000).

iv) During the period ended 30 September 2009, 1,206,611,570 ordinary shares of HK$0.01 each were issued pursuant to the exercise of the conversion rights attaching to the Company's convertible bonds at a conversion price of HK$0.121 per share.

20. ACQUISITION OF SUBSIDIARIES

On 4 June 2009, the company entered into sale and purchase agreement with an independent third party, Gold Trinity Limited, for the acquisition of entire equity interest in Main Pacific at a consideration of HK$300 million. Main Pacific owns 51% indirect interest in a mining business. The completion date of the agreement was 24 July 2009, which is also the acquisition date for accounting purposes.

Of the total consideration of HK$300 million (equivalent to RMB266,700,000), HK$40 million (equivalent to RMB35,560,000) was satisfied by cash and HK$260 million (equivalent to RMB231,140,000) was satisfied by the issue of the convertible bonds. The fair value of the convertible bonds at the completion date was HK$239 million (equivalent to RMB212,665,000).

Main Pacific is an investment holding company incorporated in the British Virgin Islands and owns a 51% interest in a mining business.

20. ACQUISITION OF SUBSIDIARIES *(continued)*

The net assets acquired in the transaction, and the provisional goodwill arising, are as follows:

	Acquiree's carrying amount before combination RMB'000	**Provisional fair value adjustments** RMB'000	**Provisional fair value** RMB'000
Net assets acquired:			
Property, plant and equipment	222	–	222
Intangible asset	5,600	650,919	656,519
Trade and other receivables	13,865	–	13,865
Bank balances and cash	134	–	134
Trade and other payables	(18,718)	–	(18,718)
Amounts due to non-controlling interests	(1,082)	–	(1,082)
Non-controlling interests	(3,634)	(239,212)	(242,846)
Deferred taxation	–	(162,730)	(162,730)
Net assets acquired	(3,613)	248,977	245,364
Provisional goodwill			2,861
Total consideration			248,225
Total consideration satisfied by:			
Cash			35,560
Convertible bonds			212,665
			248,225
Net cash outflow of cash and cash equivalents in respect of acquisition of subsidiaries:			
Cash consideration paid			(35,560)
Bank balances and cash acquired			134
			(35,426)

20. ACQUISITION OF SUBSIDIARIES *(continued)*

Provisional goodwill arising on acquisition

	RMB'000
Consideration transferred	248,225
Plus: non-controlling interests	242,846
Less: fair value of identifiable net assets acquired	(488,210)
Provisional goodwill arising on acquisition	2,861

The provisional goodwill is attributable to the acquired management expertise, the profitability and the synergies expected to arise from the acquired businesses. None of the provisional goodwill recognised is expected to be deductible for income tax purposes.

The acquired subsidiaries contributed approximately nil to the group's turnover and profit of approximately nil to the group's loss before taxation for the period between the date of acquisition and the balance sheet date.

The initial accounting for the acquisition of Main Pacific involve identifying and then determining the fair values to be assigned to the identifiable assets, liabilities and contingent liabilities and the cost of the business combination. The initial accounting for the acquisition has been determined provisionally by 30 September 2009 awaiting for the finalisation of identification of and fair values of identifiable assets and liabilities of Main Pacific. Hence, the provisional goodwill may comprise certain identifiable intangible assets and may be subject to further changes upon finalisation of initial accounting.

If the acquisition had been completed on 1 April 2009, total group revenue for the period would have been nil and loss for the year would have been approximately RMB3,789,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the group that actually would have been achieved had the acquisition been completed on 1 April 2009, nor is it intended to be a projection of future results.

21. RELATED PARTY TRANSACTIONS

The group had the following transactions with related parties during the period:

a) Key management personnel remuneration

The key management personnel of the group are the directors of the company. The remuneration of directors during the six months ended 30 September 2009 was as follows:

	Six months ended 30 September	
	2009	2008
	(Unaudited)	(Unaudited) (Restated)
	RMB'000	RMB'000
Salaries and other benefits	**822**	763
Contribution to retirement benefit scheme	**11**	11
	833	774

b) Other related party transactions

There was no other related party transaction during the six months ended 30 September 2009 (2008: Nil).

