



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

2017  
Interim Report

\* For identification purposes only

## CORPORATE INFORMATION

### BOARD OF DIRECTORS

#### *Executive Directors*

Xu Dong (*Chairman, resigned on 12 December 2017*)

Au Tat On

Han Wei (Re-designated as executive director on 1 August 2017 and appointed as chairman on 12 December 2017)

#### *Independent Non-Executive Directors*

Lai Wai Yin, Wilson

Cao Jie Min

Tse Kwong Wah (Resigned on 14 July 2017)

Liang Kuo-Chieh (Appointed on 14 July 2017)

### COMPANY SECRETARY

Yip Yuk Sing

### AUTHORISED REPRESENTATIVES

Au Tat On

Yip Yuk Sing

### AUDITOR

Crowe Horwath (HK) CPA Limited

### LEGAL ADVISER

Li, Wong, Lam & W.I. Cheung

### REGISTERED OFFICE

Clarendon House  
2 Church Street  
Hamilton HM11  
Bermuda

### HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

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China Resources Building,  
26 Harbour Road, Wanchai  
Hong Kong

### HONG KONG SHARE REGISTRAR

Tricor Secretaries Limited  
Level 22, Hopewell Centre,  
183 Queen's Road East,  
Hong Kong

### WEBSITE

736.com.hk

### STOCK CODE

736

### PRINCIPAL BANKERS

ICBC (Asia)  
Wing Lung Bank

## CHINA PROPERTIES INVESTMENT HOLDINGS LIMITED

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 2017, 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 2017

	Notes	Six months ended 30 September 2017 (Unaudited) HK\$'000	2016 (Unaudited) (Restated) HK\$'000
Revenue	6	34,110	27,560
Cost of sales and services rendered		(1,266)	(7,536)
Gross profit		32,844	20,024
Valuation gains on investment properties		19,364	808
Other revenue	7(a)	369	620
Other net income and losses	7(b)	(881)	454
Administrative expenses		(36,550)	(45,868)
Other operating expenses	8(d)	(421,950)	(29)
<b>Loss from operations</b>		<b>(406,804)</b>	<b>(23,991)</b>
Finance costs	8(a)	(1,640)	(4,355)
Share of loss of an associate		-	(8)
Loss on disposal of an associate		-	(58)
<b>Loss before taxation</b>	8	<b>(408,444)</b>	<b>(28,412)</b>
Income tax	9(a)	(5,442)	462
<b>Loss for the period</b>		<b>(413,886)</b>	<b>(27,950)</b>
<b>Attributable to:</b>			
Owners of the company		(413,886)	(27,974)
Non-controlling interests		-	24
<b>Loss for the period</b>		<b>(413,886)</b>	<b>(27,950)</b>
		HK\$	HK\$
<b>Loss per share</b>	11		
- Basic		(9 cents)	(1 cent)
- Diluted		(9 cents)	(1 cent)

The notes on pages 8 to 40 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 2017

	Six months ended 30 September	
	2017	2016
	(Unaudited)	(Unaudited)
		(Restated)
	HK\$'000	HK\$'000
<b>Loss for the period</b>	<b>(413,886)</b>	(27,950)
<b>Other comprehensive (loss)/income for the period</b>		
Available-for-sale investments		
– Changes in fair value	<b>(385,983)</b>	12,752
– Reclassification adjustments relating to recognition of impairment loss	<b>304,386</b>	–
Exchange differences on translation of:		
– financial statements of group entities	<b>10,189</b>	(7,184)
<b>Total other comprehensive (loss)/income for the period</b>	<b>(71,408)</b>	5,568
<b>Total comprehensive loss for the period</b>	<b>(485,294)</b>	(22,382)
<b>Attributable to:</b>		
Owners of the company	<b>(485,294)</b>	(22,406)
Non-controlling interests	–	24
<b>Total comprehensive loss for the period</b>	<b>(485,294)</b>	(22,382)

The notes on pages 8 to 40 form part of this condensed consolidated financial statements.

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2017

	<i>Notes</i>	<b>30/9/2017</b> <b>(Unaudited)</b> <b>HK\$'000</b>	31/3/2017 (Audited) HK\$'000
<b>Non-current assets</b>			
Plant and equipment	12	<b>10,942</b>	12,865
Investment properties	13	<b>263,314</b>	234,015
Intangible assets		<b>8,212</b>	9,330
Goodwill		<b>4,748</b>	4,748
Available-for-sale investments	14	<b>115,614</b>	501,597
Loan receivables	16	<b>48,000</b>	–
		<b>450,830</b>	762,555
<b>Current assets</b>			
Property under development		<b>20,524</b>	18,576
Trade and other receivables	15	<b>127,127</b>	82,886
Loan receivables	16	<b>191,423</b>	275,000
Trading securities	17	<b>31,985</b>	153,152
Fixed deposits		<b>11,267</b>	11,658
Cash and bank balances – trust accounts		<b>13,631</b>	6,822
Cash and bank balances – general accounts	18	<b>137,509</b>	136,775
		<b>533,466</b>	684,869
<b>Current liabilities</b>			
Trade and other payables	19	<b>27,604</b>	19,958
Interest-bearing borrowings		<b>14,084</b>	10,148
Tax payable		<b>1,852</b>	1,067
		<b>43,540</b>	31,173

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION***(continued)*

AS AT 30 SEPTEMBER 2017

	<i>Notes</i>	<b>30/9/2017</b> <b>(Unaudited)</b> <b>HK\$'000</b>	31/3/2017 (Audited) HK\$'000
<b>Net current assets</b>		<b>489,926</b>	653,696
<b>Total assets less current liabilities</b>		<b>940,756</b>	1,416,251
<b>Non-current liabilities</b>			
Deferred tax liabilities	<i>9(b)</i>	<b>22,063</b>	16,699
Unconvertible bonds	<i>20</i>	<b>20,000</b>	20,000
		<b>42,063</b>	36,699
<b>NET ASSETS</b>		<b>898,693</b>	1,379,552
<b>Equity</b>			
<b>Equity attributable to owners of the company</b>			
Share capital	<i>21</i>	<b>48,576</b>	48,576
Reserves		<b>850,117</b>	1,330,976
<b>TOTAL EQUITY</b>		<b>898,693</b>	1,379,552

The notes on pages 8 to 40 form part of this condensed consolidated financial statements.

