



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

2018
INTERIM REPORT

* For identification purposes only

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Han Wei (*Chairman*)

Au Tat On

Independent Non-Executive Directors

Lai Wai Yin, Wilson

Cao Jie Min

Liang Kuo-Chieh

COMPANY SECRETARY

Wong Chi Yan

AUTHORISED REPRESENTATIVES

Au Tat On

Wong Chi Yan

AUDITOR

Crowe (HK) CPA Limited

LEGAL ADVISER

Li, Wong, Lam & W.I. Cheung

REGISTERED OFFICE

Clarendon House

2 Church Street

Hamilton HM11

Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Room 4303, 43/F

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 2018, 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 2018

	Notes	Six months ended 30 September 2018 (Unaudited) HK\$'000	2017 (Unaudited) HK\$'000
Revenue	6	27,524	34,110
Cost of sales and services rendered		(1,209)	(1,266)
Gross profit		26,315	32,844
Valuation (loss)/gain on investment properties		(11,160)	19,364
Other revenue	7(a)	17,593	369
Other net losses and income	7(b)	694	(881)
Administrative expenses		(34,820)	(36,550)
Other operating expenses	8(d)	(25,248)	(421,950)
Loss from operations		(26,626)	(406,804)
Finance costs	8(a)	(1,833)	(1,640)
Loss before taxation	8	(28,459)	(408,444)
Income tax credit/(expenses)	9(a)	2,182	(5,442)
Loss for the period		(26,277)	(413,886)
Attributable to:			
Owners of the company		(26,277)	(413,886)
Loss per share	11		
– Basic		(HK0.5 cent)	(HK9 cents)
– Diluted		(HK0.5 cent)	(HK9 cents)

The notes on pages 8 to 49 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 2018

	Six months ended 30 September	
	2018 (Unaudited) HK\$'000	2017 (Unaudited) HK\$'000
Loss for the period	(26,277)	(413,886)
Other comprehensive loss for the period		
Available-for-sale investments		
– Changes in fair value	–	(385,983)
– Reclassification adjustments relating to recognition of impairment loss	–	304,386
Exchange differences on translation of:		
– financial statements of group entities	(42,852)	10,189
Total other comprehensive loss for the period	(42,852)	(71,408)
Total comprehensive loss for the period	(69,129)	(485,294)
Attributable to:		
Owners of the company	(69,129)	(485,294)

The notes on pages 8 to 49 form part of this condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2018

	<i>Notes</i>	30/9/2018 (Unaudited) HK\$'000	31/3/2018 (Audited) HK\$'000
Non-current assets			
Plant and equipment	12	7,810	9,748
Investment properties	13	233,488	264,906
Intangible assets		5,984	7,101
Goodwill		4,748	4,748
Deposit for acquisition of plant and equipment		–	2,499
Available-for-sale investments	14	–	48,144
Financial assets at fair value through profit or loss	14	38,951	–
Loan receivables	16	316,203	49,980
		607,184	387,126
Current assets			
Property under development		20,772	20,362
Trade and other receivables	15	33,409	110,672
Loan receivables	16	48,750	209,398
Financial assets at fair value through profit or loss	14	40,560	53,011
Tax recoverable		809	809
Available-for-sale investments	14	–	13,745
Fixed deposits	17	9,095	10,339
Cash and bank balances – trust accounts	17	12,199	16,033
Cash and bank balances – general accounts	17	33,680	61,679
		199,274	496,048
Current liabilities			
Trade and other payables	18	19,094	22,881
Interest-bearing bank borrowings		2,849	3,124
Tax payable		1,092	300
		23,035	26,305

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION*(continued)*

AS AT 30 SEPTEMBER 2018

	Notes	30/9/2018 (Unaudited) HK\$'000	31/3/2018 (Audited) HK\$'000
Net current assets		176,239	469,743
Total assets less current liabilities		783,423	856,869
Non-current liabilities			
Interest-bearing bank borrowings		41,303	34,986
Deferred tax liabilities	9(b)	14,908	19,364
Unconvertible bonds	19	20,000	20,000
		76,211	74,350
NET ASSETS		707,212	782,519
Equity			
Equity attributable to owners of the company			
Share capital	20	48,576	48,576
Reserves		658,636	733,943
TOTAL EQUITY		707,212	782,519

The notes on pages 8 to 49 form part of this condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2018

	Attributable to owners of the company								
	Share capital HK\$'000	Share premium HK\$'000	Special reserve HK\$'000	Contributed surplus HK\$'000	Employee share-based compensation reserve HK\$'000	Exchange fluctuation reserve HK\$'000	Investment revaluation reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 April 2017	48,576	2,064,777	(11,153)	136,012	-	10,037	81,597	(950,294)	1,379,552
Equity-settled share-based transactions	-	-	-	-	4,435	-	-	-	4,435
Total comprehensive loss for the period	-	-	-	-	-	10,189	(81,597)	(413,886)	(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>(1,264,180)</u>	<u>898,693</u>
At 1 April 2018 (previously stated)	48,576	2,064,777	(11,153)	136,012	27,392	36,665	-	(1,519,750)	782,519
Change in accounting policy (Note 3)	-	-	-	-	-	(70)	-	(6,108)	(6,178)
At 1 April 2018 (restated)	<u>48,576</u>	<u>2,064,777</u>	<u>(11,153)</u>	<u>136,012</u>	<u>27,392</u>	<u>36,595</u>	<u>-</u>	<u>(1,525,858)</u>	<u>776,341</u>
Total comprehensive loss for the period	-	-	-	-	-	(42,852)	-	(26,277)	(69,129)
At 30 September 2018	<u>48,576</u>	<u>2,064,777</u>	<u>(11,153)</u>	<u>136,012</u>	<u>27,392</u>	<u>(6,257)</u>	<u>-</u>	<u>(1,552,135)</u>	<u>707,212</u>

The notes on pages 8 to 49 form part of this condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2018

	Notes	Six months ended 30 September	
		2018 HK\$'000	2017 HK\$'000
Net cash used in operating activities		(50,518)	(2,917)
Net cash generated from investing activities		14,684	1,307
Net cash generated from financing activities		7,995	2,297
Net (decrease)/increase in cash and cash equivalents		(27,839)	687
Cash and cash equivalents at beginning of period		61,679	136,775
Effect of foreign exchange rate changes, net		(160)	47
Cash and cash equivalents at end of period		33,680	137,509

The notes on pages 8 to 49 form part of this condensed consolidated financial statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2018

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, money lending and financial services.

2. BASIS OF PREPARATION OF FINANCIAL INFORMATION

The unaudited condensed consolidated financial statements for the six months ended 30 September 2018 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 2018, 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 2018.

2. 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 are stated at their fair value:

- investment properties
- financial assets at fair value through profit or loss
- available-for-sale investments

The unaudited condensed consolidated interim financial information for the period ended 30 September 2018 comprise the company and its subsidiaries.

3. CHANGE IN ACCOUNTING POLICIES

(a) Overview

A number of new or amended standards became applicable for the current reporting period. Of these, the following are relevant to the group's interim condensed consolidated financial information.

- HKFRS 9 Financial Instruments, and
- HKFRS 15 Revenue from Contracts with Customers

The impact of the adoption of these standards and the new accounting policy are disclosed below. The other standards did not have material impact on the group's accounting policies and did not require any adjustments.

The below explains the impact of adoption of HKFRS 9 Financial Instruments ("HKFRS 9") and HKFRS 15 Revenue from Contracts with Customers ("HKFRS 15") on the group's interim condensed consolidated financial information and also discloses the new accounting policies that have been applied from 1 April 2018, where they are different to these applied in prior period.

