CHINA PROPERTIES INVESTMENT HOLDINGS LIMITED
中國置業投資控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 736)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2011

The board ("board") of directors ("director") of China Properties Investment Holdings Limited ("company") is pleased to announce the audited results of the company and its subsidiaries ("group") for the year ended 31 March 2011 together with the audited comparative figures for the previous year as follows:

* *For identification purposes only*

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 MARCH 2011

	Note	2011 RMB'000	2010 RMB'000
Turnover	4	**3,735**	7,750
Cost of sales		**(3,338)**	(4,370)
		397	3,380
Fair value gain on investment properties		**12,197**	32,347
Other revenue	4(a)	**139**	44
Other net income	4(b)	**131**	2,189
Selling expenses		**(429)**	(54)
Administrative expenses		**(30,364)**	(23,240)
Other operating expenses		**(10,996)**	(16,005)
Loss from operations		**(28,925)**	(1,339)
Finance costs		**(6,080)**	(9,274)
Loss before taxation	5	**(35,005)**	(10,613)
Income tax	6	**(3,049)**	(8,688)
Loss for the year		**(38,054)**	(19,301)
Attributable to:			
Owners of the company		**(37,762)**	(19,179)
Non-controlling interests		**(292)**	(122)
Loss for the year		**(38,054)**	(19,301)
			(Restated)
Loss per share			
– Basic	7(a)	**(RMB0.53)**	(RMB1.53)
– Diluted	7(b)	**(RMB0.53)**	(RMB1.53)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2011

	2011	2010
	RMB'000	*RMB'000*
Loss for the year	**(38,054)**	(19,301)
Other comprehensive (loss)/income for the year		
Exchange differences on translation of financial statements of overseas subsidiaries	**(4,098)**	1,145
Total other comprehensive (loss)/income for the year, net of tax	**(4,098)**	1,145
Total comprehensive loss for the year	**(42,152)**	(18,156)
Attributable to:		
Owners of the company	**(41,860)**	(18,034)
Non-controlling interests	**(292)**	(122)
Total comprehensive loss for the year	**(42,152)**	(18,156)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2011

	Note	2011 RMB'000	2010 RMB'000
Non-current assets			
Plant and equipment		**14,859**	3,711
Investment properties		**198,314**	186,117
Intangible assets		**499,398**	499,398
Deposit for acquisition of subsidiaries		**124,799**	–
		837,370	689,226
Current assets			
Trade and other receivables	8	**1,765**	3,434
Trading securities		**150**	112
Cash and cash equivalents		**5,943**	73,784
		7,858	77,330
Current liabilities			
Other payables		**26,592**	15,322
Interest-bearing bank borrowings		**3,500**	3,000
Current taxation		**–**	–
		30,092	18,322
Net current (liabilities)/assets		**(22,234)**	59,008
Total assets less current liabilities		**815,136**	748,234
Non-current liabilities			
Interest-bearing bank borrowings		**52,000**	55,500
Deferred tax liabilities		**11,136**	8,087
Convertible bonds		**147,680**	66,428
		210,816	130,015
NET ASSETS		**604,320**	618,219
EQUITY			
Equity attributable to owners of the company			
Share capital		**2,833**	40,406
Reserves		**554,867**	332,340
		557,700	372,746
Non-controlling interests		**46,620**	245,473
Total equity		**604,320**	618,219

NOTES TO THE FINANCIAL STATEMENTS:

1. Statement of Compliance

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

2. Application of new and revised Hong Kong Financial Reporting Standards ("HKFRSs")

HKFRS 2 (Amendment)	Group cash-settled share-based payment transactions
HKFRS 3 (revised 2008)	Business Combinations
HKAS 27 (revised 2008)	Consolidated and separate financial statements
HKAS 32 (Amendments)	Classification of rights issues
HKAS 39 (Amendments)	Embedded derivatives
HK(IFRIC) – Int 17	Distributions of non-cash assets to owners
HK(Int) 5	Presentation of financial statements-classification by the borrower of a term loan that contains a repayment on demand clause
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009
HKFRSs (Amendments)	Amendments to HKFRS 5 as part of improvements to HKFRSs issued in 2008

Except as described below, the adoption of the new and revised HKFRSs has had no material effect on the consolidated financial statements of the group for the current or prior accounting periods.