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017

	Attributable to owners of the company										
	Share capital	Share premium	Special reserve	Contributed surplus	Employee share-based compensation reserve	Exchange fluctuation reserve	Investment revaluation reserve	Accumulated losses	Total	Non-controlling interests	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2016	9,715	1,569,401	(11,153)	136,012	-	23,838	27,459	(933,764)	821,508	1,413	822,921
Right issue	38,861	509,074	-	-	-	-	-	-	547,935	-	547,935
Share issues expenses	-	(13,698)	-	-	-	-	-	-	(13,698)	-	(13,698)
Total comprehensive loss for the period	-	-	-	-	-	(7,184)	12,752	(27,974)	(22,406)	24	(22,382)
At 30 September 2016 (Unaudited)	<u>48,576</u>	<u>2,064,777</u>	<u>(11,153)</u>	<u>136,012</u>	<u>-</u>	<u>16,654</u>	<u>40,211</u>	<u>(961,738)</u>	<u>1,333,339</u>	<u>1,437</u>	<u>1,334,776</u>
At 1 April 2017	48,576	2,064,777	(11,153)	136,012	-	10,037	81,597	(950,294)	1,379,552	-	1,379,552
Equity-settled share-based transactions	-	-	-	-	4,435	-	-	-	4,435	-	4,435
Total comprehensive loss for the period	-	-	-	-	-	10,189	(81,597)	(413,886)	(485,294)	-	(485,294)
At 30 September 2017	<u>48,576</u>	<u>2,064,777</u>	<u>(11,153)</u>	<u>136,012</u>	<u>4,435</u>	<u>20,226</u>	<u>-</u>	<u>(1,364,180)</u>	<u>898,693</u>	<u>-</u>	<u>898,693</u>

The notes on pages 8 to 40 form part of this condensed consolidated financial statements.

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017

	Notes	Six months ended 30 September	
		2017 HK\$'000	2016 (Restated) HK\$'000
Net cash used in operating activities		<b>(2,917)</b>	(253,815)
Net cash generated from investing activities		<b>1,307</b>	14,766
Net cash generated from financing activities		<b>2,297</b>	522,929
Net increase in cash and cash equivalents		<b>687</b>	283,880
Cash and cash equivalents at beginning of period		<b>136,775</b>	46,323
Effect of foreign exchange rate changes, net		<b>47</b>	(63)
Cash and cash equivalents at end of period		<b>137,509</b>	330,140
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER</b>			
Cash and bank balances	18	<b>137,509</b>	330,104
Cash and bank balances included in assets of disposal group classified as held for sale		<b>–</b>	36
		<b>137,509</b>	330,140

The notes on pages 8 to 40 form part of this condensed consolidated financial statements.



**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017

**1. CORPORATE INFORMATION**

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

The company is an investment holding company. The principal activities of its subsidiaries are investment holding, property investment and provision of educational support services, money lending business and financial services.

**2. BASIS OF PREPARATION OF FINANCIAL INFORMATION**

The unaudited condensed consolidated financial statements for the six months ended 30 September 2017 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 2017, except for the adoption of the new Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards as disclosed in note 2 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 2017.

**2. BASIS OF PREPARATION OF FINANCIAL INFORMATION** *(continued)*

**Change in presentation and functional currency**

Having considered over 85% of the group's revenue and business activities are conducted in Hong Kong and the functional currency of those subsidiaries in Hong Kong is Hong Kong Dollars ("HKD"), the company has decided to adopt and use HKD as the company's functional and the group's presentation currency in presenting the financial performance and the financial position of the group effective from 1 April 2016, so as to better reflect the underlying performance of the group and for better alignment with the underlying business operations of the group. As a result, the group changed its presentation currency from Renminbi ("RMB") to HKD for the preparation of its financial statements.

The change in presentation currency has been applied retrospectively. The comparative figures in this unaudited condensed consolidated financial statements were then translated from RMB to HKD using the applicable closing rates for assets and liabilities in the condensed consolidated statement of financial position and applicable average rates that approximated to actual rates for items in the condensed consolidated statement of profit or loss. Share capital, share premium and reserves were translated at the exchange rate at the date when the respective amounts were determined (i.e. historical exchange rates).

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

- investment properties
- trading securities
- available-for-sale investments

The unaudited condensed consolidated interim financial information for the period ended 30 September 2017 comprise the company and its subsidiaries.

**3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRS”)**

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 HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of deferred tax assets for unrealised losses
Amendments to HKFRSs	Annual improvements to HKFRSs 2014-2016 Cycle

There have been no significant changes to the accounting policy applied in these financial statements for the periods as a result of the developments.

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 each service type perspectives. Geographically, management considers the performance of the segments in Hong Kong and mainland China. The group has presented the following four reportable segments. These segments are managed separately. The properties investment segment, the educational support services segment, money lending business segment and financial services segment offer very different products and services.

**i) Properties investment**

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

**ii) 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, trading of educational software and hardware and provision of education, skill training and education consultation.

**4. SEGMENT REPORTING** *(continued)*

**iii) Money lending business**

The money lending business reportable segment derives its revenue primarily from lending out loans and receive interest.

**iv) Financial services**

The financial services reportable segment derives its revenue from providing brokerage services for securities dealing, placing and undertaking services, margin financing and asset management.

**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 available-for-sale investments, property under development, trading securities and corporate assets. All liabilities are allocated to reportable segments other than unconvertible bonds and corporate liabilities.

## CHINA PROPERTIES INVESTMENT HOLDINGS LIMITED

### 4. SEGMENT REPORTING (continued)

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

Information regarding the group's reportable segments as provided to the group's CODM for the purposes of resources allocation and assessment of segment performance for the period ended 30 September 2017 and 2016 is set out below.

	Six months ended 30 September 2017 (Unaudited)					Six months ended 30 September 2016 (Unaudited) (Restated)				
	Properties investment	Educational support services	Money lending business	Financial services	Total	Properties investment	Educational support services	Money lending business	Financial services	Total
	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000
Revenue from external customers	<u>4,810</u>	<u>-</u>	<u>23,294</u>	<u>6,006</u>	<u>34,110</u>	<u>5,280</u>	<u>9,453</u>	<u>12,655</u>	<u>172</u>	<u>27,560</u>
Reportable segment revenue	<u>4,810</u>	<u>-</u>	<u>23,294</u>	<u>6,006</u>	<u>34,110</u>	<u>5,280</u>	<u>9,453</u>	<u>12,655</u>	<u>172</u>	<u>27,560</u>
Reportable segment profit/(loss) before taxation	17,409	-	22,865	(151)	40,123	191	(422)	11,938	(3,213)	8,494
Interest income on bank deposits	1	-	-	1	2	7	-	-	2	9
Depreciation and amortisation – Plant and equipment	(710)	-	-	(109)	(819)	(239)	(146)	-	(52)	(437)
– Intangible assets	-	-	-	(1,118)	(1,118)	-	(4,021)	-	-	(4,021)
Valuation gain on investment properties	19,364	-	-	-	19,364	808	-	-	-	808
Finance costs	<u>(1,138)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,138)</u>	<u>(729)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(729)</u>

4. SEGMENT REPORTING (continued)

a) Segment results, assets and liabilities (continued)

	As at 30 September 2017 (Unaudited)				As at 31 March 2017 (Audited)			
	Properties investment	Money lending business	Financial services	Total	Properties investment	Money lending business	Financial services	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Reportable segment assets	<u>281,864</u>	<u>257,940</u>	<u>169,106</u>	<u>708,910</u>	<u>246,312</u>	<u>309,831</u>	<u>123,022</u>	<u>679,165</u>
Additions to non-current assets during the period/year	<u>8</u>	<u>-</u>	<u>-</u>	<u>8</u>	<u>4,638</u>	<u>-</u>	<u>16,983</u>	<u>21,621</u>
Reportable segment liabilities	<u>43,274</u>	<u>1,852</u>	<u>11,581</u>	<u>56,707</u>	<u>29,403</u>	<u>1,066</u>	<u>8,809</u>	<u>39,278</u>

