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 2014

* For identification purposes only

CORPORATE INFORMATION

BOARD OF DIRECTORS

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

Non-Executive Director
Yu Wai Fong

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

COMPANY SECRETARY

Yip Yuk Sing

AUTHORISED REPRESENTATIVES

Yu Wai Fong
Yip Yuk Sing

AUDITOR

Crowe Horwath (HK) CPA Limited

LEGAL ADVISER

Li, Wong, Lam & W.I. Cheung

REGISTERED OFFICE

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HONG KONG SHARE REGISTRAR

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WEBSITE

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STOCK CODE

736

PRINCIPAL BANKERS

ICBC (Asia)
Wing Lung Bank

The board (the "board") of directors (the "directors") of China Properties Investment Holdings Limited (the "company") hereby announces the unaudited condensed consolidated interim results of the company and its subsidiaries (together the "group") for the six months ended 30 September 2014, together with the comparative figures of the corresponding period last year as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2014

	Note	Six months ended 30 September 2014 (Unaudited) RMB'000	2013 (Unaudited) RMB'000
Turnover	6	**5,024**	3,272
Cost of sales		**(837)**	(1,091)
Gross profit		**4,187**	2,181
Valuation gain on investment properties		**8,129**	9,257
Other revenue	7(a)	**3,730**	682
Other net income	7(b)	**1,365**	1
Administrative expenses		**(23,904)**	(22,895)
Exploration and development expenses of mine		**(212)**	(241)
Other operating expenses	8(d)	**(398)**	(7,579)
Loss from operations		**(7,103)**	(18,594)
Finance costs	8(a)	**(5,486)**	(1,999)
Share of loss of an associate		**(272)**	–
Loss before taxation	8	**(12,861)**	(20,593)
Income tax	9(a)	**(1,969)**	(2,399)
Loss for the period		**(14,830)**	(22,992)
Attributable to:			
Owners of the company		**(14,652)**	(22,331)
Non-controlling interests		**(178)**	(661)
Loss for the period		**(14,830)**	(22,992)
		RMB	*RMB*
Loss per share			
– Basic	11(a)	**(0.02)**	(0.05)
– Diluted	11(b)	**(0.02)**	(0.05)

The notes on pages 7 to 44 form part of this condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2014

	Six months ended 30 September	
	2014	2013
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Loss for the period	**(14,830)**	(22,992)
Other comprehensive loss for the period		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of:		
– financial statements of group entities outside the PRC	**(242)**	(2,694)
– financial statements of an associate	**(1)**	–
Total other comprehensive loss for the period, net of nil tax	**(243)**	(2,694)
Total comprehensive loss for the period	**(15,073)**	(25,686)
Attributable to:		
Owners of the company	**(14,895)**	(25,025)
Non-controlling interests	**(178)**	(661)
Total comprehensive loss for the period	**(15,073)**	(25,686)

The notes on pages 7 to 44 form part of this condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2014

	Note	30/9/2014 (Unaudited) RMB'000	31/3/2014 (Audited) RMB'000
Non-current assets			
Plant and equipment	12	**5,792**	7,351
Investment properties	13	**186,001**	177,872
Intangible assets	14	**104,599**	100,000
Goodwill		**3,793**	–
Deposit for acquisition of subsidiaries	15	**–**	97,845
Interest in an associate	16	**8,847**	9,119
		309,032	392,187
Current assets			
Trade and other receivables	17	**12,049**	5,561
Trading securities		**122**	138
Promissory notes receivables	18	**97,648**	–
Cash and cash equivalents	19	**88,480**	30,645
		198,299	36,344
Current liabilities			
Other payables and accruals		**12,474**	20,753
Interest-bearing bank borrowings		**5,000**	5,000
Current taxation		**122**	44
		17,596	25,797
Net current assets		**180,703**	10,547
Total assets less current liabilities		**489,735**	402,734
Non-current liabilities			
Other payables and accruals		**192**	264
Interest-bearing bank borrowings		**36,000**	38,500
Deferred tax liabilities	9(b)	**8,817**	6,025
Convertible bonds and warrants	20	**23,103**	–
Unconvertible bonds	21	**15,852**	15,884
Promissory notes payables	22	**–**	7,862
		83,964	68,535
NET ASSETS		**405,771**	334,199
EQUITY			
Equity attributable to owners of the company			
Share capital	23	**36,260**	14,456
Reserves		**360,226**	310,743
		396,486	325,199
Non-controlling interests		**9,285**	9,000
TOTAL EQUITY		**405,771**	334,199

The notes on pages 7 to 44 form part of this condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2014

	Attributable to owners of the company								
	Share capital RMB'000	Share premium RMB'000	Special reserve RMB'000	Contribution reserve RMB'000	Exchange fluctuation reserve RMB'000	Accumulated losses RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 April 2013	10,941	975,848	(56,225)	–	21,746	(516,049)	436,261	16,604	452,865
Placing and subscription of new shares	2,575	9,255	–	–	–	–	11,830	–	11,830
Share issues expenses	–	(289)	–	–	–	–	(289)	–	(289)
Total comprehensive loss for the period	–	–	–	–	(2,694)	(22,331)	(25,025)	(661)	(25,686)
At 30 September 2013 (Unaudited)	13,516	984,814	(56,225)	–	19,052	(538,380)	422,777	15,943	438,720
At 1 April 2014	**14,456**	**987,076**	**(56,225)**	**–**	**19,344**	**(639,452)**	**325,199**	**9,000**	**334,199**
Conversion of convertible bonds	**21,466**	**38,578**	**–**	**–**	**–**	**–**	**60,044**	**–**	**60,044**
Exercise of bonus warrants	**338**	**5,778**	**–**	**–**	**–**	**–**	**6,116**	**–**	**6,116**
Acquisition of subsidiaries	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**463**	**463**
Deemed contribution arising from the fair value change of warrants	**–**	**–**	**–**	**20,022**	**–**	**–**	**20,022**	**–**	**20,022**
Total comprehensive loss for the period	**–**	**–**	**–**	**–**	**(243)**	**(14,652)**	**(14,895)**	**(178)**	**(15,073)**
At 30 September 2014 (Unaudited)	**36,260**	**1,031,432**	**(56,225)**	**20,022**	**19,101**	**(654,104)**	**396,486**	**9,285**	**405,771**

The notes on pages 7 to 44 form part of this condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2014

	Six months ended 30 September	
	2014	2013
	RMB'000	RMB'000
Net cash used in operating activities	**(33,288)**	(20,726)
Net cash (used in)/generated from investing activities	**(12,563)**	320
Net cash generated from financing activities	**103,866**	7,810
Net increase/(decrease) in cash and cash equivalents	**58,015**	(12,596)
Cash and cash equivalents at beginning of period	**30,645**	21,308
Effect of foreign exchange rate changes, net	**(180)**	(316)
Cash and cash equivalents at end of period	**88,480**	8,396
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	**88,480**	8,396

The notes on pages 7 to 44 form part of this condensed consolidated financial statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2014

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, investing in mining activities and provision of educational support services.

2. BASIS OF PRESENTATION

i) Basis of Preparation of Financial Information

The unaudited condensed consolidated financial statements for the six months ended 30 September 2014 have been prepared in accordance with the applicable disclosure provision of the Rules Governing the Listing of Securities on the Stock Exchange, including compliance with Hong Kong Accounting Standard 34 "Interim Financial Reporting"("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The preparation of the unaudited condensed consolidated financial statements is in conformity with HKAS 34 requiring management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The unaudited condensed consolidated financial statements have been prepared in accordance with the same accounting policies adopted in the annual financial statements for the year ended 31 March 2014, except for the adoption of the new Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards as disclosed in note 3 below. The unaudited condensed consolidated financial statements do not include all the information and disclosures required for an annual financial statements, and should be read in conjunction with the financial statements of the group for the year ended 31 March 2014.

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

2. BASIS OF PRESENTATION *(continued)*

i) Basis of Preparation of Financial Information *(continued)*

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

- investment properties
- trading securities
- convertible bonds and warrants

This unaudited condensed consolidated interim financial information for the period ended 30 September 2014 comprise the company and its subsidiaries.

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

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

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-financial Assets
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting
HK (IFRIC) – Int 21	Levies

The group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

4. SEGMENT REPORTING

Operating segments are identified on the basis of internal reports which provides information about components of the group. These information are reported to and reviewed by the board of directors, chief operating decision maker ("CODM") for the purposes of resource allocation and performance assessment.

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

4. SEGMENT REPORTING *(continued)*

i) Properties investment

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

ii) Investing in mining activities

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

iii) Educational support services

The educational support services reportable segment derives its revenue from the provision of students referral services to overseas schools, overseas education counseling and schools enrolling services of students.

No reportable operating segment has been aggregated.

a) Segment results, assets and liabilities

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

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

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

The revenue from external parties reported to the CODM is measured in a manner consistent with that in the statement of profit or loss.