HKAS 27 (Revised 2008), Consolidated and Separate Financial Statements

The application of HKAS 27 (revised 2008) has resulted in changes in the group's accounting policies for changes in ownership interests in subsidiaries.

Specifically, the revised Standard has affected the group's accounting policies regarding changes in ownership interests in its subsidiaries that do not result in loss of control. Previously, increases in interests in existing subsidiaries were treated in the same manner as the acquisition of subsidiaries, with goodwill or a bargain purchase gain being recognised. For decreases in interests in existing subsidiaries that did not involve a loss of control, the difference between the consideration received and the adjustment to the non-controlling interests was recognised in profit or loss. Under HKAS 27 (revised 2008), all such increases or decreases are dealt with in equity, with no impact on goodwill or profit or loss.

When control of a subsidiary is lost as a result of a transaction, event or other circumstance, HKAS 27 (revised 2008) requires the derecognition of all assets, liabilities and non-controlling interests at their carrying amount and to recognise the fair value of the consideration received. Any retained interest in the former subsidiary is recognised at its fair value at the date control is lost. The resulting difference is recognised as a gain or loss in profit or loss.

In accordance with the transitional provisions of HKAS 27 (revised 2008), these changes in accounting policies will be applied prospectively to transactions in current or future periods and therefore previous periods have not been restated.

Revisions to HKAS 27 (revised 2008) have not had a material effect on the group's financial statements as these changes will first be effective as and when the group enters into a relevant transaction (for example, a disposal of a subsidiary or a non-cash distribution) and there is no requirement to restate the amounts recorded in respect of such previous transactions.

Amendments to HKAS 1 Presentation of Financial Statements (as part of Improvements to HKFRSs issued in 2009)

The amendments to HKAS 1 clarify that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non-current. By amending the definition of current liability, the amendment permits a liability to be classified as non-current, provided that the entity has an unconditional right to defer settlement by transfer of cash or other assets for at least 12 months after the accounting period, notwithstanding that the entity could be required by the counterparty to settle in shares at any time.

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

3. Segment Information

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 chief operating decision-makers ("CODM") who are the executive directors of the company for the purposes of resource allocation and performance assessment.

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

1) Properties Investment

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

2) ***Investing in Mining activities***

The investing in mining activities reportable segment derives its revenue from investment income for the activities of exploitation of copper and molybdenum.

No reportable operating segment has been aggregated.

a) *Segment results, assets and liabilities*

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

The accounting policies of the reportable segments are the same as the group's accounting policies. Segment profit/(loss) represents the profit earned by/(loss) from each segment without allocation of central administration costs such as directors' salaries, investment income and finance costs. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment. Taxation charge/(credit) is not allocated to a reportable segment.

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

All assets are allocated to reportable segments other than trading securities and corporate assets. Assets used jointly by reportable segments are allocated on the basis of the revenues earned by individual reportable segments.

All liabilities are allocated to reportable segments other than current tax liabilities and corporate liabilities. Liabilities for which reportable segments are jointly liable are allocated in proportion to segment liabilities.

Information regarding the group's reportable segments as provided to the group's CODM for the purposes of resource allocation and assessment of segment performance for the year is set out below.