3. CHANGE IN ACCOUNTING POLICIES (continued)

(a) Overview (continued)

Under the transition methods chosen, the group recognises cumulative effect of the initial application of HKFRS 9 and HKFRS 15 as an adjustment to the opening balance of equity at 1 April 2018. Comparative information is not restated. The following table gives a summary of the opening balance adjustments recognised for each line item in the condensed consolidated statement of financial position that has been impacted by HKFRS 9 and/or HKFRS 15:

	At 31 March 2018 HK\$'000	Impact on initial application of HKFRS 9 (Note 3(b)) HK\$'000	Impact on initial application of HKFRS 15 (Note 3(c)) HK\$'000	At 1 April 2018 HK\$'000
Loan receivables	259,378	(6,178)	–	253,200
Trade and other payables				
– Receipt in advance	(1,323)	–	1,323	–
– Contract liabilities	–	–	(1,323)	(1,323)
Accumulated losses	1,519,750	6,108	–	1,525,858
Exchange fluctuation reserve	(36,665)	70	–	(36,595)

Further details of these change are set out in sub-sections (b) and (c) of this note.

(b) HKFRS 9, Financial instruments

HKFRS 9 replaces HKAS 39, Financial instruments: recognition and measurement. It sets out the requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items.

The group has applied HKFRS 9 retrospectively to items that existed at 1 April 2018 in accordance with the transition requirements. The group has recognised the cumulative effect of initial application as an adjustment to the opening equity at 1 April 2018. Therefore, comparative information continues to be reported under HKAS 39.

Further details of the nature and effect of the changes to previous accounting policies and the transition approach are set out below:

(i) Classification of financial assets and financial liabilities

HKFRS 9 categories financial assets into three principal classification categories: measured at amortised cost, at fair value through other comprehensive income (FVTOCI) and at fair value through profit or loss (FVTPL). These supersede HKAS 39's categories of held-to-maturity investments, loans and receivables, available-for-sale financial assets and financial assets measured at FVTPL. The classification of financial assets under HKFRS 9 is based on the business model under which the financial asset is managed and its contractual cash flow characteristics.

3. CHANGE IN ACCOUNTING POLICIES *(continued)*

(b) HKFRS 9, Financial instruments *(continued)*

(i) **Classification of financial assets and financial liabilities** *(continued)*

Non-equity investments held by the group are classified into one of the following measurement categories:

- amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method;
- FVTOCI – recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Changes in fair value are recognised in other comprehensive income, except for the recognition in profit or loss of expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognised, the amount accumulated in other comprehensive income is recycled from equity to profit or loss; or
- FVTPL, if the investment does not meet the criteria for being measured at amortised cost or FVTOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

An investment in equity securities is classified as FVTPL, unless the equity investment is not held for trading purposes and on initial recognition of the investment the group makes an election to designate the investment at FVTOCI (recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (recycling) is transferred to retained earnings. It is not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as FVTPL or FVTOCI (recycling), are recognised in profit or loss as other income.

Under HKFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are not separated from the host. Instead, the hybrid instrument as a whole is assessed for classification.

CHINA PROPERTIES INVESTMENT HOLDINGS LIMITED

3. CHANGE IN ACCOUNTING POLICIES (continued)

(b) HKFRS 9, Financial instruments (continued)

(i) Classification of financial assets and financial liabilities (continued)

On 1 April 2018 (the date of initial application of HKFRS 9), the group's management has assessed which business models apply to the financial assets held by the group and has classified its financial instruments into the appropriate HKFRS 9 categories.

	Unaudited		
	31 March 2018	Reclassify from available- for-sale investments to financial assets at fair value through profit or loss	1 April 2018
	as originally presented	HK\$'000	as restated
	HK\$'000	HK\$'000	HK\$'000
Available-for-sale investments			
– Unlisted investments fund (Note)	48,144	(48,144)	–
– Financial product (Note)	13,745	(13,745)	–
	<u>61,889</u>	<u>(61,889)</u>	<u>–</u>
Financial assets at fair value through profit or loss			
– Unlisted investments fund (Note)	–	48,144	48,144
– Financial product (Note)	–	13,745	13,745
– Trading securities	53,011	–	53,011
	<u>53,011</u>	<u>61,889</u>	<u>114,900</u>

Note: The unlisted investments fund and financial product of the group with fair value of HK\$48,144,000 and HK\$13,745,000 respectively at 1 April 2018 were reclassified from AFS to financial assets at FVTPL, as they do not meet the HKFRS 9 criteria for classification at amortised cost and FVTOCI.

There is no impact on the group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the group does not have any such liabilities.

3. CHANGE IN ACCOUNTING POLICIES *(continued)*

(b) HKFRS 9, Financial instruments *(continued)*

(ii) Credit losses

Impairment of financial assets

The group has three types of financial assets that are subject to HKFRS 9's new expected credit loss model:

- trade receivables
- loan receivables
- other financial assets carried at amortised cost

The group was required to revise its impairment methodology under HKFRS 9 for each of these classes of assets.

While cash and cash equivalents and fixed deposits are also subject to the impairment requirements of HKFRS 9, the identified impairment loss was immaterial.

(a) Trade receivables and loan receivables

The group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected losses for all trade receivables and loan receivables. To measure the expected credit losses, trade receivables and loan receivables have been grouped based on shared credit risk characteristics and days past due. Future cash flows for each group receivables are estimated on the basis of historical loss experience, adjusted to reflect the effects of current conditions as well as forward looking information.

Management has closely monitored the credit qualities and the collectability of the trade receivable and loan receivables. Trade receivable and loan receivables in dispute are assessed individually for impairment allowance and determined whether specific provisions are required. Credit loss allowance of HK\$6,178,000 in aggregate for loan receivables was recognised through accumulated losses and exchange fluctuation reserve as at 1 April 2018, as a result of the adoption of the simplified expected credit loss approach under HKFRS 9. Management considers that the expected credit loss model did not result in additional credit loss allowance on trade receivables as the estimated allowance under the expected credit loss model were not significantly different to the impairment losses previously recognised under HKAS 39.

3. CHANGE IN ACCOUNTING POLICIES (continued)

(b) HKFRS 9, Financial instruments (continued)

(ii) Credit losses (continued)

(b) Other financial assets carried at amortised cost

For other financial assets carried at amortised cost, including other financial assets at amortised cost in the interim condensed consolidated statement of financial position, the expected credit loss is based on the 12-month expected credit loss. It is the portion of lifetime expected credit loss that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime expected credit loss. Management has closely monitored the credit qualities and the collectability of the other financial assets at amortised cost and considers that the expected credit loss is immaterial.

(c) HKFRS 15, Revenue from contracts with customers

HKFRS 15 establishes a comprehensive framework for recognising revenue and some costs from contracts with customers. HKFRS 15 replaced HKAS 18, Revenue, which covered revenue arising from sale of goods and rendering of services, and HKAS 11, Construction contracts, which specified the accounting for construction contracts.

The group has elected to use the cumulative effect transition method and has recognised the cumulative effect of initial application as an adjustment to the opening balance of equity at 1 April 2018. Therefore, comparative information has not been restated and continues to be reported under HKAS 11 and HKAS 18. As allowed by HKFRS 15, the group has applied the new requirements only to contracts that were not completed before 1 April 2018.