22. COMMITMENTS

a) Capital commitments

As at the balance sheet date, the group had the following commitments:

	At 30 September 2009	At 31 March 2009
	(Unaudited)	(Audited) (Restated)
	RMB'000	RMB'000
Investment amounts of the mining company		
– Contracted for but not provided for	**15,300**	–

22. COMMITMENTS *(continued)*

b) Operating lease commitments

i) The group as lessor:

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

	At 30 September 2009 (Unaudited) RMB'000	At 31 March 2009 (Audited) (Restated) RMB'000
Within one year	**7,436**	16,253
In the second to fifth years, inclusive	**31,550**	54,145
Over five years	**19,832**	24,011
	58,818	94,409

ii) The group as lessee:

At the balance sheet date, the group had total future minimum lease payments under the non-cancellable operating lease falling due as follows:

	At 30 September 2009 (Unaudited) RMB'000	At 31 March 2009 (Audited) (Restated) RMB'000
Within one year	**1,497**	2,859
In the second to fifth years, inclusive	**–**	1,301
Over five years	**–**	–
	1,497	4,160

23. CHARGES ON GROUP'S ASSETS

The group's investment properties situated in Shanghai, mainland China are all rented out and RMB161,765,000 (31 March 2009: RMB108,954,000) of the group's investment properties have been pledged to a bank to secure credit facilities granted to the group.

24. 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 approximately RMB36 million (equivalent to approximately HK$40 million) being the economic loss suffered by the company together with interest and legal cost. 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.

25. NON-ADJUSTING POST BALANCE SHEET EVENTS

a) On 14 August 2009, the company entered into the Memorandum of Understanding ("MOU") and will in turn be indirectly interested in 90% of Morichal Sinoco S.A. ("MSSA"). MSSA is a company incorporated under the laws of Venezuela and has the rights to explore and produce hydrocarbons in the block VMM-17 (located at around 100 kilometers to the northwest of Bogota, Colombia), and to the benefits of the production of the hydrocarbons. The company has appointed the necessary professional parties to conduct the preliminary due diligence review in relation to the possible acquisition. Up the date of this interim report, no sale and purchase agreement in relation to the possible acquisition is entered. Details of which are set out in the announcements of the company dated 18 August 2009 and 16 November 2009 respectively.

b) On 15 August 2009, the company entered into the placing agreement (the "placing agreement") with Cheong Lee Securities Limited (the "placing agent") pursuant to which the placing agent has conditionally agreed to procure, on a best effort basis, the independent placees to subscribe in cash for the 2-year zero coupon convertible redeemable bonds in the maximum principal amount of HK$600 million (equivalent to approximately RMB533.4 million) (the "zero coupon convertible bonds"). The placing agreement was approved by the shareholders of the company by way of poll at the special general meeting (the "SGM") on 21 September 2009. There was no zero coupon convertible bonds being issued under the placing agreement up to the period ended 30 September 2009. If the listing committee of the Stock Exchange granting or agreeing to grant permission to deal in and listing of the shares which may fall to be issue upon exercise of the subscription rights attaching to the placing convertible bonds is not fulfilled by 180 days after the SGM on 21 September 2009, the obligations and liabilities of the company and the placing agent under the agreement shall be null and void.

26. COMPARATIVE FIGURES

As a result of the application of HKAS 1 (Revised), Presentation of financial statements, and HKFRS 8, Operating segments, certain comparative figures have been adjusted to conform to current period's presentation and to provide comparative amounts in respect of items disclosed for the first time in 2009. Further details of these developments are disclosed in note 3.