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

4. SEGMENT REPORTING *(continued)*

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

Information regarding the group's reportable segments as provided to the group's CODM for the purposes of resources allocation and assessment of segment performance for the periods ended 30 September 2014 and 2013 is set out below.

	Six months ended 30 September 2014 (Unaudited)				Six months ended 30 September 2013 (Unaudited)		
	Properties investment RMB'000	**Investing in mining activities RMB'000**	**Educational support services RMB'000**	**Total RMB'000**	Properties investment RMB'000	Investing in mining activities RMB'000	Total RMB'000
Revenue from external customers	**4,369**	**–**	**655**	**5,024**	3,272	–	3,272
Reportable segment revenue	**4,369**	**–**	**655**	**5,024**	3,272	–	3,272
Reportable segment profit/(loss) before taxation	**6,690**	**(2,072)**	**181**	**4,799**	3,429	(7,944)	(4,515)
Interest income on bank deposits	**1**	**–**	**–**	**1**	1	–	1
Depreciation	**(315)**	**(889)**	**(10)**	**(1,214)**	(331)	(1,613)	(1,944)
Income tax (expenses)/credit	**(2,032)**	**–**	**63**	**(1,969)**	(2,314)	–	(2,314)
Finance costs	**(1,800)**	**(10)**	**–**	**(1,810)**	(1,800)	–	(1,800)
Exploration and development expenses of mine	**–**	**(212)**	**–**	**(212)**	–	(241)	(241)
Valuation gain on investment properties	**8,129**	**–**	**–**	**8,129**	9,257	–	9,257
Impairment loss of rental receivables	**–**	**–**	**–**	**–**	(2,302)	–	(2,302)
Amortisation of intangible assets	**–**	**–**	**(382)**	**(382)**	–	–	–
Impairment loss of intangible assets	**–**	**–**	**–**	**–**	–	(5,000)	(5,000)
Compensation for early termination of operating lease	**–**	**–**	**–**	**–**	(277)	–	(277)

4. SEGMENT REPORTING *(continued)*

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

	As at 30 September 2014 (Unaudited)				As at 31 March 2014 (Audited)		
	Properties investment RMB'000	Investing in mining activities RMB'000	Educational support services RMB'000	Total RMB'000	Properties investment RMB'000	Investing in mining activities RMB'000	Total RMB'000
Reportable segment assets	191,393	112,634	5,715	309,742	181,266	105,472	286,738
Additions to non-current assets during the period/year	17	–	–	17	5	2,397	2,402
Reportable segment liabilities	46,981	4,137	6	51,124	53,459	5,874	59,333
Current taxation	–	–	78	78	–	–	–
Deferred tax liabilities	8,057	–	760	8,817	6,025	–	6,025
Total liabilities	55,038	4,137	844	60,019	59,484	5,874	65,358

4. SEGMENT REPORTING *(continued)*

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

	Six months ended 30 September 2014 (Unaudited) RMB'000	2013 (Unaudited) RMB'000
(i) Revenue		
Total reportable segments' revenue	**5,024**	3,272
Elimination of inter-segment revenue	**–**	–
Consolidated turnover	**5,024**	3,272
(ii) Profit/(loss)		
Total reportable segments' profit/(loss)	**4,799**	(4,515)
Share of loss of an associate	**(272)**	–
Unallocated corporate income	**1,371**	12
Depreciation	**(405)**	(395)
Interest income	**3,308**	632
Finance costs	**(3,676)**	(199)
Unallocated corporate expenses	**(17,986)**	(16,128)
Consolidated loss before taxation	**(12,861)**	(20,593)

	As at 30 September 2014 (Unaudited) RMB'000	As at 31 March 2014 (Audited) RMB'000
(iii) Assets		
Total reportable segments' assets	**309,742**	286,738
Unallocated corporate assets	**197,589**	141,793
Consolidated total assets	**507,331**	428,531
(iv) Liabilities		
Total reportable segments' liabilities	**(60,019)**	(65,358)
Unallocated corporate liabilities	**(41,541)**	(28,974)
Consolidated total liabilities	**(101,560)**	(94,332)

4. SEGMENT REPORTING *(continued)*

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

(v) Other items

	Six months ended 30 September 2014 (Unaudited)				
	Properties investment RMB'000	**Investing in mining activities RMB'000**	**Educational support services RMB'000**	**Unallocated RMB'000**	**Total RMB'000**
Interest income					
– promissory notes	**–**	**–**	**–**	**3,304**	**3,304**
– bank deposits	**1**	**–**	**–**	**4**	**5**
Depreciation	**(315)**	**(889)**	**(10)**	**(405)**	**(1,619)**
Finance costs	**(1,800)**	**(10)**	**–**	**(3,676)**	**(5,486)**
Income tax (expenses)/credit	**(2,032)**	**–**	**63**	**–**	**(1,969)**

	Six months ended 30 September 2013 (Unaudited)			
	Properties investment RMB'000	Investing in mining activities RMB'000	Unallocated RMB'000	Total RMB'000
Interest income				
– loan receivable	–	–	632	632
– bank deposits	1	–	–	1
Depreciation	(331)	(1,613)	(395)	(2,339)
Finance costs	(1,800)	–	(199)	(1,999)
Income tax expenses	(2,314)	–	(85)	(2,399)

4. SEGMENT REPORTING *(continued)*

c) Revenue from major services

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

	Six months ended 30 September	
	2014	2013
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Properties investment	**4,369**	3,272
Commission income from educational support services	**655**	–
	5,024	3,272

d) Geographic information

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

	Revenue from external customers		Non-current assets	
	Six months ended 30 September 2014	Six months ended 30 September 2013	**As at 30 September 2014**	As at 31 March 2014
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Audited)
	RMB'000	RMB'000	**RMB'000**	RMB'000
Hong Kong (place of domicile)	**655**	–	**18,927**	109,024
PRC	**4,369**	3,272	**290,105**	283,163
	5,024	3,272	**309,032**	392,187

5. SEASONALITY OF OPERATIONS

The group's business in properties investment, investing in mining activities and provision of educational support services had no specific seasonality factor.

6. TURNOVER

The principal activities of the group are properties investment, investing in mining activities and provision of educational support services.

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

	Six months ended 30 September	
	2014	2013
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Rental income from investment properties	**4,369**	3,272
Commission income from educational support services	**655**	–
	5,024	3,272

7. OTHER REVENUE AND OTHER NET INCOME

	Six months ended 30 September	
	2014	2013
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
a) Other revenue		
Interest income on promissory notes	**3,304**	–
Interest income on loan receivables	**–**	632
Interest income on bank deposits	**5**	1
Total interest income on financial assets not at fair value through profit or loss	**3,309**	633
Sundry income	**421**	49
	3,730	682
b) Other net income		
Fair value gain on trading securities	**–**	1
Fair value gain on convertible bonds	**1,365**	–
	1,365	1

8. LOSS BEFORE TAXATION

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

		Six months ended 30 September 2014 (Unaudited) RMB'000	2013 (Unaudited) RMB'000
a)	**Finance costs**		
	Interest expense on bank borrowings not wholly repayable within five years	**1,800**	1,800
	Interest expense on other borrowings	**10**	–
	Interest expense on promissory notes	**470**	–
	Interest expense on unconvertible bonds	**396**	199
	Total interest expense on financial liabilities not at fair value through profit or loss	**2,676**	1,999
	Placing commission on convertible bonds	**2,682**	–
	Interest expense on convertible bonds	**128**	–
		5,486	1,999
b)	**Staff costs (including directors' remuneration)**		
	Salaries, wages and other benefits	**10,131**	9,012
	Contribution to defined contribution retirement plans	**275**	328
		10,406	9,340
c)	**Other items**		
	Auditor's remuneration – other services	**46**	64
	Operating lease charges: minimum lease payments	**3,012**	2,565
	Depreciation	**1,619**	2,339
	Gross rental income from investment properties less direct outgoings of RMB837,000 (2013: RMB1,091,000)	**(3,532)**	(2,181)
	Exploration and development expenses of mine	**212**	241
d)	**Other operating expenses**		
	Amortisation of intangible assets	**382**	–
	Fair value loss of trading securities	**16**	–
	Impairment loss of intangible assets	**–**	5,000
	Compensation for early termination of operating lease	**–**	277
	Impairment loss of rental receivables	**–**	2,302*
		398	7,579

* During the period ended 30 September 2013, the tenant moved out without notice. Rental receivables of RMB2,302,000 was written off against trade receivables directly.

9. INCOME TAX

a) Income tax in the condensed consolidated statement of profit or loss represents:

	Six months ended 30 September 2014 (Unaudited) RMB'000	2013 (Unaudited) RMB'000
Current tax		
Hong Kong Profits Tax	–	(85)
Overseas tax calculated at rates prevailing in relevant jurisdiction	–	–
	–	(85)
Deferred tax		
Origination and reversal of temporary differences	**(1,969)**	(2,314)
Tax charges	**(1,969)**	(2,399)

Note:

i) Hong Kong Profits Tax

Hong Kong Profits Tax has been provided at the rate of 16.5% (2013: 16.5%) of the estimated assessable profits arising in Hong Kong for the period ended 30 September 2014. For the period ended 30 September 2014, no Hong Kong Profits Tax has been provided in the financial statements as the group has no assessable profit for the period.

ii) The PRC enterprise income tax ("EIT") for the period ended 30 September 2014 is 25% (2013: 25%). The EIT has not been provided for as the group has incurred losses in PRC for the period.