The group has made the following adjustments at 1 April 2018, as a result of the adoption of HKFRS 15:

	Carrying amount at 31 March 2018	Reclassification	Carrying amount at 1 April 2018
	HK\$'000	HK\$'000	HK\$'000
Trade and other payables			
– Receipt in advance	1,323	(1,323)	–
– Contract liabilities	–	1,323	1,323

3. CHANGE IN ACCOUNTING POLICIES *(continued)***(c) HKFRS 15, Revenue from contracts with customers** *(continued)***(i) Presentation of contract assets and liabilities**

Under HKFRS 15, a receivable is recognised only if the group has an unconditional right to consideration. If the group recognises the related revenue before being unconditionally entitled to the consideration for the promised goods and services in the contract, then the entitlement to consideration is classified as a contract asset. Similarly, a contract liability, rather than a payable, is recognised when a customer pays consideration, or is contractually required to pay consideration and the amount is already due, before the group recognises the related revenue. For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

To reflect these changes, receipt in advance received from customers for the transfer of goods (or service provision), amounting to HK\$1,323,000 were reclassified as contract liabilities from receipt in advance at 1 April 2018, as a result of the adoption of HKFRS 15.

(ii) Timing of revenue recognition

Previously, revenue arising from provision of services was recognised when the relevant services were rendered.

Under HKFRS 15, revenue is recognised when the customer obtains control of the promised good or service in the contract. This may be at a single point in time or over time. HKFRS 15 identifies the following three situations in which control of the promised good or service is regarded as being transferred over time:

- A. When the customer simultaneously receives and consumes the benefits provided by the entity's performance, as the entity performs;
- B. When the entity's performance creates or enhances an asset (for example work in progress) that the customer controls as the asset is created or enhanced;
- C. When the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

If the contract terms and the entity's activities do not fall into any of these 3 situations, then under HKFRS 15 the entity recognises revenue for the sale of that good or service at a single point in time, being when control has passed. Transfer of risks and rewards of ownership is only one of the indicators that is considered in determining when the transfer of control occurs.

The adoption of HKFRS 15 does not have a significant impact on when the group recognises revenue.

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 three reportable segments. These segments are managed separately. The properties investment 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) Money lending business

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

iii) 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, financial assets at fair value through profit or loss and corporate assets. All liabilities are allocated to reportable segments other than unconvertible bonds and corporate liabilities.

4. SEGMENT REPORTING (continued)

a) Segment results, assets and liabilities (continued)

Information regarding the group's reportable segments as provided to the group's CODM for the purposes of resources allocation and assessment of segment performance for the period ended 30 September 2018 and 2017 is set out below.

	Six months ended 30 September 2018 (Unaudited)				Six months ended 30 September 2017 (Unaudited)			
	Properties investment	Money		Total	Properties investment	Money		Total
		lending	Financial			lending	Financial	
		business	services			business	services	
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Revenue from external customers	<u>5,202</u>	<u>19,256</u>	<u>3,066</u>	<u>27,524</u>	<u>4,810</u>	<u>23,294</u>	<u>6,006</u>	<u>34,110</u>
Reportable segment revenue	<u>5,202</u>	<u>19,256</u>	<u>3,066</u>	<u>27,524</u>	<u>4,810</u>	<u>23,294</u>	<u>6,006</u>	<u>34,110</u>
Reportable segment (loss)/profit before taxation	(13,599)	15,363	14,310	16,074	17,409	22,865	(151)	40,123
Interest income on								
– Bank deposits	6	–	1	7	1	–	1	2
– Financial products	206	–	–	206	–	–	–	–
Reversal of impairment loss of accounts receivable	–	–	16,964	16,964	–	–	–	–
Depreciation and amortisation								
– Plant and equipment	(552)	–	(109)	(661)	(710)	–	(109)	(819)
– Intangible assets	–	–	(1,117)	(1,117)	–	–	(1,118)	(1,118)
Valuation (loss)/gain on investment properties	(11,160)	–	–	(11,160)	19,364	–	–	19,364
Allowance of expected credit loss on loan receivables	–	(3,604)	–	(3,604)	–	–	–	–
Finance costs	<u>(1,332)</u>	<u>–</u>	<u>–</u>	<u>(1,332)</u>	<u>(1,138)</u>	<u>–</u>	<u>–</u>	<u>(1,138)</u>

CHINA PROPERTIES INVESTMENT HOLDINGS LIMITED

4. SEGMENT REPORTING (continued)

a) Segment results, assets and liabilities (continued)

	As at 30 September 2018 (Unaudited)				As at 31 March 2018 (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>255,200</u>	<u>375,930</u>	<u>39,826</u>	<u>670,956</u>	<u>295,790</u>	<u>269,927</u>	<u>154,758</u>	<u>720,475</u>
Additions to non-current assets during the period/year	<u>2,722</u>	<u>-</u>	<u>-</u>	<u>2,722</u>	<u>17</u>	<u>-</u>	<u>-</u>	<u>17</u>
Reportable segment liabilities	<u>62,398</u>	<u>1,092</u>	<u>7,709</u>	<u>71,199</u>	<u>59,899</u>	<u>300</u>	<u>10,724</u>	<u>70,923</u>

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

	Six months ended 30 September	
	2018 (Unaudited) HK\$'000	2017 (Unaudited) HK\$'000
(i) Revenue		
Total reportable segment revenue	<u>27,524</u>	<u>34,110</u>
Consolidated turnover	<u>27,524</u>	<u>34,110</u>
(ii) Loss before taxation		
Total reportable segments' profit	16,074	40,123
Unallocated corporate income	881	255
Depreciation	(989)	(1,526)
Interest income	66	44
Unallocated finance costs	(501)	(502)
Loss on dealing of financial assets at fair value through profit or loss	(21,644)	(117,564)
Impairment loss recognised in respect of available-for-sale investments reclassified from equity to profit or loss	-	(304,386)
Unallocated corporate expenses	(22,346)	(24,888)
Consolidated loss before taxation	<u>(28,459)</u>	<u>(408,444)</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 2018 (Unaudited) HK\$'000	As at 31 March 2018 (Audited) HK\$'000
(iii) Assets		
Total reportable segments' assets	670,956	720,475
Available-for-sale investments	–	48,144
Property under development	20,772	20,362
Financial assets at fair value through profit or loss	79,511	53,011
Unallocated corporate assets	35,219	41,182
	<u>806,458</u>	<u>883,174</u>
Consolidated total assets	<u>806,458</u>	<u>883,174</u>
(iv) Liabilities		
Total reportable segments' liabilities	(71,199)	(70,923)
Unconvertible bonds	(20,000)	(20,000)
Unallocated corporate liabilities	(8,047)	(9,732)
	<u>(99,246)</u>	<u>(100,655)</u>
Consolidated total liabilities	<u>(99,246)</u>	<u>(100,655)</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 2018 (Unaudited)				
	Money				
	Properties investment HK\$'000	lending business HK\$'000	Financial services HK\$'000	Unallocated HK\$'000	Total HK\$'000
Interest income					
– bank deposits	6	–	1	66	73
– financial products	206	–	–	–	206
Depreciation	(552)	–	(109)	(989)	(1,650)
Finance costs	<u>(1,332)</u>	<u>–</u>	<u>–</u>	<u>(501)</u>	<u>(1,833)</u>

	Six months ended 30 September 2017 (Unaudited)				
	Money				
	Properties investment HK\$'000	lending business HK\$'000	Financial services HK\$'000	Unallocated HK\$'000	Total 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>

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	
	2018 (Unaudited) HK\$'000	2017 (Unaudited) HK\$'000
Properties investment	5,202	4,810
Money lending business	19,256	23,294
Financial services	3,066	6,006
	<u>27,524</u>	<u>34,110</u>