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

	Six months ended 30 September	
	2017 (Unaudited) HK\$'000	2016 (Unaudited) (Restated) HK\$'000
<b>(i) Revenue</b>		
Total reportable segment revenue	<u>34,110</u>	<u>27,560</u>
Consolidated turnover	<u>34,110</u>	<u>27,560</u>
<b>(ii) Loss before taxation</b>		
Total reportable segments' profit	<b>40,123</b>	8,494
Share of loss of an associate	-	(8)
Unallocated corporate income	<b>255</b>	454
Depreciation	<b>(1,526)</b>	(1,015)
Interest income	<b>44</b>	65
Unallocated finance costs	<b>(502)</b>	(3,626)
Fair value change on warrants	-	73
Loss on dealing of trading securities	<b>(117,564)</b>	(29)
Impairment loss recognised in respect of available-for-sale investments reclassified from equity to profit or loss	<b>(304,386)</b>	-
Unallocated corporate expenses	<b>(24,888)</b>	(32,820)
Consolidated loss before taxation	<u><b>(408,444)</b></u>	<u>(28,412)</u>

4. SEGMENT REPORTING (continued)

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

	As at 30 September 2017 (Unaudited) HK\$'000	As at 31 March 2017 (Audited) HK\$'000
<b>(iii) Assets</b>		
Total reportable segments' assets	<b>708,910</b>	679,165
Available-for-sale investments	<b>115,614</b>	501,597
Property under development	<b>20,524</b>	18,576
Trading securities	<b>31,985</b>	153,152
Unallocated corporate assets	<b>107,263</b>	94,934
	<u><b>984,296</b></u>	<u>1,447,424</u>
<b>(iv) Liabilities</b>		
Total reportable segments' liabilities	<b>(56,707)</b>	(39,278)
Unconvertible bonds	<b>(20,000)</b>	(20,000)
Unallocated corporate liabilities	<b>(8,896)</b>	(8,594)
	<u><b>(85,603)</b></u>	<u>(67,872)</u>

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 2017 (Unaudited)					
	Properties investment	Money		Financial services	Unallocated	Total
		lending business				
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Interest income						
– bank deposits	1	–	1	44	46	
Depreciation	(710)	–	(109)	(1,526)	(2,345)	
Finance costs	<u>(1,138)</u>	<u>–</u>	<u>–</u>	<u>(502)</u>	<u>(1,640)</u>	

	Six months ended 30 September 2016 (Unaudited) (Restated)					
	Properties investment	Educational support services	Money lending business	Financial services	Unallocated	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Interest income						
– bank deposits	7	–	–	2	65	74
Depreciation	(239)	(146)	–	(52)	(1,015)	(1,452)
Finance costs	<u>(729)</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>(3,626)</u>	<u>(4,355)</u>



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	
	2017 (Unaudited) HK\$'000	2016 (Unaudited) (Restated) HK\$'000
Properties investment	4,810	5,280
Educational support services	–	9,453
Money lending business	23,294	12,655
Financial services	6,006	172
	<b>34,110</b>	<b>27,560</b>

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 (other than financial investments) include plant and equipment, investment properties, intangible assets and goodwill. The geographic 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 they are allocated.

	Revenue from external customers		Non-current assets	
	Six months ended 30 September 2017 (Unaudited) HK\$'000	Six months ended 30 September 2016 (Unaudited) (Restated) HK\$'000	As at 30 September 2017 (Unaudited) HK\$'000	As at 31 March 2017 (Audited) HK\$'000
Hong Kong (place of domicile)	29,300	22,280	16,686	18,981
PRC	4,810	5,280	267,100	238,342
Others	–	–	3,430	3,635
	<b>34,110</b>	<b>27,560</b>	<b>287,216</b>	<b>260,958</b>

## 5. SEASONALITY OF OPERATIONS

The group's business in properties leasing, educational support services, money lending business and financial services had no specific seasonality factor.

## 6. REVENUE

The principal activities of the group are properties investment, provision of educational support services, money lending and financial services.

Revenue represents rental income from investment properties, commission income from educational support services, sales of educational products, educational services income, investment management fee income, commission and fees income on dealing in securities, interest income from margin and initial public offer financing and loan interest income. The amount of each significant category of revenue recognised in revenue during the period is as follows:

	Six months ended	
	30 September	
	2017	2016
	(Unaudited)	(Unaudited)
	(Restated)	(Restated)
	HK\$'000	HK\$'000
Rental income from investment properties	4,810	5,280
Commission income from educational support services	–	936
Sales of educational products	–	7,414
Loan interest income	23,294	12,655
Educational service income	–	1,103
Investment management fee income	30	9
Commission and fees income on dealing in securities	1,182	163
Interest income from margin and initial public offer financing	4,794	–
	<u>34,110</u>	<u>27,560</u>

7. OTHER REVENUE AND OTHER NET INCOME AND LOSSES

	Six months ended	
	30 September	
	2017	2016
	(Unaudited)	(Unaudited)
		(Restated)
	HK\$'000	HK\$'000
<b>a) Other revenue</b>		
Interest income on bank deposits	<u>46</u>	<u>74</u>
Total interest income on financial assets not at fair value through profit or loss	<b>46</b>	74
Dividend income	<b>17</b>	–
Handing fee received	–	75
Written off of other payable	–	200
Sundry income	<b>306</b>	271
	<u><b>369</b></u>	<u>620</u>
<b>b) Other net income and losses</b>		
Exchange (loss)/gain	<b>(881)</b>	316
Fair value gain on warrants	–	73
Loss on disposal of plant and equipment	–	65
	<u><b>(881)</b></u>	<u>454</u>

**8. LOSS BEFORE TAXATION**

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

	<b>Six months ended</b>	
	<b>2017</b>	<b>2016</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
		<b>(Restated)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>a) Finance costs</b>		
Interest expense on interest-bearing borrowings	<b>1,138</b>	729
Interest expense on other borrowings	<b>1</b>	–
Interest on promissory notes	<b>–</b>	3,125
Interest on unconvertible bonds	<b>501</b>	501
	<b>1,640</b>	4,355
<b>b) Staff costs (including directors' remuneration)</b>		
Salaries, wages and other benefits	<b>11,507</b>	21,531
Contribution to defined contribution retirement plans	<b>422</b>	515
Equity-settled share-based payment expenses	<b>4,435</b>	–
	<b>16,364</b>	22,046
<b>c) Other items</b>		
Auditor's remuneration – other services	<b>450</b>	397
Amortisation of intangible assets, included in cost of sales and services rendered	<b>1,118</b>	4,021
Operating lease charges: minimum lease payments	<b>4,726</b>	4,675
Depreciation	<b>2,345</b>	1,452
Gross rental income from investment properties less direct outgoings of HK\$119,000 (2016: HK\$682,000)	<b>(4,690)</b>	(4,599)
<b>d) Other operating expenses</b>		
Loss on dealing of trading securities	<b>117,564</b>	29
Impairment loss recognised in respect of available-for-sale investments reclassified from equity to profit or loss	<b>304,386</b>	–
	<b>421,950</b>	29

9. INCOME TAX

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

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2017</b>	2016
	<b>(Unaudited)</b>	(Unaudited)
		(Restated)
	<b>HK\$'000</b>	HK\$'000
Current tax		
Hong Kong profits tax	<u>785</u>	–
	<b>785</b>	–
Deferred tax		
Origination and reversal of temporary differences	<u>4,657</u>	(462)
Income tax expenses/(credit)	<u><b>5,442</b></u>	<u>(462)</u>

*Note:*

- i) For the period ended 30 September 2017 and 2016, the provision for Hong Kong Profits Tax is calculated at 16.5% (2016: 16.5%) of estimated assessable profits for the period.
- ii) The PRC enterprise income tax ("EIT") for the period ended 30 September 2017 is 25% (2016: 25%). The EIT has not been provided for as the group has incurred losses in PRC for the period.