	31 March 2011			31 March 2010		
	Properties investment	**Investing in mining activities**	**Total**	Properties investment	Investing in mining activities	Total
	RMB'000	***RMB'000***	***RMB'000***	*RMB'000*	*RMB'000*	*RMB'000*
Revenue from external customers	**3,735**	**–**	**3,735**	7,750	–	7,750
Reportable segment revenue	**3,735**	**–**	**3,735**	7,750	–	7,750
Reportable segment profit/(loss) before taxation	**3,903**	**(1,409)**	**2,494**	17,439	(322)	17,117
Interest revenue	**4**	**–**	**4**	16	1	17
Depreciation	**(488)**	**(538)**	**(1,026)**	(398)	(89)	(487)
Loss on disposal of investment properties	**–**	**–**	**–**	7,908	–	7,908
Reversal of impairment of trade receivables	**–**	**–**	**–**	1,472	–	1,472
Impairment of trade receivables	**(114)**	**–**	**(114)**	(1,962)	–	(1,962)
Income tax expense	**(3,049)**	**–**	**(3,049)**	(8,688)	–	(8,688)
Interest expense	**(3,840)**	**–**	**(3,840)**	(4,471)	1	(4,470)
Reportable segment assets	**201,293**	**506,137**	**707,430**	190,336	500,744	691,080
Additions to non-current assets (other than financial instruments and deferred tax assets)	**899**	**6,707**	**7,606**	83	–	83
Reportable segment liabilities	**58,676**	**14,043**	**72,719**	61,090	7,243	68,333
Deferred tax liabilities	**11,136**	**–**	**11,136**	8,087	–	8,087
Total liabilities	**69,812**	**14,043**	**83,855**	69,177	7,243	76,420

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

	2011	2010
	RMB'000	*RMB'000*
Revenue		
Total reportable segments' revenue	**3,735**	7,750
Elimination of inter-segment revenue	**–**	–
Consolidated turnover	**3,735**	7,750
Profit/(loss)		
Total reportable segments' profit	**2,494**	17,117
Unallocated corporate income	**176**	31
Depreciation	**(1,574)**	(323)
Interest revenue	**4**	1
Finance costs	**(2,240)**	(4,804)
Unallocated corporate expenses	**(33,865)**	(22,635)
Consolidated loss before taxation	**(35,005)**	(10,613)
Assets		
Total reportable segments' assets	**707,430**	691,080
Unallocated		
– corporate assets	**137,798**	75,476
Consolidated total assets	**845,228**	766,556
Liabilities		
Total reportable segments' liabilities	**(83,855)**	(76,420)
Unallocated		
– corporate liabilities	**(157,053)**	(71,917)
Consolidated total liabilities	**(240,908)**	(148,337)

c) *Revenue from major services*

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

	2011	2010
	RMB'000	*RMB'000*
Property investment	**3,735**	7,750

d) *Geographical information*

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

	Revenues from external customers		**Non-current assets**	
	2011	2010	**2011**	2010
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Hong Kong (place of domicile)	**–**	–	**126,086**	1,780
PRC	**3,735**	7,750	**711,284**	687,446
	3,735	7,750	**837,370**	689,226

e) *Information about major customers*

Revenues from customers contributing 10% or more of the total revenue of the group are as follows:

	Year ended	
	31/3/2011	31/3/2010
	RMB'000	*RMB'000*
Customer A – revenue from properties investment – PRC	**3,065**	5,223
Customer B – revenue from properties investment – PRC	**670**	–
Customer C – revenue from properties investment – PRC	**–**	1,309
Customer D – revenue from properties investment – PRC	**–**	934
	3,735	7,466

4. Turnover and Other Revenue

The principal activities of the group are properties investment and investing in mining activities.

Turnover represents rental income from operating leases. The amount of each significant category of revenue recognised in turnover during the year is as follows:

	2011 *RMB'000*	2010 *RMB'000*
Rental income from operating lease	**3,735**	7,750

		2011 *RMB'000*	2010 *RMB'000*
a)	***Other revenue***		
	Interest income on bank deposits	**8**	18
	Total interest income on financial assets not at fair value through profit or loss	**8**	18
	Sundry income	**131**	26
		139	44
b)	***Other net income***		
	Fair value gain on trading securities	**45**	28
	Gain on disposal of plant and equipment	**–**	8
	Government subsidy*	**86**	681
	Reversal of allowance of impairment of trade receivables	**–**	1,472
		131	2,189
		270	2,233

* *Subsidy income mainly relates to cash subsidies in respect of property industry from government which are unconditional grants.*

5. Loss before taxation

Loss before taxation is arrived at after charging the following:

	2011	2010
	RMB'000	*RMB'000*
a) Finance costs		
Interest expenses on bank borrowings, overdrafts and other loans wholly repayable within five years	**–**	–
Interest expenses on bank borrowings wholly repayable after five years	**3,840**	4,470
Total interest expense on financial liabilities not at fair value through profit or loss	**3,840**	4,470
Interest on convertible bonds	**2,240**	4,804
Total interest expense	**6,080**	9,274
b) Staff costs		
Salaries, wages and other benefits (including directors' emoluments)	**7,111**	5,118
Contributions to defined contribution retirement plans (including directors' emoluments)	**596**	566
	7,707	5,684
c) Other items		
Auditor's remuneration		
– audit services	**823**	783
– other services	**1,293**	1,352
Depreciation	**2,600**	810
Gross rental income from investment properties less direct outgoings of RMB3,338,000 (2010: RMB4,370,000)	**397**	3,380
Operating lease charges: minimum lease payments	**2,473**	2,351
d) Other operating expenses		
Loss on disposal of investment properties	**–**	7,908
Allowance for impairment of trade receivables	**114**	1,962
Fair value loss on convertible bonds	**10,882**	6,132
Others	**–**	3
	10,996	16,005

6. Income Tax

a) Income Tax in the Consolidated Income Statement Represents:

	2011	2010
	RMB'000	*RMB'000*
Current tax		
Hong Kong profits tax	**–**	–
Overseas tax calculated at rates prevailing in the relevant jurisdiction	**–**	601
	–	601
Deferred tax		
Origination and reversal of temporary differences	**3,049**	8,087
Tax charge	**3,049**	8,688

No provision for Hong Kong profits tax has been provided for the year as the group had no estimated assessable profits in Hong Kong for the year (2010: Nil).

PRC enterprise income tax ("EIT") for the year ended 31 March 2011 is 25% (2010: 25%). The EIT has not been provided for as the group has incurred losses in PRC for the year.

Taxation arising in other jurisdictions are calculated at the rates prevailing in the relevant jurisdictions.

No deferred tax liabilities have been recognised as the company controls the dividend policy of its subsidiaries and it has been determined that it is probable that certain of the profits earned by the group's PRC subsidiaries for the year from 1 April 2010 to 31 March 2011 will not be distributed in the foreseeable future.

b) Reconciliation between Tax Expense and Accounting Loss at Applicable Tax Rate:

	2011	2010
	RMB'000	*RMB'000*
Loss before taxation	**(35,005)**	(10,613)
Notional tax on loss before taxation, calculated at the tax rate applicable in the jurisdictions concerned	**(5,672)**	(448)
Tax effect of non-taxable income	**–**	(1)
Tax effect of non-deductible expenses	**69**	796
Tax effect of deductible temporary differences not recognised	**(27)**	(223)
Tax effect on Land Appreciation Tax in PRC	**–**	601
Tax effect of unused tax losses not recognised	**8,679**	7,963
Tax charge	**3,049**	8,688

7. 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 RMB37,762,000 (2010: loss of RMB19,179,000) and the weighted average number of 71,353,000 ordinary shares (2010: 12,543,000 ordinary shares) in issue during the year.

Weighted average number of ordinary shares:

	2011	2010
	'000	*'000*
Issued ordinary shares at 1 April	**4,542,910**	1,763,698
Effect of issue of new shares by placement	**1,692,203**	607,341
Effect of issue of new shares upon conversion of convertible bonds	**330,241**	764,639
Effect of five-for-one share consolidation	**(4,751,588)**	(2,508,543)
Effect of fifty-for-one share consolidation	**(1,742,413)**	(614,592)
Weighted average number of ordinary shares at 31 March	**71,353**	12,543

b) Diluted Loss Per Share

Diluted loss per share equals to basic loss per share because the outstanding convertible bonds and share option had an anti-dilutive effect on the basic loss per share for both periods presented.