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 instruments) include plant and equipment, investment properties, intangible assets, goodwill and deposit for acquisition of plant and equipment. 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, goodwill and deposit for acquisition of plant and equipment, 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 2018 (Unaudited) HK\$'000	Six months ended 30 September 2017 (Unaudited) HK\$'000	As at 30 September 2018 (Unaudited) HK\$'000	As at 31 March 2018 (Audited) HK\$'000
Hong Kong (place of domicile)	11,696	29,300	13,354	15,111
PRC	15,828	4,810	236,259	271,019
Others	–	–	2,417	2,872
	<u>27,524</u>	<u>34,110</u>	<u>252,030</u>	<u>289,002</u>

5. SEASONALITY OF OPERATIONS

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

6. REVENUE

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

Revenue represents rental income from investment properties, investment management fee income, commission and fees income on dealing in securities, placing and underwriting commission, 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	
	2018	2017
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Rental income from investment properties	5,202	4,810
Loan interest income	19,256	23,294
Investment management fee income	–	30
Commission and fees income on dealing in securities	252	1,182
Placing and underwriting commission	702	–
Interest income from margin and initial public offer financing	2,112	4,794
	27,524	34,110

7. OTHER REVENUE AND OTHER NET INCOME AND LOSSES

	Six months ended	
	30 September 2018 (Unaudited) HK\$'000	2017 (Unaudited) HK\$'000
a) Other revenue		
Interest income on bank deposits	73	46
Interest income on financial products	<u>206</u>	<u>-</u>
Total interest income on financial assets	279	46
Dividend income	68	17
Reversal of impairment loss of accounts receivable (Note)	16,964	-
Sundry income	<u>282</u>	<u>306</u>
	<u>17,593</u>	<u>369</u>
b) Other net income and losses		
Exchange gain/(loss)	<u>694</u>	<u>(881)</u>

Note: The reversal of impairment loss of HK\$16,964,000 (2017: HK\$Nil) was related to accounts receivable from the business of dealing in securities that were considered impaired in prior year. The reversal was a result of full recovery of the outstanding amount.

8. LOSS BEFORE TAXATION

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

	Six months ended	
	2018	2017
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
a) Finance costs		
Interest expense on interest-bearing borrowings	1,332	1,138
Interest expense on other borrowings	–	1
Interest on unconvertible bonds	501	501
	<u>1,833</u>	<u>1,640</u>
b) Staff costs (including directors' remuneration)		
Salaries, wages and other benefits	11,068	11,507
Contribution to defined contribution retirement plans	371	422
Equity-settled share-based payment expenses	–	4,435
	<u>11,439</u>	<u>16,364</u>
c) Other items		
Auditor's remuneration – other services	450	450
Amortisation of intangible assets, included in cost of sales and services rendered	1,117	1,118
Operating lease charges: minimum lease payments	5,519	4,726
Depreciation	1,650	2,345
Gross rental income from investment properties less direct outgoings of HK\$93,000 (2017: HK\$119,000)	<u>(5,110)</u>	<u>(4,690)</u>
d) Other operating expenses		
Loss on dealing of financial assets at fair value through profit or loss	21,644	117,564
Impairment loss recognised in respect of available-for-sale investments reclassified from equity to profit or loss	–	304,386
Allowance of expected credit loss on loan receivables	3,604	–
	<u>25,248</u>	<u>421,950</u>

9. INCOME TAX

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

	Six months ended 30 September	
	2018 (Unaudited) HK\$'000	2017 (Unaudited) HK\$'000
Current tax		
Hong Kong profits tax	<u>792</u>	<u>785</u>
	792	785
Deferred tax		
Origination and reversal of temporary differences	<u>(2,974)</u>	<u>4,657</u>
Income tax (credit)/expenses	<u>(2,182)</u>	<u>5,442</u>

Note:

- i) On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazette on the following day.

Under the two-tiered profits tax rates regime, the first HK\$2,000,000 of profits of qualifying corporations will be taxed at 8.25%, and profits above HK\$2,000,000 will be taxed at 16.5%. The profits of corporations not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

For the six months ended 30 September 2018, Hong Kong Profits Tax is calculated in accordance with the two-tiered profits tax rates regime for the qualifying corporation and the remaining corporations are calculated at a flat rate of 16.5% (2017: 16.5%).

- ii) The PRC enterprise income tax ("EIT") for the period ended 30 September 2018 is 25% (2017: 25%). The EIT has not been provided for as the group has incurred losses in PRC for the period.

CHINA PROPERTIES INVESTMENT HOLDINGS LIMITED

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	Total HK\$'000
Deferred tax liabilities arising from:			
At 1 April 2017	1,539	15,160	16,699
Deferred tax (credited)/charged to the profit or loss	(368)	1,314	946
Exchange alignment	–	1,719	1,719
	<u>1,171</u>	<u>18,193</u>	<u>19,364</u>
At 31 March 2018	<u>1,171</u>	<u>18,193</u>	<u>19,364</u>
At 1 April 2018	1,171	18,193	19,364
Deferred tax credited to the profit or loss	(184)	(2,790)	(2,974)
Exchange alignment	–	(1,482)	(1,482)
	<u>987</u>	<u>13,921</u>	<u>14,908</u>
At 30 September 2018	<u>987</u>	<u>13,921</u>	<u>14,908</u>

10. DIVIDENDS

The directors of the company do not recommend the payment of any interim dividend for the six months ended 30 September 2018 (2017: 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\$26,277,000 (2017: HK\$413,886,000) and on the weighted average number of 4,857,582,000 ordinary shares in issue during the period (2017: 4,857,582,000 ordinary shares).

Weighted average number of ordinary shares:

	2018	2017
	Weighted	Weighted
	average	average
	number of	number of
	ordinary shares	ordinary shares
	'000	'000
Weighted average number of ordinary shares at the beginning and the end of the period	<u>4,857,582</u>	<u>4,857,582</u>

b) Diluted loss per share

Diluted loss per share equals to basic loss per share because the outstanding share options had an anti-dilutive effect on the basis loss per share for the periods ended 30 September 2018 and 2017.

12. PLANT AND EQUIPMENT

During the six months ended 30 September 2018, the group acquired plant and equipment at a cost of approximately HK\$18,000 (31 March 2018: approximately HK\$17,000).

13. INVESTMENT PROPERTIES

HK\$'000

Valuation:

At 1 April 2017	234,015
Gain on revaluation	5,257
Exchange alignment	25,634
	<u>264,906</u>
At 31 March 2018	<u>264,906</u>
At 1 April 2018	264,906
Additions	2,716
Loss on revaluation	(11,160)
Exchange alignment	(22,974)
	<u>233,488</u>
At 30 September 2018	<u>233,488</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 2018 and 31 March 2018 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 2018, the group's investment properties with a value of approximately HK\$159,122,000 (31 March 2018: approximately HK\$175,005,000) were pledged to secure the interest-bearing bank 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 2018 (Unaudited) HK\$'000	Fair value measurements as at 30 September 2018 categorised into		
		Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000

Group

Recurring fair value
measurement

Investment properties

– Commercial – PRC

233,488	–	–	233,488
----------------	---	---	----------------

Fair value

as at

31 March

2018

(Audited)