27. APPROVAL OF INTERIM FINANCIAL REPORT

The interim financial report was approved and authorised for issue by the board on 28 December 2009.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

During the period under review, the group continued to engage in the properties investment business in the People's Republic of China ("**PRC**"). As at 30 September 2009, the aggregate gross floor area of the investment properties being held by the group was approximately 7,004 square meters, all of which were leased to third parties under operating leases with lease terms ranging from one year to ten years. During the period under review, the group disposed one of its investment properties located in the whole of basement level one and ground level of the commercial unit situated at Nos. 277 and 289 Lan Xi Road, Putuo District, Shanghai, the PRC. Such disposal provides a good opportunity for the company to realise part of the investment and to strengthen the cash position and provide immediate cash flow for the group. Details of the disposal were set out in the circular of the company dated 14 July 2009.

On 4 June 2009, the company (as the purchaser) entered into a sale and purchase agreement between Gold Trinity International Limited (as the vendor) to purchase the entire issued share capital of the Main Pacific Group Limited at the consideration of HK$300 million for acquiring 51% indirect interest in a mining company in Inner Mongolia of the PRC (the "**Acquisition**"). The mining company holds a mining license under which the mining company has the right to conduct mining and exploitation works for copper and molybdenum in the mine located at Keshi Ketengqi Sanyixiang, Yongsheng Cun, Jingpeng Zhen, Chifeng City, Inner Mongolia, the PRC. The Acquisition was completed on 24 July 2009. Details of which are set out in the circular of the company dated 30 June 2009. The mining company has not yet contributed any operational revenue to the group for the period under review.

On 14 August 2009, the company (as the purchaser) entered into the memorandum of understanding for the proposed acquisition of the entire interest in World Petroleum Inc., a company which will in turn be indirectly interested in 90% of Morichal Sinoco S.A. ("MSSA"). MSSA is a company incorporated under the laws of Venezuela and has the rights to explore and produce hydrocarbons in the block VMM-17 (located at around 100 kilometers to the northwest of Bogota, Colombia), and to the benefits of the production of the hydrocarbons ("**Possible Acquisition**"). The company has appointed the necessary professional parties to conduct the preliminary due diligence review in relation to the Possible Acquisition. Up the date of this interim report, no sales and purchase agreement in relation to the Possible Acquisition is entered. Details of which are set out in the announcements of the company dated 18 August 2009 and 16 November 2009 respectively.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

Financial Review

For the period under review, the group's turnover was approximately RMB3.4 million (2008: approximately RMB11.6 million), representing an decrease of approximately 70.9% compared with the same period last year. The decrease in turnover was mainly due to the disposal of one of the investment properties in Shanghai and termination of certain property management service contracts during the period. The unaudited net loss for the period under review was approximately RMB29.7 million and the loss per share for was RMB1.21 cents (2008: RMB6.07 cents). The loss for the period was mainly attributable to the loss on disposal of an investment property of the group and change of fair value on convertible bonds issued by the company.

The administrative expenses of the group for the period amounted to approximately RMB11.1 million, representing an increase of approximately 66% compared with the same period last year, of which such increase was mainly attributable to the professional fees in relation to the Acquisition. The finance costs of the group amounted to approximately RMB3.2 million which was incurred for the bank loans under the security of investment properties in Shanghai and the interest on convertible bonds.

Liquidity and Financial Resources

As at 30 September 2009, the group's net current liabilities were approximately RMB3.0 million (at 31 March 2009: net current liabilities approximately RMB6.6 million), including cash and bank balance of approximately RMB4.9 million (at 31 March 2009: approximately RMB5.6 million).

The group had bank borrowings of RMB60.0 million as at 30 September 2009 (at 31 March 2009: RMB90.5 million). The borrowings were bank loans under security, of which 2.5% were due within one year from balance sheet date, 5.0% were due more than one year but not exceeding two years, 20.0% were due more than two years but not exceeding five years and 72.5% were due more than five years. The gearing ratio, defined as the percentage of total bank borrowings and debts to the total equity, was approximately 23% (at 31 March 2009: 77%).