## 9. INCOME TAX (continued)

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

	Intangible assets HK\$'000	Revaluation of investment properties HK\$'000	Depreciation allowances in excess of related depreciation HK\$'000	Total HK\$'000
Deferred tax liabilities arising from:				
At 1 April 2016	2,425	10,947	95	13,467
Acquisition of subsidiaries	1,838	–	–	1,838
Deferred tax (credited)/charged to the profit or loss	(1,115)	5,004	–	3,889
Disposal of subsidiaries	(1,609)	–	(95)	(1,704)
Exchange alignment	–	(791)	–	(791)
At 31 March 2017	<u>1,539</u>	<u>15,160</u>	<u>–</u>	<u>16,699</u>
At 1 April 2017	<b>1,539</b>	<b>15,160</b>	–	<b>16,699</b>
Deferred tax (credited)/charged to the profit or loss	<b>(184)</b>	<b>4,841</b>	–	<b>4,657</b>
Exchange alignment	–	<b>707</b>	–	<b>707</b>
At 30 September 2017	<u><b>1,355</b></u>	<u><b>20,708</b></u>	<u>–</u>	<u><b>22,063</b></u>

## 10. DIVIDENDS

The directors of the company do not recommend the payment of any interim dividend for the six months ended 30 September 2017 (2016: Nil).

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 HK\$413,886,000 (2016: HK\$27,974,000) and on the weighted average number of 4,857,582,000 ordinary shares in issue during the period (2016: 2,315,015,000 ordinary shares).

Weighted average number of ordinary shares:

	2017 Weighted average number of ordinary shares '000	2016 Weighted average number of ordinary shares '000 (Restated)
Issued ordinary shares at 1 April	4,857,582	1,104,601
Effect on right issue	–	1,210,414
Weighted average number of ordinary shares at the end of the period	<u>4,857,582</u>	<u>2,315,015</u>

\* *The number of ordinary shares for the period ended 30 September 2016 has been adjusted to take into account the retrospective adjustment to the number of shares outstanding before the rights issue which was completed on 4 August 2016 to reflect the bonus element inherent in the rights issue.*

b) Diluted loss per share

Diluted loss per share equals to basic loss per share because the outstanding share options and warrants had an anti-dilutive effect on the basis loss per share for the periods ended 30 September 2017 and 2016.

**12. PLANT AND EQUIPMENT**

During the six months ended 30 September 2017, the group acquired plant and equipment at a cost of approximately HK\$8,000 (31 March 2017: approximately HK\$9,404,000).

**13. INVESTMENT PROPERTIES**

	HK\$'000 (Restated)
<b>Valuation:</b>	
At 1 April 2016	228,635
Gain on revaluation	20,015
Exchange alignment	(14,635)
	<u>234,015</u>
At 31 March 2017	<u>234,015</u>
At 1 April 2017	<b>234,015</b>
Gain on revaluation	<b>19,364</b>
Exchange alignment	<b>9,935</b>
	<u>263,314</u>
At 30 September 2017	<u>263,314</u>

All of the group's investment properties are held in the PRC.

All of the group's investment properties were revalued on 30 September 2017 and 31 March 2017 by Castores Magi (Hong Kong) Limited, an independent firm of professional valuers, who has recognised and relevant professional qualification and recent experience in the location and category of properties being valued. The properties had been revalued based on the income capitalisation approach. The investment properties are leased to third parties under operating leases.

As at 30 September 2017, the group's investment properties with a value of approximately HK\$88,884,000 (31 March 2017: approximately HK\$160,096,000) were pledged to secure the interest-bearing borrowings granted to the group.

**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.



13. INVESTMENT PROPERTIES (continued)

Fair value measurement of properties (continued)

(i) Fair value hierarchy (continued)

- 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 2017 (Unaudited)	Fair value measurements as at 30 September 2017 categorized into		
	HK\$'000	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000

Group

Recurring fair value  
measurement

Investment properties

– Commercial – PRC

263,314

–

–

263,314

Fair value

as at

31 March

2017

(Audited)

HK\$'000

Fair value measurements

as at 31 March 2017

categorized into

Level 1

HK\$'000

Level 2

HK\$'000

Level 3

HK\$'000

Group

Recurring fair value  
measurement

Investment properties

– Commercial – PRC

234,015

–

–

234,015

During the period ended 30 September 2017, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (31 March 2017: Nil). 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
Investment properties I Commercial – the PRC	Income capitalisation approach	Estimated rental value (per square metre and per month)	HK\$214 – HK\$283 (31 March 2017: HK\$168 – HK\$307)
		Rental growth rate	1% (31 March 2017: 1%)
		Market yield	5% (31 March 2017: 5.5%)
Investment properties II Commercial – the PRC	Income capitalisation approach	Estimated rental value (per square metre and per month)	HK\$140 – HK\$251 (31 March 2017: HK\$132 – HK\$205)
		Rental growth rate	1% (31 March 2017: 1%)
		Market yield	5% (31 March 2017: 5.5%)

A significant increase/(decrease) in the estimated rental value (per square metre and per month) and rental growth rate in isolation would result in a significant increase/(decrease) in the fair value of the investment properties. A significant increase/(decrease) in the market yield in isolation would result in a significant decrease/(increase) 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:

	HK\$'000 (Restated)
Investment properties – Commercial – PRC	
At 1 April 2016	228,635
Valuation gain on investment properties	20,015
Exchange alignment	(14,635)
	234,015
At 31 March 2017 and 1 April 2017	234,015
Valuation gain on investment properties	19,364
Exchange alignment	9,935
	263,314
At 30 September 2017	263,314

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

14. AVAILABLE-FOR-SALE INVESTMENTS

	At 30 September 2017 (Unaudited) HK\$'000	At 31 March 2017 (Audited) HK\$'000
Unlisted investments fund, at fair value	<u>115,614</u>	<u>501,597</u>

The loss on fair value change in the investments of approximately HK\$385,983,000 (31 March 2017: gain HK\$54,138,000) which were recognised in other comprehensive income and reflected in the investment revaluation reserve.