HK\$'000

Fair value measurements

as at 31 March 2018

categorised into

Level 1

HK\$'000

Level 2

HK\$'000

Level 3

HK\$'000

Group

Recurring fair value
measurement

Investment properties

– Commercial – PRC

264,906	–	–	264,906
----------------	---	---	----------------

During the period ended 30 September 2018, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (31 March 2018: 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\$241 – HK\$309 (31 March 2018: HK\$225 – HK\$269)
		Rental growth rate	1% (31 March 2018: 1%)
		Market yield	5% (31 March 2018: 5%)
Investment properties II Commercial – the PRC	Income capitalisation approach	Estimated rental value (per square metre and per month)	HK\$176 – HK\$235 (31 March 2018: HK\$124 – HK\$231)
		Rental growth rate	1% (31 March 2018: 1%)
		Market yield	5% (31 March 2018: 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
Investment properties – Commercial – PRC	
At 1 April 2017	234,015
Valuation gain on investment properties	5,257
Exchange alignment	25,634
	<hr/>
At 31 March 2018 and 1 April 2018	264,906
Additions	2,716
Valuation loss on investment properties	(11,160)
Exchange alignment	(22,974)
	<hr/>
At 30 September 2018	<u>233,488</u>

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

14. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS/AVAILABLE-FOR-SALE INVESTMENTS

(a) Financial assets at fair value through profit or loss

As at 30 September 2018, the group's financial assets at FVTPL include unlisted investments fund, financial product and trading securities with the following details:

	Unaudited			Total HK\$'000
	Unlisted investments fund HK\$'000	Financial product HK\$'000	Trading securities (Note i) HK\$'000	
	Balance at 31 March 2018 as originally presented			
	–	–	53,011	53,011
Change in accounting policy (Note 3)				
– Reclassify from available-for-sale investments	48,144	13,745	–	61,889
Balance at 1 April 2018 as restated				
	48,144	13,745	53,011	114,900
Maturities	–	(13,482)	–	(13,482)
Loss on fair value change	(9,193)	–	(12,451)	(21,644)
Exchange alignment	–	(263)	–	(263)
Balance at 30 September 2018				
	38,951	–	40,560	79,511

CHINA PROPERTIES INVESTMENT HOLDINGS LIMITED

14. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS/AVAILABLE-FOR-SALE INVESTMENTS (continued)

(a) Financial assets at fair value through profit or loss (continued)

Note i:

Details of the investments in trading securities were as follows:

Stock Name	Stock Code	Nature of business	No. of share held 31/3/2018	Approx. % shareholding as at 31/3/2018	Market value as at 31/3/2018 HK\$ '000	Change in no. of share held for the period ended 30/9/2018	No. of share held 30/9/2018	Approx. % shareholding as at 30/9/2018	Market value as at 30/9/2018 HK\$ '000	Realised gain/(loss) on disposal for the period ended 30/9/2018 HK\$ '000	Unrealised gain/(loss) on fair value change for the period ended 30/9/2018 HK\$ '000	Total gain/(loss) on dealing of trading securities for the period ended 30/9/2018 HK\$ '000
SOHO China Limited	410	Investment in real estate development, property leasing and property management	19,500	0.0004%	80	-	19,500	0.0004%	59	-	(21)	(21)
AMCO United Holding Limited	630	Engaged in manufacture and sale of medical devices products and plastic moulding products; provision of construction services; provision of money lending and investment in securities	22,970,000	1.2%	2,481	-	22,970,000	1.2%	1,539	-	(942)	(942)
Unity Investments Holdings Limited	913	Investment in listed companies in Hong Kong stock markets, and also investment in unlisted companies.	26,330,000	1.4%	1,580	-	26,330,000	1.4%	1,264	-	(316)	(316)
China Construction Bank Corporation – H Shares	939	Provision of corporate and personal banking services	125,000	0.00005%	1,008	-	125,000	0.00005%	855	-	(153)	(153)
Milan Station Holdings Limited	1150	Retailing of handbags, fashion accessories and embellishments operation	13,000,000	1.6%	2,600	-	13,000,000	1.6%	2,015	-	(585)	(585)
Bolina Holding Company Limited*	1190	Engaged in the manufacture and sale of sanitary ware and accessories	9,116,000	0.7%	820	-	9,116,000	0.7%	-	-	(820)	(820)
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%	-	-	107,000,000	4.6%	-	-	-	-
AIA Group Limited	1299	Providing insurance services	13,600	0.00011%	903	-	13,600	0.00011%	951	-	48	48
Time2U International Holding Limited	1327	Engaged in the manufacture and sales of own-branded watches, OEM watches and third-party watches	30,000,000	0.9%	1,260	-	30,000,000	0.9%	960	-	(300)	(300)
China Kingstone Mining Holdings Limited	1380	Production and sale of marble and marble related products	90,480,000	3.2%	7,057	-	90,480,000	3.2%	7,510	-	453	453
China Aoyuan Property Group Limited	3883	Property Development, provision consultancy services and hotel ownership	35,000	0.0013%	252	-	35,000	0.0013%	185	-	(67)	(67)

14. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS/AVAILABLE-FOR-SALE INVESTMENTS (continued)

(a) Financial assets at fair value through profit or loss (continued)

Note i: (continued)

Stock Name	Stock Code	Nature of business	No. of share held 31/3/2018	Approx. % shareholding as at 31/3/2018	Market value as at 31/3/2018 HK\$'000	Change in no. of share held for the period ended 30/9/2018	No. of share held 30/9/2018	Approx. % shareholding as at 30/9/2018	Market value as at 30/9/2018 HK\$'000	disposal for the period ended 30/9/2018 HK\$'000	Unrealised gain/(loss) on fair value change for the period ended 30/9/2018 HK\$'000	Total gain/(loss) on dealing of trading securities for the period ended 30/9/2018 HK\$'000
Sino Splendid Holdings Limited	8006	Engaged in travel media operations; provision of contents and advertising services in a well-known financial magazine; investment in securities and money lending business	19,000,000	4.9%	3,914	-	19,000,000	4.9%	2,793	-	(1,121)	(1,121)
Hao Wen Holdings Limited	8019	Carrying money lending business, trading and manufacturing of biomass fuel and trading of electronic parts	75,000,000	3.5%	6,900	-	75,000,000	3.5%	4,500	-	(2,400)	(2,400)
KPM Holding Limited	8027	Provision of design, fabrication, installation and maintenance of signage and related products	48,000,000	1.5%	3,312	-	48,000,000	1.5%	3,168	-	(144)	(144)
Luxey International (Holdings) Limited	8041	Engaged in manufacturing and trading of high-end swimwear and garment products, trading and provision of on-line shopping and media related services; and money lending business.	61,240,000	1.0%	6,614	-	61,240,000	0.9%	4,041	-	(2,573)	(2,573)
China 33 Media Group Limited	8087	Provision of advertising services of printed media for railway networks; film and entertainment investment in Hong Kong and the PRC and prepaid card business in Hong Kong.	142,780,000	2.5%	7,139	-	142,780,000	2.5%	4,141	-	(2,998)	(2,998)
Wealth Glory Holdings Limited	8269	Trading of natural resources and commodities; money lending business; investment in coal trading business; development and promotion of brands; design, manufacture and sale of trendy fashion merchandises and other consumer products; and investment in securities	27,700,000	3.4%	2,853	-	27,700,000	3.4%	1,607	-	(1,246)	(1,246)
Asia Grocery Distribution Limited	8413	Engaged in the food and beverage grocery distribution business	28,250,000	2.4%	4,238	-	28,250,000	2.4%	4,972	-	734	734
					<u>53,011</u>				<u>40,560</u>	<u>-</u>	<u>(12,451)</u>	<u>(12,451)</u>

* Suspend trading

- The market values of the trading securities are based on their closing bid prices at the end of the reporting period.
- None of the above trading securities is individually carrying at value more than 5% of the group's net assets.

14. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS/AVAILABLE-FOR-SALE INVESTMENTS *(continued)*

(b) Available-for-sale investments

As at 31 March 2018, the group's available-for-sale investments included unlisted investments fund and financial product with the following details:

	At 31 March 2018 (Audited) HK\$'000
<hr/>	
Non-current assets:	
Unlisted investments fund, at fair value <i>(note i)</i>	48,144
Current assets:	
Financial product, at fair value <i>(note ii)</i>	13,745
	<u>61,889</u>

Note:

- i. The loss on fair value change in the investments of approximately HK\$453,453,000 which was recognised in other comprehensive income and reflected in the investment revaluation reserve.
- ii. The amount represents investment in financial products issued by bank with expected return of 5% per annum and will mature within one year. The carrying amount approximated the fair value.

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 2018 (Unaudited) HK\$'000	At 31 March 2018 (Audited) HK\$'000
Within 1 month	-	32
1 to 3 months	-	284
3 to 6 months	30	1,499
Over 6 months	9,875	6,462
Trade receivables	9,905	8,277
Within 1 month	8,771	5,045
1 to 3 months	-	4,438
3 to 6 months	-	306
Interest receivables from money lending business	8,771	9,789
Accounts receivable from the business of dealing in securities (note 3)		
Within 1 month	239	40
Clearing house and cash clients	239	40
Within 1 month	-	-
1 to 3 months	-	11,796
3 to 6 months	-	65,047
Secured margin loans	-	76,843
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	1,312	323
Loans and receivables	20,227	95,272
Prepayments and deposits	13,182	15,400
	33,409	110,672

15. TRADE AND OTHER RECEIVABLES (continued)

Note:

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

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

Following a litigation between Mayer and the Borrower, Simsen disposed of the PN on 10 February 2012 for an amount of HK\$10,000,000 with the consent of the company. 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 2018 and 31 March 2018, the loans are repayable on demand subsequent to settlement date and carry variable interest at commercial rates.

16. LOAN RECEIVABLES

	At 30 September 2018 (Unaudited) HK\$'000	At 31 March 2018 (Audited) HK\$'000
Loan receivables arising from:		
– Money lending business	374,311	259,378
Less: Allowance for expected credit losses	<u>(9,358)</u>	<u>–</u>
	<u>364,953</u>	<u>259,378</u>
Amounts due within one year included under current assets	48,750	209,398
Amounts due after one year included under non-current assets	<u>316,203</u>	<u>49,980</u>
	<u>364,953</u>	<u>259,378</u>

Notes:

During the period ended 30 September 2018, the group lent total amount of HK\$280,735,000 (31 March 2018: HK\$259,378,000) to independent third parties. These loan receivables had 15 to 24 month loan periods and bore interest at rates ranged from 10% to 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 movement in the allowance for expected credit losses for loan receivables for the period is as follows:

	HK\$'000
Balance at 31 March 2018 as originally presented	–
Allowance of expected credit loss	6,108
Exchange alignment	<u>70</u>
Balance at 1 April 2018 as restated	6,178
Allowance of expected credit loss	3,604
Exchange alignment	<u>(424)</u>
Balance at 30 September 2018	<u>9,358</u>

CHINA PROPERTIES INVESTMENT HOLDINGS LIMITED

16. LOAN RECEIVABLES (continued)

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

	At 30 September 2018 HK\$'000	At 31 March 2018 HK\$'000
Due within 1 month or on demand	–	142,282
Due after 1 month but within 3 months	46,800	19,116
Due after 3 months but within 6 months	–	–
Due after 6 months but within 12 months	1,950	48,000
Due after 12 months	316,203	49,980
	<u>364,953</u>	<u>259,378</u>

17. CASH AND CASH EQUIVALENTS

	At 30 September 2018 (Unaudited) HK\$'000	At 31 March 2018 (Audited) HK\$'000
Cash at bank and on hand	54,974	88,051
Less: Fixed deposits with maturity of 3 months or more	(9,095)	(10,339)
Less: Trust accounts	(12,199)	(16,033)
Cash and cash equivalents in the condensed consolidated statement of financial position and condensed consolidated statement of cash flows	<u>33,680</u>	<u>61,679</u>

18. TRADE AND OTHER PAYABLES

	At 30 September 2018 (Unaudited) HK\$'000	At 31 March 2018 (Audited) HK\$'000
Accounts payable from the business of dealing in securities		
Clearing house	–	101
Margin and cash clients (note a)	5,284	8,137
Other payables and accruals	10,908	10,453
Amounts due to directors (note b)	228	250
Amounts due to related parties (note b)	34	37
	<u>16,454</u>	<u>18,978</u>
Financial liabilities measured at amortised cost		
Receipt in advance	–	1,323
Contract liabilities	931	–
Rental deposit received (non-refundable)	1,709	2,580
	<u>19,094</u>	<u>22,881</u>

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 amounts due to directors) 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 2018, included in accounts payable, amounts of HK\$5,284,000 (31 March 2018: HK\$8,137,000) 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 amounts due to directors and amounts due to related parties are unsecured, interest-free and repayable on demand.

CHINA PROPERTIES INVESTMENT HOLDINGS LIMITED

18. TRADE AND OTHER PAYABLES (continued)

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 2018 (Unaudited) HK\$'000	At 31 March 2018 (Audited) HK\$'000
Within 1 month	<u>5,284</u>	<u>8,238</u>

19. UNCONVERTIBLE BONDS

	At 30 September 2018 (Unaudited) HK\$'000	At 31 March 2018 (Audited) HK\$'000
Unconvertible bonds	<u>20,000</u>	<u>20,000</u>

The amount represented two unconvertible bonds of total HK\$20,000,000 (31 March 2018: HK\$20,000,000) with HK\$10,000,000 each. As at 30 September 2018, accrued interest of HK\$736,000 (31 March 2018: 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.

20. SHARE CAPITAL

	Number of ordinary shares of HK\$0.01 each '000	HK\$'000
Authorised: At 1 April 2017, 31 March 2018 and 30 September 2018	<u>30,000,000</u>	<u>300,000</u>
Issued and fully paid: At 1 April 2017, 31 March 2018 and 30 September 2018	<u>4,857,582</u>	<u>48,576</u>

21. 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.

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 or from 10 October 2017 to 9 October 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>
i) Options granted to directors			
10 October 2017	10 October 2017 to 9 October 2022	HK\$0.05	97,150,000
ii) Options granted to employees			
11 July 2017	11 July 2017 to 10 July 2022	HK\$0.058	80,900,000
10 October 2017	10 October 2017 to 9 October 2022	HK\$0.05	<u>388,600,000</u>
			<u><u>566,650,000</u></u>

CHINA PROPERTIES INVESTMENT HOLDINGS LIMITED

21. EQUITY SETTLED SHARE-BASED TRANSACTIONS (continued)

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

For the period ended 30 September 2018

	Number of share options			Date of grant of share options*	Exercisable period of share options	Exercise price of share options** HK\$
	Outstanding at 1 April 2018	Granted during the period	Outstanding at 30 September 2018			
Directors						
Mr Xu Dong (resigned on 12 December 2017)	48,575,000	-	48,575,000	10-10-2017	10-10-2017 to 9-10-2022	0.05
Mr Han Wei	48,575,000	-	48,575,000	10-10-2017	10-10-2017 to 9-10-2022	0.05
	<u>97,150,000</u>	<u>-</u>	<u>97,150,000</u>			
Employees						
Other employees	80,900,000	-	80,900,000	11-7-2017	11-7-2017 to 10-7-2022	0.058
Other employees	388,600,000	-	388,600,000	10-10-2017	10-10-2017 to 9-10-2022	0.05
	<u>469,500,000</u>	<u>-</u>	<u>469,500,000</u>			
Total number of share options	<u>566,650,000</u>	<u>-</u>	<u>566,650,000</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.