8. Trade and Other Receivables

	2011	2010
	RMB'000	*RMB'000*
Trade receivables	**2,956**	4,120
Less: allowance for impairment of doubtful debts	**(2,838)**	(2,724)
Trade receivables (net)	**118**	1,396
Other receivables	**565**	1,060
Loans and receivables	**683**	2,456
Prepayments and deposits	**1,082**	978
	1,765	3,434

All of the trade and other receivables are expected to be recovered or expensed out within one year.

a) Ageing Analysis

Trade receivables are net of allowance for doubtful debts of RMB2,838,000 (2010: RMB2,724,000) with the following age analysis presented based on invoice date as of the end of the reporting period:

	2011	2010
	RMB'000	*RMB'000*
Current	**–**	–
1 to 3 months	**118**	1,396
More than 3 months but less than 12 months	**–**	–
	118	1,396

Trade receivables are due after the date of billing.

b) ***Impairment of Trade Receivables***

Impairment losses in respect of trade receivables are recorded using an allowance account unless the group is satisfied that the recovery of the amount is remote, in which case the impairment loss is written off against trade receivables directly.

The movements in the allowance for impairment of doubtful debts are as follows:

	2011	2010
	RMB'000	*RMB'000*
At 1 April	**2,724**	2,234
Impairment losses recognised *(Note 1)*	**114**	1,962
Impairment losses reversed *(Note 2)*	**–**	(1,472)
At 31 March	**2,838**	2,724

Notes:

1) As at 31 March 2011, trade receivables of the group amounting to approximately RMB114,000 (2010: RMB1,962,000) were individually determined to be impaired and full allowance for impairment loss had been made. These individually impaired receivables were outstanding for over 180 days as at the end of the reporting period and the management considered the recoverability of the amount is low.

2) The group succeeded in recovering certain long-outstanding debts which were fully impaired in previous years.

c) ***Trade Receivables that are not impaired***

The ageing analysis of trade receivables that are neither individually nor collectively considered to be impaired are as follows:

	2011	2010
	RMB'000	*RMB'000*
Neither past due nor impaired	**–**	–
Past due but not impaired		
– Within 3 months past due	**118**	1,396
– More than 3 months but less than 12 months past due	**–**	–
	118	1,396

Receivables that were past due but not impaired relate to a number of independent tenants that have a good track record with the group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The group holds rental deposits of RMB372,000 (2010: RMB1,542,000) as collateral over these balances.

MODIFICATION IN INDEPENDENT AUDITOR'S REPORT

The auditor's report on the consolidated financial statements for the year ended 31 March 2011 was modified in relating to the emphasis of matter as follows:

"Without qualifying our opinion, we draw attention to note 2(b)(i) and 20 to the financial statements which related to net current liabilities position of the group as at 31 March 2011 and the possible acquisition of Pure Power Holdings Limited. Pursuant to the supplemental memorandum of understanding dated 20 September 2010 and the letter of confirmation dated 21 June 2011, the company agreed to settle the balance of the deposit of US$131 million (equivalent to approximately RMB860 million) before 20 September 2011. As at the date of the report, the company has not yet arranged financing for the payment. The directors of the company considered they are still in negotiation with the vendors for the payment terms of the possible acquisition and will obtain the required facilities to settle the remaining balance before the prescribed date."

DIVIDEND

The directors of the company do not recommend the payment of any dividend for the year ended 31 March 2011 (2010: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Operating Results

During the year, the group's turnover was approximately RMB3.7 million (2010: approximately RMB7.7 million), representing an decrease of approximately 51.9% compared with last year. The decrease in turnover was mainly due to termination and rearrangement of certain operating leases during the year.

The audited net loss for the year was approximately RMB38.1 million (2010: approximately RMB19.3 million) and the loss per share was RMB0.53. Increase in loss for the year was mainly due to the decrease in positive change in fair value of the investment properties of the group, which recorded a valuation gain of approximately RMB12.2 million (2010: valuation gain of approximately RMB32.3 million). However, there was no cash flow impact on the group for such valuation gain.

The administrative and operating expenses of the group for the year amounted to approximately RMB41.4 million (2010: approximately RMB39.3 million), representing an increase of approximately 5.3% compared with last year. The finance cost of the group amounted to approximately RMB6.1 million which was incurred for the bank loans under the security of investment properties in Shanghai and the interest on convertible bonds.

Business Review

During the year under review, the group continued to engage in the properties investment business in the PRC. As at 31 March 2011, the aggregate gross floor area of the investment properties being held by the group was approximately 7,004 square meters, of which approximately 73% of the properties were leased to third parties under operating leases with lease terms ranging up to nine years.