15. TRADE AND OTHER RECEIVABLES

An aged analysis of the trade 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 2017 (Unaudited) HK\$'000	At 31 March 2017 (Audited) HK\$'000
Within 1 month	676	32
1 to 3 months	1,212	23
3 to 6 months	1,848	-
Over 6 months	6,034	5,744
Trade receivables	9,770	5,799
Within 1 month	2,306	6,680
Interest receivables from money lending business	2,306	6,680
Accounts receivable from the business of dealing in securities (note 3)		
Clearing house and cash clients	243	10,852
Secured margin loans	102,338	52,229
Other loan and interest receivables (note 2)	45,138	45,138
Less: impairment	(45,138)	(45,138)
Other loan and interest receivables (net)	-	-
Other receivables	378	311
Loans and receivables	115,035	75,871
Prepayments and deposits	12,092	7,015
	<u>127,127</u>	<u>82,886</u>

**15. TRADE AND OTHER RECEIVABLES** *(continued)*

Note:

- 1) Trade receivables are due within 0-60 days from the date of billing. Interest receivables are provided on an accrual basis.
- 2) On 27 July 2011, the company entered into a participation deed with the Simsen Capital Finance Limited ("Simsen") and the sub-participation agreement with Power Alliance International Limited respectively in relation to the participation of the advancement of the first participation amount of HK\$42,000,000 and second participation amount of HK\$8,000,000 (together the "Participation Loans"). The interest rate for Participation Loans was 18% per annum. The Participation Loans are in association with a loan agreement (the "Loan Agreement") between Simsen and Make Success Limited ("Borrower"). The Borrower has assigned a promissory note of HK\$300,000,000 (the "PN") and a convertible note of HK\$90,000,000 (the "CN") as security to Simsen under the Loan Agreement. The PN and CN were issued by Mayer Holdings Limited ("Mayer") to the Borrower.

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

Following a litigation between Mayer and the Borrower, Simsen disposed of the PN on 10 February 2012 for an amount of HK\$10,000,000 with the consent of the company. During the year ended 31 March 2015, the company received HK\$4,862,000 from the disposal of the PN after the payment of other loan participant of Simsen, all cost and expenses in connection with the disposal.

- 3) The settlement terms of accounts receivable, except for secured margin loans, arising from the business of dealing in securities are two days after trade date.

For secured margin loans, as at 30 September 2017 and 31 March 2017, the loans are repayable on demand subsequent to settlement date and carry variable interest at commercial rates. They are generally included in "Neither past due nor impaired" category.

## 16. LOAN RECEIVABLES

	At 30 September 2017 (Unaudited) HK\$'000	At 31 March 2017 (Audited) HK\$'000
Loan receivables arising from:		
– Money lending business	<u>239,423</u>	<u>275,000</u>
Amounts due within one year included under current assets	<b>191,423</b>	275,000
Amounts due after one year included under non-current assets	<u>48,000</u>	–
	<u><b>239,423</b></u>	<u>275,000</u>

*Notes:*

During the period ended 30 September 2017, the group lent total amount of HK\$239,423,000 (31 March 2017: HK\$275,000,000) to independent third parties. These loan receivables had 10 to 18 month loan periods and bore interest at 18% per annum, and the corresponding interest were expected to be repaid on a monthly, bi-monthly or quarterly basis. These loan receivables were secured by Hong Kong listed securities or private equities. The company received approximately HK\$33 million for the loan repayment together with the loan interest after the period end and up to the reporting date.

At the end of the reporting period, the maturity profile of loan receivables, based on maturity date, is as follows:

	At 30 September 2017 HK\$'000	At 31 March 2017 HK\$'000
Due within 1 month	<b>20,000</b>	15,000
Due after 1 month but within 3 months	<b>57,025</b>	41,000
Due after 3 months but within 6 months	<b>95,282</b>	139,000
Due after 6 months but within 12 months	<b>19,116</b>	80,000
Due after 12 months	<u>48,000</u>	–
	<u><b>239,423</b></u>	<u>275,000</u>

The loan receivables were neither past due nor impaired at the end of the reporting period. The directors of the company are of the opinion that no provision for impairment is necessary in respect of these loan receivables as the balances are not overdue and are still considered fully recoverable.

17. TRADING SECURITIES

Details of the investments in trading securities were as follow:

Stock name	Stock Code	Nature of business	Approximate		Market	Approximate		Market	Gain/(Loss)
			Number of shares held at 31 Mar 2017	percentage of shareholding at 30 Mar 2017	value at 31 Mar 2017 approximately (HK\$'000)	Number of shares held at 30 Sep 2017	percentage of shareholding at 30 Sep 2017	value at 30 Sep 2017 approximately (HK\$'000)	disposal for the period ended 30 Sep 2017 approximately (HK\$'000)
QPL International Holdings Limited	243	Manufacture and sale of integrated circuit leadframes, heatsinks and stiffeners.	9,000,000	0.40%	5,130	-	-	-	(3,368)
SOHO China Limited	410	Investment in real estate development, property leasing and property management	19,500	0.0004%	81	19,500	0.0004%	86	5
China e-Wallet Payment Group Limited	802	Provision of biometric and RFID products and solution services, internet and mobile application and related services.	40,000,000	1.7%	26,800	-	-	-	(22,693)
Unity Investments Holdings Limited	913	Investment in listed companies in Hong Kong stock markets, and also investment in unlisted companies.	67,000,000	3.8%	8,776	-	-	-	(5,828)
China Construction Bank	939	Provision of corporate and personal banking services	-	-	-	125,000	0.00005%	810	10
Milan Station Holdings Limited	1150	Retailing of handbags, fashion accessories and embellishments operation	25,000,000	3.1%	9,000	13,000,000	1.6%	2,821	(4,527)
Lerado Financial Group Company Limited	1225	Providing financial services, including securities broking, margin financing and money lending etc., and manufacturing and distributing children plastic toys and medical care products.	107,000,000	4.6%	12,411	107,000,000	4.6%	13,589	1,178
China Investment and Finance Group Limited	1226	Trading of securities trading and investment holding.	90,000,000	4.0%	22,500	-	-	-	(17,264)
AIA Group Limited	1299	Providing insurance services	-	-	-	13,600	0.0001%	783	(19)
China Kingstone Mining Holdings Limited	1380	Production and sale of marble and marble related products	-	-	-	25,000,000	0.9%	2,800	325

## CHINA PROPERTIES INVESTMENT HOLDINGS LIMITED

### 17. TRADING SECURITIES (continued)

Stock name	Stock		Number of shares held at 31 Mar 2017	Approximate percentage of shareholding at 30 Mar 2017	Market value at 31 Mar 2017 approximately (HK\$'000)	Number of shares held at 30 Sep 2017	Approximate percentage of shareholding at 30 Sep 2017	Market value at 30 Sep 2017 approximately (HK\$'000)	Gain/(Loss)
	Code	Nature of business							disposal for the period ended 30 Sep 2017 approximately (HK\$'000)
Major Holdings Limited	1389	Sale and distribution of premium wine and spirits products	5,600,000	0.2%	7,223	-	-	-	(6,329)
China Aoyuan Property Group Limited	3883	Property Development, provision consultancy services and hotel ownership	35,000	0.001%	81	35,000	0.001%	152	71
Hao Wen Holdings Limited	8019	Carrying money lending business, trading and manufacturing of biomass fuel and trading of electronic parts.	85,000,000	4.0%	16,150	75,000,000	3.5%	3,600	(12,017)
KPM Holding Limited	8027	Provision of design, fabrication, installation and maintenance of signage and related products.	50,000,000	1.6%	45,000	48,000,000	1.5%	6,384	(38,388)
HM International Holdings Limited	8416	Provision of integrated printing services for corporate clients	-	-	-	2,000,000	0.5%	960	(8,720)
Total					<u>153,152</u>			<u>31,985</u>	<u>(117,564)</u>

Note: None of the above listed equity securities was individually carrying at value more than 5% of the group's total assets at the end of the reporting period.