21. 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 2018		31 March 2018	
	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	0.051	566,650,000	–	–
Granted during the period/year	–	–	0.051	566,650,000
Outstanding at the end of period/year	<u>0.051</u>	<u>566,650,000</u>	<u>0.051</u>	<u>566,650,000</u>
Exercisable at the end of the period/year	<u>0.051</u>	<u>566,650,000</u>	<u>0.051</u>	<u>566,650,000</u>

The share option scheme is governed by chapter 17 of the Listing Rules. No option has been granted for the period ended 30 September 2018.

The share options outstanding at 30 September 2018 had an exercise price of HK\$0.05 or HK\$0.058 and a weighted average remaining contractual life of 3.99 years.

22. RELATED PARTY TRANSACTIONS

The group had the following transactions with related parties during the six months ended 30 September 2018.

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 2018 are as follows:

	Six months ended 30 September 2018 (Unaudited) HK\$'000	Six months ended 30 September 2017 (Unaudited) HK\$'000
Short-term employee benefits	4,199	5,908
Post-employment benefits	36	74
	<u>4,235</u>	<u>5,982</u>

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

22. RELATED PARTY TRANSACTIONS (continued)

b) Outstanding balances with related parties

	At 30 September 2018 (Unaudited) HK\$'000	At 31 March 2018 (Audited) HK\$'000
Amounts due to directors (note 18)	228	250
Amounts due to related parties (note 18)	<u>34</u>	<u>37</u>

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

23. 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 unlisted investments fund under financial assets at fair value through profit or loss 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.

23. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENT (continued)

i) Fair value measurement (continued)

	Fair value measurements as at 30 September 2018 categorised into				Fair value measurements as at 31 March 2018 categorised into			
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Fair value at 30 September 2018 HK\$'000	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Fair value at 31 March 2018 HK\$'000
Recurring fair value measurements assets:								
Available-for-sale investments								
– Unlisted investments fund (note 1 & 2)	-	-	-	-	-	4,041	44,103	48,144
– Financial product (note 2)	-	-	-	-	-	-	13,745	13,745
Financial assets at fair value through profit or loss:								
– Unlisted investments fund (note 1 & 2)	-	2,261	36,690	38,951	-	-	-	-
– Trading securities	<u>40,560</u>	<u>-</u>	<u>-</u>	<u>40,560</u>	<u>53,011</u>	<u>-</u>	<u>-</u>	<u>53,011</u>

During the period ended 30 September 2018 and year ended 31 March 2018, 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:

- The valuation techniques and key inputs used of available-for-sale investments and financial assets at fair value through profit or loss for level 2 fair value measurement are as follows:

The fair value of available-for-sale investments and financial assets at fair value through profit or loss 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.

23. 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 and financial assets at fair value through profit or loss for level 3 fair value measurement at the end of the reporting period are as follows:

	Valuation techniques	Significant unobservable inputs	Percentage of discount
Unlisted investments fund classified as financial assets at fair value through profit or loss (31 March 2018: available-for-sale investments)	Market comparable companies	Discount for lack of marketability	25% (31 March 2018: 25%)

The fair value of unlisted investments fund 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 fair value of financial product is determined by discounting the contractual price of financial assets. The discount rate used is derived from the expected return.

23. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENT (continued)

i) Fair value measurement (continued)

Note: (continued)

The movements during the period ended 30 September 2018 in the balance of these Level 3 fair value measurements are as follows:

	Unaudited	
	Financial assets at fair value through profit or loss Unlisted investments fund HK\$'000	Financial assets at fair value through profit or loss Financial product HK\$'000
Balance at 31 March 2018 as originally presented	-	-
Change in accounting policy (Note 3)		
– Reclassify from available-for-sale investments	44,103	13,745
Balance at 1 April 2018 as restated	44,103	13,745
Maturities	-	(13,482)
Loss on fair value change	(7,413)	-
Exchange alignment	-	(263)
Balance at 30 September 2018	36,690	-

The movements during the year ended 31 March 2018 in the balance of these Level 3 fair value measurements are as follows:

	At 31 March 2018 HK\$'000
Unlisted investments fund classified as available-for-sale investments:	
At the beginning of the year	429,035
Loss on fair value change	(384,932)
At the end of the year	44,103
Financial product classified as available-for-sale investments:	
At the beginning of the year	-
Additions	12,971
Exchange alignment	774
At the end of the year	13,745

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

i) Fair value measurement *(continued)*

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.

24. 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 2018 (Unaudited) HK\$'000	At 31 March 2018 (Audited) HK\$'000
Within one year	11,360	15,849
In the second to fifth year, inclusive	31,839	24,793
Over five years	21,577	37,324
	64,776	77,966

24. COMMITMENTS *(continued)***ii) The group as lessee:**

The group leases certain office premises, staff quarters and plant and equipment under operating leases. Leases 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 2018 (Unaudited) HK\$'000	At 31 March 2018 (Audited) HK\$'000
Within one year	5,910	9,088
In the second to fifth years, inclusive	3,389	5,423
	<u>9,299</u>	<u>14,511</u>

25. 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 HK\$40 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.

26. APPROVAL OF INTERIM FINANCIAL REPORT

The interim financial report was approved and authorised for issue by the board on 29 November 2018.

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 2018, 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 financial services, the wholly owned subsidiaries of the company, namely C.P. Securities International Limited, which is a licensed corporation to carry out Type 1 (dealing in securities) regulated activity under the Securities and Futures Ordinance (“SFO”) and C.P. Financial Management Limited, which is licensed under the SFO to carry on Type 9 (asset management) regulated activity, have engaged in financial services business of the group, 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 2018, a segment revenue of approximately HK\$3.07 million were recorded.

The money lending business made a steady growth during the period. For the six months ended 30 September 2018, the group had a gross loan portfolio amounted to approximately HK\$374.31 million with the average interest rate of 11.05%. The interest income generated from the money lending business was approximately HK\$19.26 million for the six months ended 30 September 2018, representing a decrease of approximately 17.34% in comparison with the corresponding period last year.

Financial Review

For the period under review, the group’s turnover was approximately HK\$27.52 million (2017: approximately HK\$34.11 million), representing a decrease of approximately 19.31% compared with the corresponding period last year. The decrease in turnover was mainly due to the decrease in interest income from the money lending business and the income from financial services of the group. The unaudited net loss for the period under review was approximately HK\$26.28 million (2017: approximately HK\$413.89 million) and the basic loss per share for was HK\$0.005 (2017: HK\$0.09). The significant decrease in the net loss was mainly attributable to the decrease in loss on dealing of financial assets at fair value through profit or loss and the decrease in impairment loss on the available-for-sale investments of the Group for the six months ended 30 September 2018 as compared to those for the corresponding period in 2017.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

Financial Review *(continued)*

The administrative expenses of the group for the period amounted to approximately HK\$34.82 million, representing a decrease of approximately 4.73% compared with the corresponding period last year. The finance cost of the group amounted to approximately HK\$1.83 million which was mainly incurred for the bank loan under the security of investment properties in Shanghai and the unconvertible bonds issued by the company.