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

	Revaluation of investment properties RMB'000	Intangible assets RMB'000	Total RMB'000
Deferred tax liabilities arising from:			
At 1 April 2013	6,463	–	6,463
Deferred tax credited to the profit or loss	(438)	–	(438)
At 31 March 2014	6,025	–	6,025
At 1 April 2014	6,025	–	6,025
Arising from acquisition of a subsidiary	–	823	823
Deferred tax charged/(credited) to the profit or loss	2,032	(63)	1,969
At 30 September 2014	8,057	760	8,817

10. DIVIDENDS

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

11. LOSS PER SHARE

a) Basic loss per share

The calculation of basic loss per share is based on the loss attributable to owners of the company of RMB14,652,000 (2013: RMB22,331,000) and on the weighted average number of 936,807,000 ordinary shares in issue during the period (2013: 453,424,000 ordinary shares).

Weighted average number of ordinary shares:

	2014 Weighted average number of ordinary shares ’000	2013 Weighted average number of ordinary shares ’000
Issued ordinary shares at 1 April	**589,915**	441,915
Effect of placing and subscription of new shares I	**–**	9,290
Effect of placing and subscription of new shares II	**–**	2,219
Effect of issue of new shares upon conversion of convertible bonds	**340,780**	–
Effect of issue of new shares upon exercise of bonus warrants	**6,112**	–
Weighted average number of ordinary shares at the end of the period	**936,807**	453,424

b) Diluted loss per share

Diluted loss per share equals to basic loss per share because the outstanding warrants had an anti-dilutive effect on the basis loss per share for the period ended 30 September 2014.

There are no potential ordinary shares in issue during the period and at the end of 30 September 2013.

12. PLANT AND EQUIPMENT

During the six months ended 30 September 2014, the group acquired plant and equipment at a cost of approximately RMB17,000 (30 September 2013: approximately RMB5,000).

13. INVESTMENT PROPERTIES

	RMB'000
Valuation:	
At 1 April 2013	179,622
Loss on revaluation	(1,750)
At 31 March 2014	177,872
At 1 April 2014	177,872
Gain on revaluation	8,129
At 30 September 2014	186,001

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

All of the group's investment properties were revalued on 30 September 2014 and 31 March 2014 by Castores Magi (Hong Kong) Limited, an independent professional valuer, who has a recognised and relevant professional qualification and recent experience in the location and category of properties which had been revalued based on the combination of investment approach and market approach. The investment properties are leased to third parties under operating leases, further details of which are included in note 27(i) to the financial statements.

As at 30 September 2014, the group's investment properties with a value of approximately RMB140,342,000 (31 March 2014: approximately RMB133,812,000) were pledged to secure general banking facilities granted to the group.

13. INVESTMENT PROPERTIES *(continued)*

Fair value measurement of properties

(i) Fair value hierarchy

The following table presents the fair value of the group's properties measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13 Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuations: Fair value measured using significant unobservable inputs.

	Fair value as at 30 September 2014 (Unaudited)	**Fair value measurements as at 30 September 2014 categorised into**		
		Level 1	**Level 2**	**Level 3**
	RMB'000	RMB'000	RMB'000	RMB'000
Group				
Recurring fair value measurement				
Investment properties:				
– Commercial – PRC	186,001	–	–	186,001

During the period ended 30 September 2014, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

13. INVESTMENT PROPERTIES *(continued)*

Fair value measurement of properties *(continued)*

(ii) Information about Level 3 fair value measurements

	Valuation techniques	Unobservable inputs	Range	Weighted average
Investment properties I	Market approach	Rental yield	8%	8%
Commercial – the PRC		Price per square metre	RMB22,900 – RMB52,500	RMB37,700
Investment properties II	Market approach	Rental yield	8%	8%
Commercial – the PRC		Price per square metre	RMB68,000 – RMB73,900	RMB70,950

As at 30 September 2014, the valuation of investment properties were based on the investment approach by capitalising the net rental incomes receivable from the existing tenancies and the market approach by assessing the unit rate of capital value from the market comparables and discounted by projected cash flow series associated with the properties using rental yield of the market comparables.

The key inputs were the rental yield and price per square metre, which a significant increase/(decrease) in these inputs would result in a significantly increase/(decrease) in the fair value of the investment properties.

The movements during the period in the balance of these Level 3 fair value measurements are as follows:

	RMB'000
Investment properties – Commercial – PRC	
At 1 April 2014	177,872
Valuation gain on investment properties	8,129
At 30 September 2014	186,001

All the gains recognised in profit or loss for the period arise from the properties held at the end of the reporting period.

14. INTANGIBLE ASSETS

	Mining right *(Note(i))* RMB'000	Agency agreements *(Note(ii))* RMB'000	Total RMB'000
Cost			
At 1 April 2013	499,748	–	499,748
At 31 March 2014, 1 April 2014	499,748	–	499,748
Arising from acquisition of subsidiaries *(note 24)*	–	4,981	4,981
At 30 September 2014	499,748	4,981	504,729
Accumulated amortisation and impairment			
At 1 April 2013	319,748	–	319,748
Impairment for the year	80,000	–	80,000
At 31 March 2014,1 April 2014	399,748	–	399,748
Amortisation for the period	–	382	382
At 30 September 2014	399,748	382	400,130
	(Unaudited)	(Unaudited)	(Unaudited)
Carrying amount			
At 30 September 2014	100,000	4,599	104,599
	(Audited)	(Audited)	(Audited)
At 31 March 2014	100,000	–	100,000

i) Mining right

a) In year 2010, the group acquired the subsidiaries which hold the mining right for the copper and molybdenum in Chifeng, Inner Mongolia, the PRC with a carrying amount of RMB499,398,000.

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

The subsidiary of the company commenced to dig the mine in order to test the quality of the mine. As amortisation of the mining right for the period ended 30 September 2014 was insignificant to the group's result and financial position, no amortisation of the mining right was recognised during the period.

c) The group's mining right at 30 September 2014 is as follows:

Mining right	Location	Expiry date
永勝礦區	內蒙古自治區赤峰市克什克騰旗三義鄉永勝村經棚鎮	15 October 2017

14. INTANGIBLE ASSETS *(continued)*

i) Mining right *(continued)*

c) *(continued)*

During the period ended 30 September 2014, the approval for extension of the mining licence was obtained and the validity period of the mining licence has been extended to 15 October 2017. In accordance with the relevant laws and regulation of the PRC, the group has the right to apply for further extension upon expiration of mining license.

d) In July 2013, Chifeng suffered from heavy rainstorm which crushed the road to mining site and seriously affected the mining activities in the area of Chifeng. In August 2013, in order to protect and restore the mining site, all mining companies in Chifeng were required to engage a qualified entity to perform the staged Treatment Proposal on Geological Environment and Land Rehabilitation on the Mine. In May 2014, the report had been completed and approved by the Land and Resources Bureau of Chifeng City. Due to the above reasons, the progress was delayed. Furthermore, the approval formalities from the local government took longer time than their expectation. The management of the company reassessed the estimated time to obtain all the permits and considered they can start production in the first half of 2016.

e) As at 30 September 2014, the group determined the recoverable amounts of cash generating unit for the mining rights based on value in use calculation. That calculation used cash flows projections based on financial budgets as approved by management at pre-tax discount rate of 17.62% (31 March 2014: 19.26%) with reference to the valuation performed by Roma Appraisals Limited, who is an independent firm of professionally qualified valuers and has a recognised and relevant professional qualification and experiences in the category of mining, as at 30 September 2014. The cash flows projections cover five-year period and have been extrapolated to year 2032 which is based on the estimated resources to be extracted from the mine, using an average growth rate of 6%. The growth rates used do not exceed the long-term average growth rates for the mining industries. The recoverable amount of the cash generating unit for the mining rights were RMB108,000,000 (31 March 2014: RMB100,000,000), no impairment losses (31 March 2014: RMB80,000,000) have been recognised to profit or loss and included in other operating expenses in the consolidated statement of profit or loss. The management estimated the financial projection based on their experience.

The decrease in the recoverable amounts of cash generating unit for the mining rights for the year ended 31 March 2014 was mainly due to the reassessed estimation for the time to start production as stated in note 14(i)(d) and the decrease in the recent market price of copper and molybdenum from RMB46,637 per tonnage and RMB258,000 per tonnage in 2013 to RMB41,344 per tonnage and RMB233,000 per tonnage in 2014, representing decrease of 11% and 10% respectively. In addition, the growth rate estimation for the price of copper and molybdenum decreased from 11% in 2013 to 9% in 2014.