Regarding the mining business of the group, the group has further acquired 40% indirect interest in the Mining Company during the year. The Acquisition was completed on 13 October 2010. Upon completion, the Mining Company became an indirect 91% owned subsidiary of the company. Details of which are set out in the circular of the company dated 17 September 2010. The Mine is still in the development stage and thus has not yet contributed any operational turnover to the group during the year under review.

In order to minimize the costs for the development of the Mine, the company decided to co-operate with the other contractor to develop the Mine. The Mining Company entered into a co-operation agreement ("Cooperation Agreement") with an independent contractor ("Contractor") in June 2011 for development of the Mine. The Mining Company agreed to provide the Contractor with all required documents and information related to the procedures of mine construction and processing. The Contractor is responsible for the construction of mining and processing equipment, infrastructure and other ancillary facilities. After completion of the construction, the Contractor will further account for the operation of the Mine. The Contractor will share 30% to 60% of the profit generated from the Mine on a progressive basis throughout the term of the Cooperation Agreement in accordance with the relevant terms and conditions of the Cooperation Agreement, and the Contractor shall share the remaining profit (i.e. 70% to 40%) of the Mine during the term of the Cooperation Agreement. The term of the Cooperation Agreement is 15 years and it can be renewed with the mutual agreement between the Mining Company and the Contractor. Details of which are set out in the announcement of the company dated 22 June 2011.

The company (as the purchaser) entered into the memorandum of understanding and the supplemental memorandum of understanding with the independent third parties (as the Vendors) on 21 June 2010 and 20 September 2010 respectively for the possible acquisition of the entire interest in Pure Power Holdings Limited (the "**Possible Acquisition**") which own 100% effective interest indirectly in the oil & gas rights in parcels of lands in Nevada under three oil & gas leases. Details of which are set out in the announcements of the company dated 21 June 2010 and 20 September 2010 respectively. Up to the date hereof, the company has paid deposits in the aggregate amount of approximately HK$148 million to the Vendors. The company is in the process of finalizing and consolidating the materials required for disclosure purpose. Further announcement will be made by the company should any formal agreement be entered into.

Liquidity and Financial Resources

As at 31 March 2011, the group's net current liabilities were approximately RMB22.2 million (2010: net current assets approximately RMB59 million), including cash and bank balances of approximately RMB5.9 million (2010: approximately RMB73.8 million).

The group had borrowings of approximately RMB55.5 million as at 31 March 2011 (2010: approximately RMB58.5 million). The borrowings were bank loans under security, of which 6.3% were due within one year from balance sheet date, 7.3% were due more than one year but not exceeding two years, 37.8% were due more than two years but not exceeding five years and 48.6% were due more than five years. The gearing ratio, defined as the percentage of net debts to the total equity of the company, was approximately 32% (2010: approximately 8%).

Investment Position

The group did not have any significant investment position in stocks, bonds and other financial derivatives as at 31 March 2011.

Foreign Exchange Exposure

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

Capital Structure

On 8 October 2010, the shareholders of the company approved the capital reorganization at the special general meeting and the capital reorganization became effective on 11 October 2010. The shareholders of the company approved to reorganise the capital of the company in the following manner:

(1) reduction in the par value of each issued share from HK$0.05 to HK$0.00002 by cancelling paid up capital to the extent of HK$0.04998 on each issued share;

(2) subdivision of each authorised but unissued share into 2,500 reduced shares of HK$0.00002 each;

(3) reduction of the authorised share capital of the company from HK$300,000,000 to HK$10,000,000 by canceling 14,500,000,000,000 unissued reduced shares;

(4) consolidation of the reduced shares on the basis that every 50 issued and unissued reduced shares of HK$0.00002 each will be consolidated into one consolidated share of HK$0.001 each.

During the year, an aggregate principal of HK$78 million redeemable convertible bonds (the "**2012 Convertible Bonds**" which were issued by the company on 27 July 2009 in a total principal amount of HK$260 million) were converted into 424,007,547 ordinary shares of the company. There was no outstanding amounts of the 2012 Convertible Bonds as at 31 March 2011.