Liquidity and Financial Resources

As at 30 September 2018, the group's net current assets were approximately HK\$176.24 million (at 31 March 2018: approximately HK\$469.74 million), including cash and bank balance of approximately HK\$45.88 million (at 31 March 2018: approximately HK\$77.71 million).

The group had borrowing of approximately HK\$44.15 million as at 30 September 2018 (at 31 March 2018: approximately HK\$38.11 million) of which 6.46%, 6.46%, 78.71% and 8.37% were due within 1 year, 1 to 2 years, 2 to 5 years and over 5 years respectively, from balance sheet date. The gearing ratio, defined as the percentage of total debts to the total equity of the company, was 9.08% (at 31 March 2018: 7.43%).

Significant Investments

Investment with fair value accounting for more than 5% of the group's total assets was considered as significant investment. The company has the following significant investments as at 30 September 2018.

As at 30 September 2018, the company held approximately 310,250 participating shares (as at 31 March 2018: approximately 310,250 participating shares) of the Avant Capital Dragon Fund SP (the "Dragon Fund") with the total investment cost of HK\$270 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 HK\$36.69 million as at 30 September 2018 (as at 31 March 2018: approximately HK\$44.10 million). A loss on dealing of financial assets at fair value through profit or loss of approximately HK\$7.41 million was recognized for the six month ended 30 September 2018. The Dragon Fund represented 5.19% of the net assets value of the group as at 30 September 2018 (as at 31 March 2018: 5.63%) and there was no dividend being distributed by the Dragon Fund for the period under review.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

Significant Investments *(continued)*

As at 30 September 2018, the company held approximately 193,476 participating shares (as at 31 March 2018: approximately 193,476 participating shares) of the Tiger High Yield Fund Segregate Portfolio (the "Tiger Fund") with the total investment cost of HK\$150 million. Tiger Fund is 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 HK\$2.26 million as at 30 September 2018 (as at 31 March 2018: approximately HK\$4.04 million). A loss on dealing of financial assets at fair value through profit or loss of approximately HK\$1.78 million was recognized for the six month ended 30 September 2018. The Tiger Fund represented 0.32% of the net assets value of the group as at 30 September 2018 (as at 31 March 2018: 0.52%) and there was no dividend being distributed by the Tiger Fund for the period under review.

The recognition of the said loss is due to decline in the fair values of the company's investment in Dragon Fund and Tiger Fund (the "Investment Funds"). For the purpose of assessment of the fair value of the Investment Funds, the company has engaged an independent valuer to prepare valuation report on the Investment Funds. The investment portfolio of the Investment Funds comprises various stocks of listed companies and a private company. The stock prices of the listed companies during the period under review decreased in comparing with the stock price as at 31 March 2018, which poses a change in the market value of the Investment Funds.

In valuing the market value of the stocks in the investment portfolio of the Investment Funds, the valuer adopted the closing stock price as at 30 September 2018 (the "Valuation Date"). For the valuation of a private company, the valuer adopted price to earnings ratio to assess its market value.

The valuation of the company's interest in the Investment Funds requires consideration of all pertinent factors affecting the operations of the Investment Funds and their ability to generate future investment returns. The factors considered in the appraisal including, but were not limited to, the following factors:

- the economic and industry outlooks affecting the Investment Funds;
- the nature and the performance of the Investment Funds and their invested enterprises; and
- the risks facing by invested enterprises.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

Significant Investments *(continued)*

In view of the ever-changing business environment in which the Investment Funds are operating, a number of reasonable assumptions were made in the course of the appraisal, which are set out as follows:

- the continuous operation of the Investment Funds;
- there will be no material changes from political, legal, economic or financial aspects in the jurisdictions in which the Investment Funds currently incorporate or invest which will materially affect its operation;
- there will be no substantial market fluctuation in the economy in the jurisdictions in which the Investment Funds currently invest which will materially affect their operations and the earnings attributed to the Investment Funds;
- there will be no substantial fluctuation in current interest rates and foreign currency exchange rates in the jurisdictions in which the Investment Funds currently invest which will materially affect their operations and the earnings attributed to the Investment Funds; and
- the investment managers of the Investment Funds will not make any decision which is harmful to the profit generation ability of the Investment Funds.

In the process of valuing the company's interest in the Investment Funds, the asset-based approach was adopted by the valuer. Asset-based approach is a means of estimating the value of a business/investment fund based on market value of individual business assets less liabilities. This approach provides an indication of the value of the business enterprise/investment fund by developing a market value balance sheet and all of the business's liabilities are brought to current value as of the Valuation Date. The difference between the market value of the assets and the current value of the liabilities is an indication of the business enterprise equity value under the asset-based approach.

In the process of valuing the investment portfolio of the Investment Funds, the valuer adopted the market approach to estimate the market value of the stocks in the investment portfolio. The market approach is basically a comparison method which estimates market value from analyzing sales and financial data and ratios of comparable public and, whenever possible, private companies.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

Significant Investments *(continued)*

There is no change in the value of the inputs and assumptions from those previously adopted.

The valuer has adopted the following valuation methodology:–

- | | |
|---|---|
| (A) Asset Accumulation Method: | the value of the individual assets (both tangible and intangible) less the value of the liabilities (both recorded and contingent) represents the subject business value of the Investment Funds |
| (B) Price-to-Earnings Ratio | |
| (C) Liabilities Valuation Carrying Value: | the valuer opted to apply (i) a 25% lack of marketability discount to the private company pursuant to “A Companion Guide to FMV Restricted Stock Study” (2016 Edition) prepared by FMV Opinions, Inc. and based on their professional judgment; and (ii) 25% minority discount to reflect the absence of control. |

There is no change in the valuation methodology used from those previously adopted. The group adopts the investment strategy with the aim to improve the capital usage efficiency and to generate additional investment returns on the idle funds of the group. Accordingly, the group will continue to maintain a diversified portfolio of investment of various industries to minimize the possible financial risks. Also, the directors will cautiously assess the performance progress of the investment portfolio from time to time.

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.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

Capital Structure

There was no change in the share capital and capital structure of the company for the six months ended 30 September 2018.

Charges on the Group's Assets

As at 30 September 2018, the group's investment properties with a value of approximately HK\$159.12 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 2018, the group did not have any material contingent liability (2017: Nil).

Acquisition and Disposal of Subsidiaries

There was no acquisition and disposal of subsidiaries of the group during the six months ended 30 September 2018.

Employees

As at 30 September 2018, the group has 46 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 stream 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 payment of any interim dividend for the six months ended 30 September 2018 (2017: 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 2018.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES

As at 30 September 2018, no directors has registered an interest or short position in the share capital (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.

The interests of directors in the share options of the company are separately disclosed in the note 21 to this condensed consolidated financial statements.

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.

At 30 September 2018, the number of shares in respect of which share options could be exercisable under the terms of the Share Option Scheme was 566,650,000 shares, representing approximately 11.67% 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 2018, 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 Management (Hong Kong) LLC	Investment manager	366,972,000	7.55%
Oasis Management Company Limited ^(Note 1)	Investment manager	366,972,000	7.55%
Fisher Seth Hillel ^(Note 2)	Interest in a controlled corporation	366,972,000	7.55%

Note 1. Oasis Management Company Limited is the controlling shareholder of Oasis Management (Hong Kong) LLC. Oasis Management Company Limited is therefore deemed to be interested in 366,972,000 shares in the company.

Note 2. Fisher Seth Hillel is the controlling shareholder of Oasis Management Company Limited. Fisher Seth Hillel is therefore deemed to be interested in 366,972,000 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 2018, 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 6 September 2018 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.

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 2018 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
Han Wei
Chairman

Hong Kong, 29 November 2018