14. INTANGIBLE ASSETS *(continued)*

ii) Agency agreements

Agency agreements have a finite useful life and is amortised on a straight line basis over 6 years. The useful life of the agency agreements is determined with reference to the estimated future revenue from the agency agreements which is based on historical information. The management is of the view that the future economic benefits that can be derived from the agency agreements beyond the 6-year period are insignificant.

The fair value of the agency agreements at the date of business combination was measured using the excess earning method under the income approach. This calculation is based on the present value of the profits attributable to the Agency Agreements after deducting the proportion of profits that are attributable to other contributory assets and a discount rate of 16.89%. The annual cash flow is calculated by reference to the latest applicable annual revenue and has been extrapolated using an averaged 3.5% growth rate for the sixth year. The averaged 3.5% growth rate is based on Hong Kong inflation rate and does not exceed the average long-term growth rate for the relevant industry. At the date of the business combination, the fair value of the agency agreements was amounted to RMB4,981,000.

15. DEPOSIT FOR ACQUISITION OF SUBSIDIARIES

	At 30 September 2014 (Unaudited) RMB'000	At 31 March 2014 (Audited) RMB'000
At 1 April	**97,845**	119,615
Refund of prepayment	**–**	(19,803)
Exchange realignment	**(197)**	(1,967)
Repayment *(note c) (note 18)*	**(97,648)**	–
At 30 September/ 31 March	**–**	97,845

a) Background

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

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

a) Background *(continued)*

According to the Supplemental Memorandum of Understanding (the "SMOU") signed on 20 September 2010, the total deposit of the transaction is US$150 million (equivalent to approximately RMB944 million). According to the letter of confirmation signed on 24 December 2012, the group has to settle the balance of the deposit of US$131 million (equivalent to approximately RMB824 million) before 20 March 2013.

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

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

b) Reason for termination of possible acquisition

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

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

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

b) Reason for termination of possible acquisition *(continued)*

On 18 December 2013, due to the Review Decision, the company intended not to extend the term of the MOU and intends to request the Vendors to return deposit in the sum of US$19,000,000 (equivalent to approximately HK$148,200,000) paid by the company to the vendors in accordance with the MOU (the "Said Deposit").

c) Repayment of the deposit for acquisition of subsidiaries

On 30 January 2014, the company signed a Deed of Termination (the "Deed") with the vendors to unconditionally and irrevocably terminate the MOU and its supplementary documents signed subsequently ("Amended MOU"). Upon the fulfillment of conditions precedent (the "Effective Date"), the company and the vendors shall be released and discharged from all their rights and obligations under the Amended MOU. Under the Deed, the Said Deposit shall be returned by the vendors to the company in cash of HK$25,000,000 (equivalents to approximately RMB19,803,000) and in promissory notes ("PN") of HK$123,200,000 (equivalents to approximately RMB97,648,000) satisfied by the vendors procuring China Environmental Energy Investment Limited (the "Issuer"), a company incorporated in Bermuda and the shares of which are listed in the Hong Kong Stock Exchange. The details were set out in note 18 of the condensed consolidated financial statement.

Before signing of the Deed, on 16 January 2014, the vendors repaid in cash amounting to HK$25,000,000 (equivalents to RMB19,803,000). On 29 April 2014, the issuer issued PN in an aggregate principal amount of HK$123,200,000 (equivalents to approximately RMB97,648,000) to the company as the vendors nominate the company to accept the PN. The PN bear interest at 8% per annum. The interest shall be repaid together with principal in one lump sum upon maturity on 29 April 2015 by the issuer. The PN may be assigned or transferred (in integral multiple of HK$500,000) to any third party (other than a connected person as defined in the Listing Rules) subject to the Listing Rules and the applicable laws. The issuer may redeem all or part of the principal amount and interest at any time three business days prior to the maturity date (i.e. 29 April 2015) at 100% of their face value together with all interest accrued on the principal amount of the PN thereby redeemed but unpaid, by giving the company not less than seven days' prior written notice specifying the amount and date of prepayment without any penalty, prepayment or other fees. Otherwise, the settlement of the principal and interest payment of PN shall be made in full upon the maturity date (i.e. 29 April 2015).

The shareholder of the vendors acted as a guarantor for the PN if the issuer of PN defaults for the payment of principal and interest of PN. ("Default Event")

The company obtained the indemnity letter from the guarantor, who guarantees to the company if the Default Event occurs. The directors considered the guarantor has adequate financial resources to repay the principal and interest of PN.

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

c) Repayment of the deposit for acquisition of subsidiaries *(continued)*

In the opinion of management of the company, although the issuer:

i) had a net current liabilities and net liabilities position as at 30 September 2013;

ii) was loss making for the year ended 31 March 2013 and during the six months ended 30 September 2013;

iii) was heavily leveraged with gearing ratio of 1.01 at 30 September 2013; and

iv) had records of extending the repayment date of other promissory note.

The management believes that no impairment allowance is necessary in respect of the PN because the issuer obtained a loan facilities of HK$200,000,000 from an independent third party not connected with the issuer and the shareholder of the vendors acted as a guarantor. The deposit is considered fully recoverable.

16. INTEREST IN AN ASSOCIATE

	At 30 September 2014 (Unaudited) RMB'000	At 31 March 2014 (Audited) RMB'000
Unlisted shares, at cost	**–**	–
Share of net assets	**316**	588
Intangible asset		
– Brand name	**2,296**	2,296
Goodwill	**6,235**	6,235
	8,847	9,119

The following list contains only the particulars of material associate, which is unlisted corporate entity whose quoted market price is not available. The class of shares held is ordinary unless otherwise stated.

16. INTEREST IN AN ASSOCIATE *(Continued)*

Name of company	Place of incorporation and business	Particulars of issued and paid up capital	Proportion of ownership interest: Group's effective interest	Held by the company	Held by subsidiaries	Principal activity
EdKnowledge Group Limited	Hong Kong	HK$10,441	32.39%	32.39%	–	Educational services (Note 1)

Note 1: Edknowledge Group Limited, an educational services corporation in Hong Kong, enables the group to have a prime opportunity to enter the educational services business in Hong Kong and diversify the revenue stream of the group.

The above associate is accounted for using the equity method in the consolidated financial statements.

Summarised financial information of the material associate, adjusted for any differences in accounting policies, and reconciled to the carrying amounts in the consolidated financial statements, are disclosed below:

	EdKnowledge Group Limited	
	At 30 September 2014 (Unaudited) RMB'000	At 31 March 2014 (Audited) RMB'000
Gross amounts of the associate's		
Current assets	**1,330**	1,892
Current liabilities	**(354)**	(74)
Equity	**976**	1,818
Revenue	**191**	659
(Loss)/profit from operations	**(841)**	389
Other comprehensive (loss)/income	**(1)**	50
Total comprehensive (loss)/income	**(842)**	439
Dividend received from the associate	**–**	–
Reconciled to the group's interests in the associate:		
Net assets of the associate	**976**	1,818
Proportion of the group's ownership interest in the associate	**32.39%**	32.39%
Share of net asset	**316**	588
Goodwill	**6,235**	6,235
Brand name	**2,296**	2,296
Carrying amount of the group's interest in the associate	**8,847**	9,119

17. TRADE AND OTHER RECEIVABLES

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

	At 30 September 2014 (Unaudited) RMB'000	At 31 March 2014 (Audited) RMB'000
Current	**–**	–
1 to 3 months overdue	**4,489**	1,645
Trade receivables	**4,489**	1,645
Loan and interest receivables *(note 1)*	**–**	–
Other receivables	**5,467**	1,180
Loan and receivables	**9,956**	2,825
Prepayment and deposits	**2,093**	2,736
	12,049	5,561

Note 1:

Loan and interest receivables

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

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

17. TRADE AND OTHER RECEIVABLES *(continued)*

Note 1: (continued)

Loan and interest receivables *(continued)*

Following a litigation between Mayer and the Borrower, Simsen disposed of the PN on 10 February 2012 for an amount of HK$10,000,000 with the consent of the company. The company anticipates that after the payment of all costs and expenses incurred in connection with the disposal, the portion that will be repaid to the company by Simsen is approximately HK$5.7 million which will be applied to settle part of the accrued interest. Due to the uncertain outcome of the litigation, Simsen had not yet confirmed and repaid the disposal amount to the company. Therefore, the company had not yet recognised the amount as income for the period ended 30 September 2014 and year ended 31 March 2014.

As at 31 March 2012, the company engaged an independent valuer to perform the valuation on the loan receivables. The valuation performed by Castores Magi Asia Limited, an independent professional valuer, who has a recognised and relevant professional qualification and recent experience in this area. Taking into consideration the legal advice on the recoverability and the assessment of the market value of the loan receivables, the directors considered that the loan receivables of HK$50,000,000 equivalent to RMB39,630,000 as at 30 September 2014 (31 March 2014: equivalent to RMB39,710,000) was fully impaired.