## 18. CASH AND CASH EQUIVALENTS

	At 30 September 2017 (Unaudited) HK\$'000	At 31 March 2017 (Audited) HK\$'000
Cash at bank and on hand	162,407	155,255
Less: Fixed deposit with original maturity of more than 3 months	(11,267)	(11,658)
Less: Cash and bank balances – trust accounts	<u>(13,631)</u>	<u>(6,822)</u>
Cash and cash equivalents in the condensed consolidated statement of financial position and condensed consolidated statement of cash flows	<u>137,509</u>	<u>136,775</u>

## 19. TRADE AND OTHER PAYABLES

	At 30 September 2017 (Unaudited) HK\$'000	At 31 March 2017 (Audited) HK\$'000
Accounts payable from the business of dealing in securities		
Margin and cash clients ( <i>note a</i> )	9,035	5,972
Other payables and accruals	8,955	10,016
Amount due to a director ( <i>note b</i> )	235	226
Amounts due to related parties ( <i>note b</i> )	<u>4,589</u>	<u>33</u>
Financial liabilities measured at amortised cost	22,814	16,247
Receipt in advance	2,367	1,383
Rental deposit received (non-refundable)	<u>2,423</u>	<u>2,328</u>
	<u>27,604</u>	<u>19,958</u>



19. TRADE AND OTHER PAYABLES (continued)

Notes:

- a) The settlement terms of accounts payable, except for margin loans, arising from the business of dealing in securities are two days after trade date. All of the remaining trade and other payables (including amounts due to related parties and amount due to a director) are expected to be settled or recognised as income within one year or are repayable on demand.

Accounts payable to margin and cash clients arising from the business of dealing in securities bear variable interest at commercial rates, and are repayable on demand subsequent to settlement date.

As at 30 September 2017, included in accounts payable, amounts of HK\$9,035,000 (31 March 2017: HK\$5,972,000) respectively were payable to clients and other institutions in respect of the trust and segregated bank balances received and held for clients and other institutions in the course of conducting the regulated activities. However, the group currently does not have an enforceable right to offset these accounts payables with the deposits placed.

- b) The amount due to a director and amounts due to related parties are unsecured, interest-free and repayable on demand.

The following is an aging analysis of accounts payable from the business of dealing in securities presented based on the invoice date:

	At 30 September 2017 (Unaudited) HK\$'000	At 31 March 2017 (Audited) HK\$'000
Within 1 month	<u>9,035</u>	<u>5,972</u>

20. UNCONVERTIBLE BONDS

	At 30 September 2017 (Unaudited) HK\$'000	At 31 March 2017 (Audited) HK\$'000
Unconvertible bonds	<u>20,000</u>	<u>20,000</u>

**20. UNCONVERTIBLE BONDS** (continued)

The amount represented two unconvertible bonds of total HK\$20,000,000 (31 March 2017: HK\$20,000,000) with HK\$10,000,000 each. As at 30 September 2017, accrued interest of HK\$736,000 (31 March 2017: HK\$234,000) 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 bonds are 7 years from their issue date i.e. 7 February 2020 and 4 December 2020 respectively.

**21. SHARE CAPITAL**

	Number of ordinary shares of HK\$0.01 each '000	HK\$'000
At 1 April 2016, 31 March 2017 and 30 September 2017	<b>30,000,000</b>	<b>300,000</b>
		HK\$'000 (Restated)
<b>Issued and fully paid:</b>		
At 1 April 2016	971,516	9,715
Right issue (note i)	3,886,066	38,861
<b>At 31 March 2017 and 30 September 2017</b>	<b>4,857,582</b>	<b>48,576</b>

**i) Right issue**

On 24 May 2016, the company proposed to issue 3,886,065,724 right shares at the subscription price of HK\$0.141 per right share on the basis of four right shares for every one existing issued share. 3,886,065,724 shares were fully issued when the right issue was completed on 4 August 2016 and approximately HK\$547,935,000 was raised, before deduction of relevant expenses.

**22. EQUITY SETTLED SHARE-BASED TRANSACTIONS**

The company has a share option scheme which was adopted on 16 December 2011 whereby the directors of the company are authorized, at their discretion, to invite the company's employees, company's director (including independent non-executive directors), other employees and director of the group, suppliers of goods or services to the group, customers of the group, persons or entities that provided research, development or other technological support to the group, any shareholder of the group (collectively "Participant") and any company wholly owned by one or more persons belonging to any of the Participant, to take up options at a nominal consideration to subscribe for ordinary shares of the company. The exercise price of options should be the highest of the nominal value of the shares, the closing price of the shares on the SEHK on the date of grant and the average closing price of the shares on the SEHK for the five business days immediately preceding the date of grant. The share option scheme shall be valid and effective for a period of ten years ending on 15 December 2021, after which no further options will be granted.

22. EQUITY SETTLED SHARE-BASED TRANSACTIONS (continued)

The option vest immediately from the date of grant and then exercisable within a period of 5 years from 11 July 2017 to 10 July 2022. Each option gives the holder the right to subscribe for one ordinary share in the company and is settled gross in shares.

a) The terms and condition of the grant are as follows:

<u>Date of grant</u>	<u>Exercisable period</u>	<u>Exercise price</u>	<u>Number of share options</u>
<b>Options granted to employees</b>			
11 July 2017	11 July 2017 to 10 July 2022	<u>HK\$0.058</u>	<u>80,900,000</u>

For the period ended 30 September 2017

	<u>Number of share options</u>			<u>Date of grant of share options*</u>	<u>Exercisable period of share options</u>	<u>Exercise price of share options**</u> HK\$
	<u>Outstanding at 1 April 2017</u>	<u>Granted during the period</u>	<u>Outstanding at 30 September 2017</u>			
<b>Employees</b>						
Other employees	<u>-</u>	<u>80,900,000</u>	<u>80,900,000</u>	<u>11-7-2017</u>	<u>11-7-2017 to 10-7-2022</u>	<u>0.058</u>
Total number of share options	<u>-</u>	<u>80,900,000</u>	<u>80,900,000</u>			

\* The share options vested immediately from the date of the grant.

\*\* The exercise price of the share option is subject of adjustment in the case of rights issues, or other relevant changes in the company's share capital.

**22. EQUITY SETTLED SHARE-BASED TRANSACTIONS** (continued)

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

	30 September 2017		31 March 2017	
	Weighted average exercise price HK\$	Number of shares issuable under options	Weighted average exercise price HK\$	Number of shares issuable under options
Outstanding at 1 April	-	-	-	-
Granted during the period/year	<u>0.058</u>	<u>80,900,000</u>	-	-
Outstanding at the end of period/year	<u>0.058</u>	<u>80,900,000</u>	-	-
Exercisable at the end of the period/year	<u>0.058</u>	<u>80,900,000</u>	-	-

The share option scheme is governed by chapter 17 of the Listing Rules. No option has been granted for the period ended 31 March 2017.