On 13 October 2011, the company issued redeemable convertible bonds ("**2013 Convertible Bonds**") in the principal amount of HK$210 million at the interest rate of 3% per annum. During the year, the company early redeemed part of the 2013 Convertible Bonds in the amount of HK$30 million. As at 31 March 2011, the principal amount of the outstanding 2013 Convertible Bonds was HK$180 million.

On 10 November 2010, the company issued zero coupon redeemable convertible bonds in the principal amount of HK$50 million, all of which were converted into 34,340,659 ordinary shares of the company on 12 November 2010.

On 15 December 2010, the company issued zero coupon redeemable convertible bonds in the principal amount of HK$50 million, all of which were converted into 50,000,000 ordinary shares of the company on 20 December 2010.

Charges on Group's Assets

As at 31 March 2011, the group's investment properties with a value of approximately RMB198.3 million were pledged to secure general banking facilities granted to Shanghai Xiang Chen Hang Place The Industry Co. Limited, a wholly-owned subsidiary of the group.

Contingent Liabilities

As at 31 March 2011, the group did not have any material contingent liability (2010: Nil).

Acquisition and Disposal of Subsidiaries

On 18 August 2010, the company (as the purchaser) entered into a sale and purchase agreement between Star Lucky Group Limited (as the vendor) to purchase the entire issued share capital of the Universe Prosper Limited at the consideration of HK$300 million (equivalent to approximately RMB257 million) (the "**Acquisition**") of which the fair value of the consideration was approximately RMB245 million, and the Acquisition was completed on 13 October 2010. Further details of which are set out in the circular of the company dated 17 September 2010.

Save as disclosed above, the company did not have any other acquisition or disposal of subsidiaries during the year.

Employees

As at 31 March 2011, the group had 41 employees (2010: 44). The remuneration was determined with reference to statutory minimum wages, market terms and the performance, qualification and experience of individual employees. The group provides contributory provident fund and insurance scheme to the employees. Share option scheme and incentive schemes are adopted to encourage personal commitment of employees.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the company, nor any of its subsidiaries purchased, redeemed or sold any of the company's listed securities during the year ended 31 March 2011.

CORPORATE GOVERNANCE

The company has complied with the code provisions as set out in the Code of Corporate Governance Practice in Appendix 14 of the Listing Rules throughout the year ended 31 March 2011, except for the deviation from the requirement of code provision A.2.1 as follow.

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

AUDIT COMMITTEE

The company has established an audit committee with written terms of reference for the purpose of reviewing and providing supervision over the financial reporting process and internal control of the Group. The audit committee of the company comprises a total of three independent non-executive directors of the Company. The annual results of the group for the year ended 31 March 2011 was reviewed by the audit committee, who are of the opinion that such statements comply with the applicable accounting standards and that adequate disclosures have been made.

REVIEW OF FINANCIAL INFORMATION

The figures in respect of the preliminary announcement of the group's results for the year ended 31 March 2011 have been agreed by the group's auditors, CCIF CPA Limited to the amounts set out in the group's audited consolidated financial statements for the year. The work performed by CCIF CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by CCIF CPA Limited on the preliminary announcement.

DIRECTORS' SECURITIES TRANSACTION

The company has adopted the Model Code for Securities Transactions by Directors (the "Model Code") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the directors. Having made specific enquiry of the directors, all directors confirmed that they had complied with the required standards as set out in the Model Code throughout the year ended 31 March 2011.

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

The company's annual report for the year ended 31 March 2011 containing all applicable information required by Appendix 16 of the Listing Rules will be despatched to the shareholders of the company and published on the Stock Exchange's website and on the company's website in due course.

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

Hong Kong, 29 June 2011

As at the date of this announcement, the executive Directors are Mr. Xu Dong and Mr. Au Tat On, the non-executive Director is Ms. Yu Wai Fong, and the independent non-executive Directors are Mr. Lai Wai Yin, Wilson, Ms. Cao Jie Min and Mr. Tse Kwong Wah.

This announcement will remain on the "Latest Company Announcements" page of the website of the Stock Exchange and the website of the company for at least 7 days from the date of its posting.