18. PROMISSORY NOTES RECEIVABLES

	RMB'000
At 1 April 2014	–
Fair value at date of issue	97,648
At 30 September 2014	97,648

The deposit for acquisition of subsidiaries of HK$123,200,000 (equivalent to approximately RMB97,648,000) (the "Deposit") was settled by the PN issued by an issuer which nominated by vendors. As at 30 September 2014, interest receivables of RMB3,304,000 was included in other receivables. The PN carries interest of 8% per annum and repayable in 1 year from its issue date. On 29 April 2014, all conditions set out in the Deed of Termination have been fulfilled, the Deed of Termination has become effective and the company has received the PN. The details were set out in note 15 to the condensed consolidated financial statements.

The fair value of the PN at the date of issuance was approximately to the carrying amount, which was determined by independent valuer, Roma Appraisals Limited ("Roma"). Roma has experience in valuation of the promissory note. Valuations were made on the basis of effective interest method which is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expenses over the relevant period. The effective interest rate used in the calculation of the fair value is 8.8%.

19. CASH AND CASH EQUIVALENTS

	At 30 September 2014 (Unaudited) RMB'000	At 31 March 2014 (Audited) RMB'000
Cash at bank and on hand	**88,480**	30,645
Cash and cash equivalents in the condensed consolidated statement of financial position and condensed consolidated statement of cash flows	**88,480**	30,645

20. CONVERTIBLE BONDS AND WARRANTS

(a) Convertible bonds

On 19 June 2014, the company issued convertible bonds in an aggregate principal amount of HK$135,000,000 with an interest rate at 1% per annum due in two years from the date of issue. As at 30 September 2014, accrued interest of RMB128,000 was included in other payables and accruals. The company is entitled to redeem the convertible bonds in whole or in part at 103% of the face value of the convertible bonds prior to the maturity date and at 100% of the face value of the convertible bonds on the maturity date. The holders of the convertible bonds (the "Bondholders") has option to convert the convertible bonds into fully paid 900,000,000 conversion shares of the company at the conversion price of HK$0.15 per share at any time prior to the maturity date. The conversion shares rank pari passu with all the existing shares of the company. In addition, 225,000,000 bonus warrants in an aggregate principal amount of HK$67,500,000 will be issued to the registered holders of the convertible bonds on the basis of one bonus warrant for every four conversion shares upon the exercise of the conversion rights attaching to the convertible bonds. The subscription price per warrant share is HK$0.3 at any time within 24 months commencing from the date of exercise of the conversion right attaching to the convertible bonds.

Convertible bonds of the company consisted of the debt instrument and embedded derivatives. Upon initial recognition, the convertible bonds are designated as financial liabilities at fair value through profit or loss. The fair value of the convertible bonds is measured at each conversion date and at the end of each reporting period. Any gains or losses arising from changes in fair value are recognised in the profit or loss.

20. CONVERTIBLE BONDS AND WARRANTS *(continued)*

(b) Warrants

The warrants in an aggregate principal amount of HK$67,500,000 give the Bondholders the rights to subscribe for 225,000,000 new shares of the company's ordinary shares upon exercise of the conversion rights attaching to the convertible bonds. The subscription price is HK$0.3 at any time within 24 months commencing from the date of exercise of the conversion right attaching to the convertible bonds.

The warrants are accounted for as financial liabilities at fair value through profit or loss upon initial recognition. The fair value of the warrants is remeasured at each exercise date of the warrants and at the end of each reporting period.

Upon conversion of convertible bonds, the Bondholders become substantial shareholders of the company ("Substantial Shareholders"). Thus, the fair value change of warrants are considered as equity transaction and classified as deemed capital contribution to the company from the Substantial Shareholders. Any gains or losses arising from change in fair value are recorded in the consolidated statement of change in equity as deemed contribution from the Substantial Shareholders.

(c) Movements of the convertible bonds and warrants

For the period ended 30 September 2014, the convertible bonds in the principal amount of HK$135,000,000 was converted into approximately 900,000,000 conversion shares of the company. In addition, approximately 225,000,000 bonus warrants was issued to Bondholders, among which, approximately 14,167,000 bonus warrants were exercised.

As at 30 September 2014, bonus warrants of HK$63,250,000 at HK$0.3 per warrant share representing approximately 210,833,000 ordinary shares of the company were not yet exercised.

The movements of the convertible bonds and warrants were as follows:

	Convertible bonds RMB'000	Warrants RMB'000	Total RMB'000
Fair value at the issue date of convertible bonds	107,296	–	107,296
Conversion of convertible bonds	(105,965)	45,921	(60,044)
Fair value gain charged to profit or loss	(1,365)	–	(1,365)
Exercise of bonus warrants	–	(2,734)	(2,734)
Fair value loss as deemed contribution from substantial shareholders	–	(20,022)	(20,022)
Exchange alignment	34	(62)	(28)
	–	23,103	23,103

20. CONVERTIBLE BONDS AND WARRANTS *(continued)*

(d) Inputs and assumptions of fair value estimate

In determining the fair value of convertible bonds and warrants, the valuer, namely Rome Appraisals Limited, an independent professional valuer, which has among its staff members possessing recognised and relevant professional qualifications and experience, had assessed the fair value of the warrants based on Binomial Option Pricing Model. The major inputs and assumptions are as follows:

	Convertible bonds	Bonus warrants
Share prices at the valuation date	0.4 – 0.52	0.31 – 0.52
Exercise price	HK$0.15	HK$0.30
Discount rate	11.43% – 12.45%	N/A
Risk free rate	0.31% – 0.40%	0.31% – 0.40%
Expected bonds/warrants period	1.87 years – 2 years	1.74 years – 2 years
Expected volatility	83.04% – 84.47%	82.78% – 87.04%
Expected dividend yield	–	–

21. UNCONVERTIBLE BONDS

	At 30 September 2014 (Unaudited) RMB'000	At 31 March 2014 (Audited) RMB'000
At 1 April	**15,884**	8,071
Issue during the period/year	**–**	7,942
Exchange realignment	**(32)**	(129)
At 30 September/31 March	**15,852**	15,884

The amount represented unconvertible bonds of HK$20,000,000 (equivalent to approximately RMB15,852,000). As at 30 September 2014, accrued interest of RMB582,000 (31 March 2014: RMB186,000) was included in other payables and accruals. The unconvertible bonds bear interest at 5% per annum on the outstanding aggregate principal amount. The interest is payable in arrears annually on the anniversary of issue date or redemption date. The company may redeem principal amounts of outstanding bonds in whole or in part at any time before the maturity date. The maturity date of the unconvertible bond is 7 years from its issue date.

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

21. UNCONVERTIBLE BONDS *(continued)*

On 7 February 2013, the Placing Agent procured a placee to subscribe for one tranche of unconvertible bonds in the aggregate principal amount of HK$10,000,000 (equivalent to approximately RMB8,071,000) matured on 7 February 2020. The subscription agreement was entered into between the company and the placee on 7 February 2013.

On 9 May 2013, the company and the Placing Agent entered into a termination agreement to terminate the UB Placing Agreement. Pursuant to the termination agreement, the parties thereto shall have no obligation and liabilities towards each other under the UB Placing Agreement. At the same day, the company entered into another bond placing agreement (the "NUB Placing Agreement") with Placing Agent pursuant to which the Placing Agent agreed conditionally to procure, on a best-effort basis, placees to subscribe for the new unconvertible bonds up to an aggregate principal amount of HK$50,000,000 (equivalent to approximately RMB39,710,000) under the placing period up to 9 November 2013.

On 29 November 2013, the company and the Placing Agent entered into a supplementary bond placing agreement pursuant to which the placing period has been extended for six months to 9 May 2014.

The new unconvertible bondholders may request payment of interest in advance on the outstanding principal amounts of the new unconvertible bonds held by them at the rate of 3.0% per annum for the full term of those new unconvertible bonds ("Advance Interest"). If no Advance Interest payment request has been submitted on or before their new unconvertible bonds' issue date, then Advance Interest shall not be paid under those new unconvertible bonds and interest of 5% per annum paid in arrears annually shall apply.

On 4 December 2013, the company has successfully issued the first tranche of the new unconvertible bonds in an aggregate principal amount of HK$10,000,000 (equivalent to approximately RMB7,942,000) to an individual investor matured on 4 December 2020. No Advance Interest payment request was submitted on the issue date. Saved as above, no other new unconvertible bonds were placed before the termination of NUB Placing Agreement on 9 May 2014.

22. PROMISSORY NOTES PAYABLES

	At 30 September 2014 (Unaudited) RMB'000	At 31 March 2014 (Audited) RMB'000
At 1 April	**7,862**	–
Issue of promissory notes *(note i, ii)*	**7,166**	7,862
Early redemption of promissory notes *(note i, ii)*	**(15,028)**	–
At 30 September/31 March	**–**	7,862

22. PROMISSORY NOTES PAYABLES *(continued)*

i) On 11 December 2013, the company issued promissory notes ("Note I") of HK$10,000,000 (equivalent to approximately RMB7,942,000) for the settlement of acquisition of an associate (note 16). As at 30 September 2014, no accrued interest (31 March 2014: RMB193,000) was included in other payables and accruals. The Note I bear interest at 8% per annum on the outstanding aggregate principal amount. The interest is payable in arrears on the day falling on the first and second anniversary of the issue date. The company may redeem principal amounts of outstanding Note I in whole or in part at any time before the maturity date. The maturity date of the Note I is 2 years from its issue date on 11 December 2015.