The share options outstanding at 30 September 2017 had an exercise price of HK\$0.058 and a weighted average remaining contractual life of 4.78 years.

**23. RELATED PARTY TRANSACTIONS**

The group had the following transactions with related parties during the six months ended 30 September 2017.

**a) Key management personnel emoluments**

Emoluments for key management personnel, including amounts paid to the company's directors and certain of the highest paid employees during the six months ended 30 September 2017 was as follows:

	Six months ended 30 September 2017 (Unaudited) HK\$'000	Six months ended 30 September 2016 (Unaudited) (Restated) HK\$'000
Short-term employee benefits	<u>5,908</u>	14,034
Post-employment benefits	<u>74</u>	69
	<u>5,982</u>	<u>14,103</u>

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

23. RELATED PARTY TRANSACTIONS (continued)

b) Outstanding balances with related parties

	At 30 September 2017 (Unaudited) HK\$'000	At 31 March 2017 (Audited) HK\$'000
Amount due to a director (note 19)	235	226
Amounts due to related parties (note 19)	<u>4,589</u>	<u>33</u>

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

24. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENT

i) Fair value measurement

a) Financial assets and liabilities measured at fair value

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, categorized 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 group has a team headed by the chief financial officer performing valuations for the financial instruments, including available-for-sale investments which are categorised into Level 3 of the fair value hierarchy. The team reports directly to the directors and the audit committee. A valuation report with analysis of changes in fair value measurement is prepared by the team at each interim and annual reporting date, and is reviewed and approved by the directors. Discussion of the valuation process and results with the directors and the audit committee is held twice a year, to coincide with the reporting dates.

24. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENT (continued)

i) Fair value measurement (continued)

	Fair value measurements as at 30 September 2017 categorised into				Fair value measurements as at 31 March 2017 categorised into			
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Fair value at 30 September 2017 HK\$'000	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Fair value at 31 March 2017 HK\$'000
<b>Recurring fair value measurements assets:</b>								
Available-for-sale investments (note 1 & 2)	-	7,508	108,106	115,614	-	72,562	429,035	501,597
Trading securities	<u>31,985</u>	<u>-</u>	<u>-</u>	<u>31,985</u>	<u>153,152</u>	<u>-</u>	<u>-</u>	<u>153,152</u>

During the period ended 30 September 2017 and year ended 31 March 2017, 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.

Note:

- 1 The valuation techniques and key inputs used of available-for-sale investments for level 2 fair value measurement are as follows:

The fair value of available-for-sale investments is assessed to approximate the net asset values indicated on the net asset value statements issued by investment fund managers, which take into consideration the fair value of the assets held under the investments.

24. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENT (continued)

i) Fair value measurement (continued)

Note: (continued)

- 2 The valuation techniques and key inputs used of available-for-sale investments for level 3 fair value measurement at the end of the reporting period are as follows:

	Valuation techniques	Significant unobservable inputs	Percentage of discount
Available-for-sale investments	Market comparable companies	Discount for lack of marketability	25% (31 March 2017: 25%)

The fair value of unlisted available-for-sale equity investment is assessed to approximate the net asset values indicated on the net asset value statements issued by investment fund managers, which take into consideration the fair value of the assets held under the investments. Where appropriate, a discount is applied to take into consideration of the unlisted securities held under the investment. The fair value measurement is negatively correlated to the discount for lack of marketability. No sensitivity analysis is disclosed for the impact of changes in the discount for the lack of marketability as the management considers that the exposure is insignificant to the group.

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

	At 30 September 2017 HK\$'000	At 31 March 2017 HK\$'000
Available-for-sale investments:		
At the beginning of the period/year	429,035	200,000
Additions	-	70,000
(Loss)/Gain on fair value change	<u>(320,929)</u>	<u>159,035</u>
At the end of the period/year	<u>108,106</u>	<u>429,035</u>

b) Fair value of financial assets and liabilities carried at other than fair value

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate to their fair values. The fair value is estimated at the present value of future cash flows, discounted at current market interest rates for similar financial instruments.

## 25. COMMITMENTS

## 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 2017 (Unaudited) HK\$'000	At 31 March 2017 (Audited) HK\$'000
Within one year	11,661	11,083
In the second to fifth year, inclusive	35,201	27,350
Over five years	<u>30,866</u>	<u>41,737</u>
	<u><u>77,728</u></u>	<u><u>80,170</u></u>

ii) *The group as lessee:*

The group leases certain office premises and director's quarters under operating leases, leases for these properties are negotiated for terms ranging from two to five years.

At the end of the reporting period, the group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	At 30 September 2017 (Unaudited) HK\$'000	At 31 March 2017 (Audited) HK\$'000
Within one year	7,934	7,729
In the second to fifth years, inclusive	<u>4,409</u>	<u>6,468</u>
	<u><u>12,343</u></u>	<u><u>14,197</u></u>



**26. LITIGATION**

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

**27. APPROVAL OF INTERIM FINANCIAL REPORT**

The interim financial report was approved and authorised for issue by the board on 29 November 2017.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business Review

During the period under review, the principal business activities of the group included the properties investment, money lending and financial services.

For the properties investment, as at 30 September 2017, the aggregate gross floor area of the investment properties being held by the group was approximately 7,004 square meters, approximately 100% of which was leased to third parties under operating leases with lease terms ranging up to twelve years. For the six months ended 30 September 2017, the rental income was approximately HKD4.81 million.

For the financial service business, upon completion of the acquisitions of C.P. Securities International Limited (formerly known as J.A.F. Brokerage Limited), which is a licensed corporation to carry out Type 1 (dealing in securities) regulated activity under the Securities and Futures Ordinance (“SFO”) and is principally engaged in the business of securities brokerage and C.P. Financial Management Limited (formerly known as Hong Kong Financial Management Limited), which is licensed under the SFO to carry on Type 9 (asset management) regulated activity, the group commenced its financial services business in 2016, including the provision of securities trading, margin financing, underwriting and assets management which help diversifying the businesses of the group and broaden the source of its income. For the six months ended 30 September 2017, a segment revenue of approximately HKD6.01 million was recorded.

The money lending business made a steady growth during the period. For the six month ended 30 September 2017, the group had a loan portfolio amounted to approximately HKD239.42 million with the average interest rate of 18%. The interest income generated from the money lending business was approximately HKD23.29 million for the six months ended 30 September 2017, representing an increase of approximately 84.07% in comparison with the same period last year.

## MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

### Financial Review

For the period under review, the group's turnover was approximately HKD34.11 million (2016: approximately HKD27.56 million), representing an increase of approximately 23.77% compared with the same period last year. The increase in turnover was mainly due to the contribution from the money lending business and the financial services of the group. The unaudited net loss for the period under review was approximately HKD413.89 million (2016: approximately HKD27.95 million) and the basic loss per share for was HKD0.09 (2016: HKD0.01). The increase in the net loss was mainly attributable to the net realised and unrealised loss on investment in listed securities of approximately HKD117.56 million and the impairment loss on the available-for-sale investments of approximately HKD304.39 million.