Investment Position

The group did not have any significant investment position in stocks, bonds and other financial derivatives as at 30 September 2009.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

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.

Capital Structure

The company issued redeemable convertible bonds with a nominal value of HK$260 million (equivalent to approximately RMB231.1 million) during the period ended 30 September 2009. Details of which are set out in note 17 to the Condensed Consolidated Financial Statements.

On 15 August 2009, the company entered into the placing agreement (the "**Placing Agreement**") with Cheong Lee Securities Limited (the "**Placing Agent**") pursuant to which the Placing Agent has conditionally agreed to procure, on a best effort basis, the independent placees to subscribe in cash for the 2-year zero coupon convertible redeemable bonds in the maximum principal amount of HK$600 million (equivalent to approximately RMB533.4 million) (the "**Zero Coupon Convertible Bonds**"). The Placing Agreement was approved by the shareholders of the company by way of poll at the special general meeting on 21 September 2009. There was no Zero Coupon Convertible Bonds being issued under the Placing Agreement up to the period ended 30 September 2009.

Charges on Group's Assets

As at 30 September 2009, the group's investment properties with a value of approximately RMB161.8 million were pledged to secure general banking facilities granted to Shanghai Xiang Chen Hang Place The Industry Co. Limited, the wholly-owned subsidiary of the group.

Contingent Liabilities

As at 30 September 2009, the group does not have any material contingent liability (2008: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

Acquisition and Disposal of Subsidiaries

On 4 June 2009, the company (as the purchaser) entered into a sale and purchase agreement between Gold Trinity International Limited (as the vendor) to purchase the entire issued share capital of the Main Pacific Group Limited at the consideration of HK$300 million (equivalent to approximately RMB266.7 million) (the "**Acquisition**") and the Acquisition was completed on 24 July 2009. Further details of which are set out in the circular of the company dated 30 June 2009.

Employees

As at 30 September 2009, the group had 28 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

The recent turnaround of property market in the PRC helps to improve the market sentiment. The group will continue with its existing businesses in property investment in the PRC. On the other hand, we expected that demand for nonferrous metals will increase in the long run. It will be beneficial for the group to penetrate into the non-ferrous metals industry as an alternative investment opportunity to diversify the existing business portfolio of the group and to broaden the group's income source.

Going forward, the group will continue to look for other investment opportunities in any other steam in the long run so as to broaden the source of income of the group and diversify the group's business portfolio.

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 2009.

DIRECTORS' INTEREST AND SHORT POSITIONS IN SHARES

As at 30 September 2009, the interests and short positions of the directors of the company in the share capital 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 Companies (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	512,630,358	13.73%

Save as disclosed above, as at 30 September 2009, 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 27 to the financial statements of the company as at 31 March 2009, 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 2009, 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 issued share capital of the company, were recorded in the register kept by the company under section 336 of the SFO:

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	512,630,358	13.73%
Gold Trinity International Limited *(note)*	Beneficial owner	1,377,384,669	36.90%
Han Wei	Interest of a controlled corporation	1,377,384,669	36.90%

Note: Gold Trinity International Limited is wholly-owned by Mr. Han Wei.

Save as disclosed above, as at 30 September 2009, no other interest or short position in the share of the company were recorded in register required to be kept under section 336 of the SFO.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The company has adopted the Model Code for Securities Transactions by directors (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 with the directors, all directors confirmed that they had compiled with the required standards as set out in the Model Code throughout the period.

CORPORATE GOVERNANCE

The company has complied with the code provisions as set out in the Code of Corporate Governance Practice in Appendix 14 of the Listing Rules throughout the six months ended 30 September 2009, except for the deviation from the requirement of code provision A.2.1 as follows.

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.

AUDIT COMMITTEE

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

The Audit Committee has regularly reviewed with the management the accounting principles and policies adopted by the group. The results of the group for the six months ended 30 September 2009 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
Yu Wai Fong
Chairman

Hong Kong, 28 December 2009