The fair value of the Note I at the date of issuance was HK$9,899,000 (equivalent to approximately RMB7,862,000), which was determined by independent valuer, Roma. Roma has experience in valuation of the promissory notes. Valuations were made on the basis of effective interest method which is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expenses over the relevant period. The effective interest rate used in the calculation of the fair value is 8.5%.

On 4 August 2014, the Note I was redeemed and its interest thereon was settled by the company.

ii) On 16 April 2014, the company issued promissory notes ("Note II") of HK$9,000,000 (equivalent to approximately RMB7,166,000) for the settlement of acquisition of an subsidiary (note 24). The Note II bear interest at 8% per annum on the outstanding aggregate principal amount. The interest payable in arrears on the day falling on the first anniversary of the issue date. The company may redeem principal amounts of outstanding Note II in whole or in part at any time before maturity date. The maturity date of the Note II is 1 year from its issue date on 16 April 2015.

The fair value of the Note II at the date of issuance was approximate to the carrying amount, which was determined by independent valuer, Roma. Roma has experience in valuation of the promissory notes. Valuations were made on the basis of effective interest method which is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expenses over the relevant period. The effective interest rate used in the calculation of the fair value is 10.6%.

On 4 August 2014, the Note II was redeemed and its interest thereon was settled by the company.

23. SHARE CAPITAL

	Number of shares '000	Amount RMB'000
Authorised:		
Ordinary shares of HK$0.03 each		
At 1 April 2013, 31 March 2014, 1 April 2014 and 30 September 2014	3,000,000	74,201
Issued and fully paid:		
At 1 April 2013	441,915	10,941
Placing and subscription of new shares I *(note i)*	50,000	1,191
Placing and subscription of new shares II *(note ii)*	58,000	1,377
Placing and subscription of new shares III *(note iii)*	40,000	947
At 31 March 2014 and 1 April 2014	589,915	14,456
Conversion of convertible bonds *(note iv)*	900,000	21,466
Exercise of bonus warrants *(note v)*	14,167	338
At 30 September 2014	1,504,082	36,260

i) Placing of new shares I

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

The placing of shares was completed on 27 August 2013. The total proceeds of the share placement, before deduction of the relevant expenses was approximately HK$6,800,000 (equivalent to approximately RMB5,398,000).

ii) Placing of new shares II

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

The placing of shares was completed on 23 September 2013. The total proceeds of the share placement, before deduction of the relevant expenses was approximately HK$8,120,000 (equivalent to approximately RMB6,425,000).

iii) Placing of new shares III

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

The placing of shares was completed on 25 October 2013. The total proceeds of the share placement, before deduction of the relevant expenses was approximately HK$4,160,000 (equivalent to approximately RMB3,284,000).

23. SHARE CAPITAL *(continued)*

iv) Conversion of convertible bonds

During the period ended 30 September 2014, approximately 900,000,000 ordinary shares of HK$0.03 each were issued pursuant to the exercise of conversion rights attached to the convertible bonds at a conversion price of HK$0.15 per share amounting to HK$135,000,000. During the period ended 30 September 2014, an amount equivalent to the par value of the shares issued of approximately HK$27,000,000 (equivalent to approximately RMB21,466,000) was recognised as share capital and the premium paid on the conversion of the shares of HK$48,521,000 (equivalent to approximately RMB38,578,000) was credited to share premium.

v) Exercise of bonus warrants

Upon the conversion of convertible bonds, 225,000,000 bonus warrants of the company were issued to the subscribers on the basis of one bonus warrant for every four conversion shares.

Approximately 14,167,000 bonus warrants were exercised at a price of HK$0.3 into 14,167,000 ordinary shares during the period ended 30 September 2014. An amount equivalent to the par value of the shares issued of approximately HK$425,000 (equivalent to approximately RMB338,000) was recognised as share capital and the premium paid on the exercise of the warrants of approximately HK$7,260,000 (equivalent to approximately RMB5,778,000) was credited to share premium for the period ended 30 September 2014. As at 30 September 2014, bonus warrants of HK$63,250,000 at HK$0.3 per warrant share representing approximately 210,833,000 ordinary shares of the company were not yet exercised.

24. BUSINESS COMBINATION

On 4 April 2014, the company entered into a sale and purchase agreement with Mr. Wong Yat On, an independent third party, for the acquisition of the 90% equity interests in Able Up Investment Limited ("Able Up") and its wholly-owned subsidiary, Global Education Group Limited ("Global Education") (collectively the "Able Up Group"), for a consideration of HK$10,000,000 (equivalent to approximately RMB7,962,000) out of which HK$1,000,000 (equivalent to approximately RMB796,000) was settled by way of cash and HK$9,000,000 (equivalent to approximately RMB7,166,000) by way of the issue of promissory notes by the company. The promissory notes bear interest at 8% per annum on the outstanding principal amount, payable in arrears on maturity or redemption. The promissory note will mature on 16 April 2015. Able Up is principally engaged in investment holding. Global Education is principally engaged in the provision of student referral services, overseas education counseling services and services relating to enrolment on overseas tertiary education institutes. The group takes the view that the steady growth of the needs and demands of the provision of such services from both local students and students from the PRC, which provides a prime opportunity for the group to diversify its revenue stream which, in turn, would increase the shareholders' value and benefit the company and the shareholders as a whole. The acquisition was completed on 16 April 2014.

The following summarises the acquisition-date fair value of the total consideration transferred:

	RMB'000
Cash	796
Fair value of promissory notes issued *(note 22)*	7,166
	7,962

24. BUSINESS COMBINATION *(continued)*

The amounts recognised as of the acquisition date for each major class of assets acquired and liabilities assumed and the corresponding carrying amounts immediately before the acquisition were as follows:

	RMB'000
Office equipment	46
Intangible assets	4,981
Trade and other receivables	501
Cash and cash equivalents	33
Other payables	(106)
Deferred tax liabilities	(823)
Total identifiable net assets	4,632
Non-controlling interests (a)	(463)
Goodwill arising on acquisition (b)	3,793
Consideration	7,962

(a) The non-controlling interests recognised at the acquisition date were measured by reference to the non-controlling interests proportionate share of the acquiree's identifiable net assets.

(b) The goodwill is attributable to:

(i) the acquired management expertise;

(ii) the synergies expected to arise from the integration of the acquired business into the group which has extensive connections on education sector.

None of the goodwill recognised is expected to be deductible for income tax purposes.

Included in the condensed consolidated statement of profit or loss, Able Up Group contributed revenue and profit of RMB1,036,000 and RMB563,000 respectively to the revenue and loss of the group for the period ended 30 September 2014.

Had the business combination been effected on 1 April 2014, the revenue of the group and loss for the period would have been approximately RMB8,754,000 and RMB14,310,000 respectively. The pro forma information is for illustrative purposes only and is not necessary an indication of the revenue and results of operations of the group that actually would have been achieved had the acquisition been completed on 1 April 2014, nor is it intended to be a projection of future results.

Acquisition related costs amounting to approximately RMB56,000 have been excluded from the consideration transferred and have been recognised as an expenses in the current year, within the "Administrative expenses" line item in the condensed consolidated statement of profit or loss.

25. MATERIAL RELATED PARTY TRANSACTIONS

The group had the following transactions with related parties during the six months ended 30 September 2014.

a) Key management personnel emoluments

The key management personnel of the group are the directors and certain of the highest paid employees of the company. The emoluments of directors during the six months ended 30 September 2014 was as follows:

	Six months ended 30 September 2014 (Unaudited) RMB'000	Six months ended 30 September 2013 (Unaudited) RMB'000
Salaries, bonus and allowance	**7,829**	6,677
Retirement benefits – defined contribution scheme	**47**	44
	7,876	6,721

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

b) Outstanding balances with related parties

	At 30 September 2014 (Unaudited) RMB'000	At 31 March 2014 (Audited) RMB'000
Amounts due to directors *(note a)*	**305**	49
Amounts due to related parties *(note a)*	**4,729**	11,928
Loan from a related party *(note b)*	**194**	403

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

b) A loan with principal amount of RMB440,000 from a related party, Mr. Zhou Hong Tao, a senior management of the company, is unsecured, bears interest at 6.73% per annum and is repayable by 36 instalments from January 2014.

26. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENT

i) Fair value measurement

a) Financial assets and liabilities measured at fair value

(i) Fair value hierarchy

The following table presents the fair value of the group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13 Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.

- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs, unobservable inputs are inputs for which market data are not available.

- Level 3 valuations: Fair value measured using significant unobservable inputs.

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in this entirety.