The administrative expenses of the group for the period amounted to approximately HKD36.55 million, representing a decrease of approximately 20.32% compared with the same period last year. The finance cost of the group amounted to approximately HKD1.64 million which was mainly incurred for the interest-bearing borrowings under the security of investment properties in Shanghai and the unconvertible bonds issued by the company.

### Liquidity and Financial Resources

As at 30 September 2017, the group's net current assets were approximately HKD489.93 million (at 31 March 2017: approximately HKD653.70 million), including cash and bank balance of approximately HKD151.14 million (at 31 March 2017: approximately HKD143.60 million).

The group had borrowing of approximately HKD14.08 million as at 30 September 2017 (at 31 March 2017: approximately HKD10.15 million) of which 100% were due within one year from balance sheet date. The gearing ratio, defined as the percentage of debts to the total equity of the company, was 3.80% (at 31 March 2017: 2.19%).

### Significant Investments

For the six months ended 30 September 2017, the company has the following significant investments.

## MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

### Significant Investments *(continued)*

#### **Avant Capital Dragon Fund SP**

As at 30 September 2017, the company held approximately 310,250 participating shares of the Avant Capital Dragon Fund SP (the “Dragon Fund”) with the total investment cost of HKD270 million. The Dragon Fund is a segregated portfolio of Avant Capital SPC which is an exempted segregated portfolio company incorporated under the laws of the Cayman Islands. The fair value of the Dragon Fund was approximately HKD108.11 million as at 30 September 2017 (at 31 March 2017: approximately HKD429.04 million). An impairment loss of approximately HKD161.89 million was recognized for the six months ended 30 September 2017. The Dragon Fund represented 12.03% of the net assets value of the group at the six months ended 30 September 2017 and there was no dividend being distributed by the Dragon Fund for the period under review.

#### **Tiger High Yield Fund**

As at 30 September 2017, the company held approximately 193,476 participating shares of the Tiger High Yield Fund Segregate Portfolio (the “Tiger Fund”) with the total investment cost of HKD150 million. Tiger Fund a segregated portfolio of Tiger Super Fund SPC which is an exempted segregated portfolio company incorporated under the laws of the Cayman Islands. The fair value of the Tiger Fund was approximately HKD7.50 million as at 30 September 2017 (at 31 March 2017: approximately HKD72.56 million). An impairment loss of approximately HKD142.50 million was recognized for the six months ended 30 September 2017. The Tiger Fund represented 0.84% of the net assets value of the group for the six months ended 30 September 2017 and there was no dividend being distributed by the Tiger Fund for the period under review.

### Foreign Exchange Exposure

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

### Shares Capital and Capital Structure

There was no change in the share capital and capital structure of the company for the six months ended 30 September 2017.

## MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

### Charges on the Group's Assets

As at 30 September 2017, the group's investment properties with a value of approximately HKD88.88 million were pledged to secure a borrowing from Shanghai Xiang Chen Hang Place The Industry Co. Limited, a wholly-owned subsidiary of the company.

### Contingent Liabilities

As at 30 September 2017, the group did not have any material contingent liability (2016: Nil).

### Acquisition and Disposal of Subsidiaries

There was no acquisition and disposal of subsidiaries of the group during the six months ended 30 September 2017.

### Employees

As at 30 September 2017, the group has 41 employees. The remuneration was determined with reference to statutory minimum wages, market terms as well as the performance, qualification and experience of individual employees. The group provides contributory provident fund and insurance scheme to the employees. Share option schemes and incentive schemes are adopted to encourage personal commitment of employees.

### Outlook

Going forward, the group will remain focused on its existing businesses in properties investment, financial services and money lending business which will enhance the revenue steam of the group. In the meantime, the group will also look for other suitable investment opportunities from time to time so as to maximize the benefit of the company and its shareholders as a whole.

### DIVIDEND

The directors of the company do not recommend the payment of any interim dividend for the six months ended 30 September 2017 (2016: Nil).

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

There was no purchase, redemption or sale of any of the company's listed securities by the company or any of the company's subsidiaries during the six months ended 30 September 2017.

## DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES

As at 30 September 2017, the interests and short positions of the directors 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 ("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

<b>Name of director</b>	<b>Capacity of shares held</b>	<b>No. of shares held</b>	<b>Percentage of issued shares</b>
Xu Dong	Beneficial owner	2,000,000	0.04%

Save as disclosed above, as at 30 September 2017, no directors had registered any 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 ("Share Option Scheme") was adopted on 16 December 2011 and is effective for a period of ten years commencing on the adoption date.

On 11 July 2017, the board had granted to eligible grantees the share options to subscribe for 80,900,000 ordinary shares of HK\$0.01 each under the Share Option Scheme. At 30 September 2017, the number of shares in respect of which share options could be exercisable under the terms of the Share Option Scheme was 80,900,000 shares, representing approximately 1.67% the shares of the company in issue at that date. All share options are currently held by the employees of the group.

## SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES

As at 30 September 2017, save as disclosed below, so far as known to the Directors, there was no other person who had an interest or short position in the shares of the company and underlying shares which would require disclosure to the company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who was, directly or indirectly, beneficially interested in 5% or more of the issued share capital of the Company.

### Long Position

Name	Capacity of shares held	No. of shares held	Percentage of issued shares (approximately)
Oasis Investments II Master Fund Limited <i>(Note 1)</i>	Beneficial owner	291,534,000	6.00%
Oasis Investments II Offshore Feeder Limited <sup><i>(Note 1)</i></sup>	Interest in a controlled corporation	291,534,000	6.00%
Oasis Management Company Limited <i>(Note 2)</i>	Investment manager	291,534,000	6.00%
Fisher Seth Hillel <sup><i>(Note 3)</i></sup>	Interest in a controlled corporation	291,534,000	6.00%

*Note 1.* Oasis Investments II Master Fund Limited is directly interested in 291,534,000 shares in the company. Oasis Investments II Offshore Feeder Limited is the controlling shareholder of Oasis Investments II Master Fund Limited. Oasis Investments II Offshore Feeder Limited is therefore deemed to be interested in 291,534,000 shares in the company.

*Note 2.* Oasis Management Company Limited is the investment manager of Oasis Investments II Master Fund Limited. Oasis Management Company Limited is therefore deemed to be interested in 291,534,000 shares in the company.

*Note 3.* Fisher Seth Hillel is the controlling shareholder of Oasis Management Company Limited. Fisher Seth Hillel is therefore deemed to be interested in 291,534,000 shares in the company.

## 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 2017, except for the deviation from the requirement of code provision A.2.1 and E.1.2 of the CG Code explained as follows.

The provision A.2.1 of the CG Code 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, deviating from the requirement of the code provision A.2.1. The board considered that this structure was conducive with strong and consistent leadership, enabling the company to respond promptly and efficiently to business opportunities and issues.

Provision E.1.2 of the CG Code stipulates that the chairman of the board should attend annual general meetings. The chairman was unable to attend the company’s annual general meeting held on 15 September 2017 due to his other work commitments.

## AUDIT COMMITTEE

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 Liang Kuo-Chieh. 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 Hong Kong Institute of Certified Public Accountants. The principal duties of the Audit Committee include the review and supervision of the group’s financial reporting process and internal controls.



**AUDIT COMMITTEE** *(continued)*

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 2017 was reviewed by the Audit Committee which is 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, 29 November 2017