	Fair value measurements as at 30 September 2014 (Unaudited) categorised into			**Fair value at 30 September**	Fair value measurements as at 31 March 2014 (Audited) categorised into			Fair value at 31 March
	Level 1	**Level 2**	**Level 3**	**2014**	Level 1	Level 2	Level 3	2014
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**	RMB'000	RMB'000	RMB'000	RMB'000
Recurring fair value measurements								
Assets:								
Trading securities	**122**	**-**	**-**	**122**	138	-	-	138
Investment properties:								
Commercial – PRC	**-**	**-**	**186,001**	**186,001**	-	-	177,872	177,872
Liabilities:								
Convertible bonds and warrants	**-**	**-**	**23,103**	**23,103**	-	-	-	-

26. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENT *(continued)*

i) Fair value measurement *(continued)*

a) Financial assets and liabilities measured at fair value *(continued)*

(i) Fair value hierarchy *(continued)*

During the years ended 31 March 2014 and period ended 30 September 2014, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

ii) Estimation of fair values

The following summarises the major methods and assumptions used in estimating the fair values of the following financial instruments.

a) Interest-bearing bank borrowings, promissory notes receivables, promissory notes payables and unconvertible bonds

The fair value is estimated at the present value of future cash flows, discounted at current market interest rates for similar financial instruments.

b) Trading securities

Fair value for quoted equity investments are based on the closing bid prices at the end of the reporting period.

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the condensed consolidated financial statements approximate to their fair values. The carrying amounts of the non-current portions of interest-bearing bank borrowings approximate their fair values.

27. OPERATING LEASE COMMITMENTS

i) The group as lessor:

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

	At 30 September 2014 (Unaudited) RMB'000	At 31 March 2014 (Audited) RMB'000
Within one year	**9,344**	6,126
In the second to fifth year, inclusive	**35,060**	37,992
Over five years	**46,881**	51,866
	91,285	95,984

27. OPERATING LEASE COMMITMENTS *(continued)*

ii) The group as lessee:

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

	At 30 September 2014 (Unaudited) RMB'000	At 31 March 2014 (Audited) RMB'000
Within one year	**3,412**	2,809
In the second to fifth year, inclusive	**2,378**	3,198
Over five years	**–**	–
	5,790	6,007

28. LITIGATION

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

ii) By the end of June 2013, a tenant was moved out without notice regarding the tenancy of an investment property located in Shanghai, the PRC. Since the tenant was moved out without notice, the rental agreement was unilaterally terminated by the tenant.

On 5 May 2014, the company filed a litigation application to Shanghai Jing An District People's Court to sue the tenant regarding the compensation for early termination of tenancy agreement and currently under a legal proceeding, including rental fee, 6 months' rent free period, building management fee, fuel and electricity of RMB8.9 million. The legal proceeding is still in progress.

29. EVENTS AFTER THE REPORTING PERIOD

a) Business Combination

On 16 October 2014, the company entered into a sale and purchase agreement with Wan Cheng Investments Limited, an independent third party, for the acquisition of entire equity interest of Liqun Investments Limited. ("Liqun") and its' 90% owned subsidiary, Kotech Educational Limited ("Kotech Educational"), for a consideration of HK$100,000,000 (equivalent to RMB79,124,000) out of which HK$30,000,000 (equivalent to RMB23,733,000) was settled by way of cash and HK$70,000,000 (equivalent to RMB55,391,000) was settled by way of issuance of promissory notes ("PN"). The promissory notes bears interest at 8% per annum on the outstanding principal amount, payable in arrears on maturity or redemption. The promissory notes will mature on 21 May 2017.

All the above consideration are contingent upon meeting net profit guarantee. The vendor guaranteed that:

i) a net profit after tax of not less than HK$1,500,000 for the six months ending 30 September 2015;

ii) an audited net profit after tax of not less than HK$3,000,000 for the financial year ending 31 March 2016;

iii) a net profit after tax of not less than HK$9,000,000 for the six months ending 30 September 2016; and

iv) an audited net profit after tax of not less than HK$18,000,000 for the financial year ending 31 March 2017.

Moreover, the audited net profit after tax of the subsidiary for the two financial years ending 31 March 2017 as shown in the financial statements shall be less than the aggregate of the guaranteed profit for the same period, i.e. HK$21,000,000.

Liqun Investments Limited is engaged in investment holding and its' subsidiary is principally engaged in the trading of educational software and provision of education, skills training and education consultation. The acquisition was completed on 21 November 2014.

Had the business combination been effected on 1 April 2014, the revenue of the group and loss for the period would have been RMB8,836,000 and RMB14,882,000 respectively. The directors' consider these 'pro forma' numbers to represent an approximate measure of the performance of the combined group on an annualised basis and to provide a reference point for comparison of future periods. Acquisition related costs amounting to RMB238,000 (equivalent to approximately HK$300,000) have been excluded from the consideration transferred.

As at the date of this report, the group has not finalised the fair value assessment of assets and liabilities acquired through the acquisition as at the date of acquisition. Due to the short time frame, the group had not yet collected all the books and records for valuation, and the assessment of carrying amount of assets and liabilities of the acquiree is still in progress.

30. APPROVAL OF INTERIM FINANCIAL REPORT

The interim financial report was approved and authorised for issue by the board on 27 November 2014.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

During the period under review, the principal business activities of the group included the properties investment business, the exploitation of copper and molybdenum in a mine ("Mine") located in the Inner Mongolia, the PRC and provision of educational support services.

As at 30 September 2014, the aggregate gross floor area of the investment properties being held by the group was approximately 7,004 square meters, among which approximately 100% were leased to third parties under operating leases with lease terms ranging up to twelve years.

Regarding the mining business, in order to ensure smooth development of the Mine, the Keshi Ketengqi Great Land Mine Industries Company Limited(克什克騰旗大地礦業有限責任公司)(the "Mining Company") gradually underwent the relevant approval formalities for the Mine during the period under review. The Mining Company entrusted Chifeng Guancheng Geological Exploration Co., Ltd.(赤峰市冠誠地質勘查有限責任公司) in the first quarter of 2014 to prepare the Proposal on the Phased Treatment and Land Reclamation of the Geological Environment of the Copper, Molybdenum, Lead, Zinc and Silver Mines in the Yongsheng Mines of the Keshi Ketengqi Great Land Mine Industries Company Limited(《克什克騰旗大地礦業有限責任公司永勝礦區銅、鉬、鉛、鋅、銀礦地質環境分期治理及土地複墾方案》) which was completed, and the proposal passed the assessment for filing with the Land and Resources Bureau of Chifeng City in May. In April of the same year, the Mining Company obtained the annual review certificate for mining rights from the Land and Resources Bureau of Keshi Ketengqi. In addition, in September the Mining Company submitted the documents required for extension of the mining licence to the Land and Resources Bureau of Chifeng City for approval and onward submission to the Department of Land and Resources of Inner Mongolia Autonomous Region in September. The approval for extension of the mining licence was obtained in October and the validity period of the mining licence has been extended to October 2017. In order to achieve better economic benefits, the Mining Company will carry out the construction by strictly adhering to the government approvals and mining design as well as the relevant rules and regulations during future mining and processing. Meanwhile, the Mining Company will continue to engage relevant experts and commission qualified geological exploration authorities to conduct geological exploration work over an extended area of the Mine and perform more preparation work for the Mine so as to ensure sustainable exploitation of the Mine.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

Business Review *(continued)*

For the period ended 30 September 2014, the expenses incurred on the mining development was approximately RMB0.2 million, which was mainly used for road maintenance in the Mine. Save for the above, there was no other capital expenditure incurred for the development of the Mine, and there was no exploitation, development or production activities in the Mine during the review period.

During the period under review, the company has acquired 90% of the equity interest in the Able Up Investment Limited ("Able up"), which in turn own 100% equity interest in Global Education Group Limited ("Global Education") (together referred as "Target Group"). The Target Group is principally engaged in the provision of student referral services, overseas education counselling services and services relating to enrolment on overseas tertiary education institutes.

After due consideration of the current market of the education sector, in particular, the services relating to the business of the Target Group, and the steady growth of the needs and demands of the provision of such services from both local students and students from the PRC, the directors consider that the prospects of the business of the Target group would be promising and believe that the acquisition of the Target Group provides a prime opportunity for the group to diversify its revenue stream which, in turn, would increase the shareholders' value and benefit the company and the shareholders as a whole.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

Financial Review

For the period under review, the group's turnover was approximately RMB5 million (2013: approximately RMB3.3 million), representing an increase of approximately 51% compared with the same period last year. The increase in turnover was mainly due to rearrangement of certain operating lease and the contribution from the newly acquired educational support services business during the period under review. The unaudited net loss for the period under review was approximately RMB14.8 million (2013: approximately RMB23 million) and the loss per share for was RMB0.02 (2013: RMB0.05).

The administrative expenses of the group for the period amounted to approximately RMB23.9 million, representing an increase of approximately 4% compared with the same period last year. The finance cost of the group amounted to approximately RMB5.5 million which was mainly incurred for the bank loan under the security of investment properties in Shanghai, the unconvertible bonds and the promissory notes issued by the company.

Liquidity and Financial Resources

As at 30 September 2014, the group's net current assets were approximately RMB180.7 million (at 31 March 2014: approximately RMB10.5 million), including cash and bank balance of approximately RMB88.5 million (at 31 March 2014: approximately RMB30.6 million).

The group had bank borrowings of RMB41 million as at 30 September 2014 (at 31 March 2014: RMB43.5 million) of which 12.2% were due within one year from balance sheet date, 43.9% were due more than one year but not exceeding two years and 43.9% were due more than two years but not exceeding five years. The gearing ratio, defined as the percentage of net debts to the total equity of the company, was nil (at 31 March 2014: approximately 11.1%).

Investment Position

The group did not have any significant investment position in stocks, bonds and other financial derivatives as at 30 September 2014.

Foreign Exchange Exposure

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

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

Shares Capital and Capital Structure

On 19 June 2014, the company issued convertible bonds (the "Convertible Bonds") in an aggregate principal amount of HK$135,000,000 with an interest rate at 1% per annum due in two years from the date of issue. The company is entitled to redeem the Convertible Bonds in whole or in part at 103% of the face value of the Convertible Bonds prior to the maturity date and at 100% of the face value of the Convertible Bonds on the maturity date. The holders of the Convertible Bonds (the "Bondholders") has option to convert the Convertible Bonds into fully paid 900,000,000 conversion shares of the company at the conversion price of HK$0.15 per share at any time prior to the maturity date. The conversion shares rank pari passu with all the existing shares of the company. In addition, 225,000,000 bonus warrants will be issued to the registered holders of the Convertible Bonds on the basis of one bonus warrant for every four conversion shares upon the exercise of the conversion rights attaching to the Convertible Bonds. The subscription price per warrant share is HK$0.3 at any time within 24 months commencing from the date of exercise of the conversion right attaching to the Convertible Bonds.

For the period ended 30 September 2014, the Convertible Bond in the principal amount of HK$135,000,000 was converted into 899,999,998 conversion shares of the company. In addition, 224,999,998 bonus warrants was issued to the registered holders of the Convertible Bonds, among which, 14,166,666 bonus warrants were exercised and 14,166,666 warrant shares were issued.

On 16 April 2014, the company issued a promissory note in the principal amount of HK$9,000,000 at the interest rate of 8% per annum to Mr. Wong Yat On as the consideration for the acquisition of 90% of the equity interest in Able Up Investment Limited.

During the period ended 30 September 2014, the company has redeemed the promissory notes which were issued by the company on 11 December 2013 and 16 April 2014 respectively, in the aggregate principal amount of HK$19,000,000.

Save as disclosed above, there was no other change in the share capital and capital structure of the company for the period ended 30 September 2014.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

Charges on Group's Assets

As at 30 September 2014, the group's investment properties with a value of approximately RMB140 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 company.

Contingent Liabilities

As at 30 September 2014, the group did not have any material contingent liability (2013: Nil).

Acquisition and Disposal of Subsidiaries

On 4 April 2014 the company and Mr. Wong Yat On (the "Vendor") entered into a sale and purchase agreement (the "Agreement") pursuant to which the Vendor conditionally agreed to sell and the company conditionally agreed to acquire 90% of the equity interest in Able Up, for a consideration of HK$10,000,000, out of which HK$1,000,000 was settled by way of cash and HK$9,000,000 by way of the issue of promissory notes by the company. Able Up is incorporated under the laws of the British Virgin Islands with limited liability and it owns 100% equity interest in Global Education. Global Education is principally engaged in the provision of student referral services, overseas education counselling services and services relating to enrolment on overseas tertiary education institutes. Upon completion of the Agreement on 16 April 2014, each of Able Up and Global Education has become a subsidiary of the company, details of which are set out in the announcement of the company dated 4 April 2014.

Save as disclosed above, there was no other acquisition and disposal of subsidiaries of the group during the period ended 30 September 2014.

Employees

As at 30 September 2014, the group has 40 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.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

Outlook

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 a new line of business with growth potential and broaden its source of income.

On 16 October 2014, the company entered into the sale and purchase agreement with Wan Cheng Investments Limited (the "Wan Cheng"), pursuant to which the company has conditionally agreed to acquire and Wan Cheng has conditionally agreed to sell the entire issued share capital of Liqun Investments Limited (the "Target Company"), at the consideration of HK$100,000,000, out of which HK$30,000,000 was settled by way of cash and HK$70,000,000 by way of the issue of promissory notes by the company.

The Target Company is incorporated under the laws of the British Virgin Islands with limited liability and it owns 90% equity interest in Kotech Educational Limited ("Kotech Educational"). Kotech Educational is principally engaged in the trading of educational software and provision of education, skills training and education consultation. By leveraging on (i) the support from Quality Education Fund (the "QEF"), which was established by the Government of Hong Kong in 1998 and with an allocation of HK$5 billion at the relevant time, to finance projects for the promotion of quality education in Hong Kong; (ii) the services of Kotech Educational which are under the priority themes of the QEF; and (iii) the extensive experiences of the management team of Kotech Educational in the education sector, the directors of the company are of the view that the acquisition of the Target Company provides a prime opportunity for the group to diversify the revenue stream of the group which is expected to increase the shareholders' value and benefit the company and its shareholders as a whole. Details of which are set out in the announcement of the company dated 16 October 2014.

Going forward, the group will actively look for other investment opportunities in other streams so as to sustain the growth of the group in the long run.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the company nor any of its subsidiaries purchased, redeemed or sold any of the company's listed securities during the period ended 30 September 2014.

DIRECTORS' INTEREST AND SHORT POSITIONS IN SHARES

As at 30 September 2014, the interests and short positions of the directors of the company in the shares of the company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO"), as recorded in the register required to be kept by the company pursuant to Section 352 of the SFO, or as otherwise notified to the company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules, were as follows:

Long positions in shares of the company

Name of director	Capacity of shares held	No. of shares held	Percentage of issued shares
Yu Wai Fong	Beneficial owner	2,118,871	0.14%

Save as disclosed above, as at 30 September 2014, 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.

SHARE OPTION SCHEME

The company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants for their contribution to the group.

The company's existing share option scheme was adopted on 16 December 2011 and is effective for a period of ten years commencing on the adoption date. No share options had been granted under the company's existing option scheme during the period ended 30 September 2014.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES

As at 30 September 2014, so far as the directors are aware, the persons or corporations (not being a director or chief executive of the company) who have interest or short positions in the shares and underlying shares as recorded in the register required to be kept under section 336 of the SFO or have otherwise notified to the company were as follows:

Name	Capacity of shares held	No. of shares held	Percentage of issued shares (approximately)
Oriental Development Group (HK) Co., Limited *(Note)*	Beneficial owner	90,000,000	5.98%
Man Yuen *(Note)*	Interest in a controlled corporation	90,000,000	5.98%
Ni Xiaoliang	Beneficial owner	200,000,000	13.30%
Fan Hengfu	Beneficial owner	346,666,666	23.05%
Lee Ka Bo	Beneficial owner	80,000,000	5.32%
Gao Jian	Beneficial owner	216,666,666	14.41%

Note:

To the best of the directors' knowledge, information and belief having made all reasonable enquiry, Oriental Development Group (HK) Co., Limited is wholly and beneficially owned by Mr. Man Yuen as at the date of this interim report. By virtue of the SFO, Man Yuen is deemed to be interested in the 90,000,000 shares held by Oriental Development Group (HK) Co., Limited.

Save as disclosed above, as at 30 September 2014, the directors are not aware of any other person or corporation having an interest or short position in the shares and underlying shares which fall to be disclosed under the provisions of Division 2 and 3 of Part XV of the SFO.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The company has adopted the Model Code as its own code of conduct regarding securities transactions by the directors. The company had also made specific enquiry of the directors and the company was not aware of any non-compliance with the required standard as set out in the Model Code.

CORPORATE GOVERNANCE

The company has complied with the code provisions as set out in the Corporate Governance Code and Corporate Governance Report (the "CG Code") in Appendix 14 of the Listing Rules throughout the six months ended 30 September 2014, except for the deviation from the requirement of code provision A.2.1, A.6.7 and E.1.2 of the CG Code as follow.

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

The code provision A.6.7 stipulates that the independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders. Two independent non-executive directors, Mr. Tse Kwong Wah and Ms. Cao Jie Min, did not attend the company's special general meeting held on 2 April 2014 and 22 May 2014 respectively and also the company's annual general meeting held on 29 August 2014 due to their other work commitments.

The code provision E.1.2 stipulates that the chairman of the board should attend the annual general meeting. The chairman of the board was unable to attend the company's annual general meeting held on 29 August 2014 due to his other work commitments.

AUDIT COMMITTEE

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

The Audit Committee has regularly reviewed with the management the accounting principles and policies adopted by the group. The results of the group for the six months ended 30 September 2014 has been reviewed by the Audit Committee who are of the opinion that such statements comply with the applicable accounting standards and that adequate disclosures have been made.

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

Hong Kong, 27 November 2014