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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2018

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:

* *For identification purposes only*

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 September 2018

		Six months ended 30 September	
		2018	2017
		(Unaudited)	(Unaudited)
	Notes	***HK$'000***	*HK$'000*
Revenue	*4*	**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		**17,593**	369
Other net losses and income		**694**	(881)
Administrative expenses		**(34,820)**	(36,550)
Other operating expenses		**(25,248)**	(421,950)
Loss from operations		**(26,626)**	(406,804)
Finance costs		**(1,833)**	(1,640)
Loss before taxation	*5*	**(28,459)**	(408,444)
Income tax credit/(expenses)	*6(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	*7*		
– Basic		**(HK0.5 cent)**	(HK9 cents)
– Diluted		**(HK0.5 cent)**	(HK9 cents)

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	2017
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'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)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2018

	Notes	30/9/2018 (Unaudited) HK$'000	31/3/2018 (Audited) HK$'000
Non-current assets			
Plant and equipment		**7,810**	9,748
Investment properties		**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		**–**	48,144
Financial assets at fair value through profit or loss		**38,951**	–
Loan receivables		**316,203**	49,980
		607,184	387,126
Current assets			
Property under development		**20,772**	20,362
Trade and other receivables	*8*	**33,409**	110,672
Loan receivables		**48,750**	209,398
Financial assets at fair value through profit or loss		**40,560**	53,011
Tax recoverable		**809**	809
Available-for-sale investments		**–**	13,745
Fixed deposits		**9,095**	10,339
Cash and bank balances – trust accounts		**12,199**	16,033
Cash and bank balances – general accounts		**33,680**	61,679
		199,274	496,048
Current liabilities			
Trade and other payables	*9*	**19,094**	22,881
Interest-bearing bank borrowings		**2,849**	3,124
Tax payable		**1,092**	300
		23,035	26,305

	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	*6(b)*	**14,908**	19,364
Unconvertible bonds		**20,000**	20,000
		76,211	74,350
NET ASSETS		**707,212**	782,519
Equity			
Equity attributable to owners of the company			
Share capital		**48,576**	48,576
Reserves		**658,636**	733,943
TOTAL EQUITY		**707,212**	782,519

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

1. 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 2 below. The unaudited condensed consolidated financial statements do not include all the information and disclosures required for an annual financial statements, and should be read in conjunction with the financial statements of the group for the year ended 31 March 2018.

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.

2. 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.

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$'000*	Impact on initial application of HKFRS 9 *(Note 2(b))* *HK$'000*	Impact on initial application of HKFRS 15 *(Note 2(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.

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.

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 as originally presented	**Reclassify from available-for-sale investments to financial assets at fair value through profit or loss**	**1 April 2018 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)	–
	61,889	(61,889)	–
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
	53,011	61,889	114,900

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.

(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.

(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

(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.

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 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.

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 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*
Revenue from external customers	**5,202**	**19,256**	**3,066**	**27,524**	4,810	23,294	6,006	34,110
Reportable segment revenue	**5,202**	**19,256**	**3,066**	**27,524**	4,810	23,294	6,006	34,110
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	**(1,332)**	**–**	**–**	**(1,332)**	(1,138)	–	–	(1,138)

	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	**255,200**	**375,930**	**39,826**	**670,956**	295,790	269,927	154,758	720,475
Additions to non-current assets during the period/year	**2,722**	**–**	**–**	**2,722**	17	–	–	17
Reportable segment liabilities	**62,398**	**1,092**	**7,709**	**71,199**	59,899	300	10,724	70,923

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

	Six months ended 30 September	
	2018	2017
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
(i) Revenue		
Total reportable segment revenue	**27,524**	34,110
Consolidated turnover	**27,524**	34,110
(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	**(28,459)**	(408,444)

	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
Consolidated total assets	**806,458**	883,174
(iv) Liabilities		
Total reportable segments' liabilities	**(71,199)**	(70,923)
Unconvertible bonds	**(20,000)**	(20,000)
Unallocated corporate liabilities	**(8,047)**	(9,732)
Consolidated total liabilities	**(99,246)**	(100,655)

(v) Other items

	Six months ended 30 September 2018 (Unaudited)				
	Properties investment *HK$'000*	**Money lending business** *HK$'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	**(1,332)**	**–**	**–**	**(501)**	**(1,833)**

	Six months ended 30 September 2017 (Unaudited)				
	Properties investment *HK$'000*	Money lending business *HK$'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	(1,138)	–	–	(502)	(1,640)

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

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	Six months ended 30 September 2017	**As at 30 September 2018**	As at 31 March 2018
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Audited)
	HK$'000	*HK$'000*	***HK$'000***	*HK$'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
	27,524	34,110	**252,030**	289,002

4. 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

5. LOSS BEFORE TAXATION

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

	Six months ended 30 September	
	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
	1,833	1,640
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
	11,439	16,364
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)	**(5,110)**	(4,690)
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**	–
	25,248	421,950

6. INCOME TAX

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

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

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.

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
At 31 March 2018	1,171	18,193	19,364
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)**
At 30 September 2018	**987**	**13,921**	**14,908**

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 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 Weighted average number of ordinary shares	2017 Weighted average number of ordinary shares
	'000	*'000*
Weighted average number of ordinary shares at the beginning and the end of the period	**4,857,582**	4,857,582

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.

8. 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

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.

9. 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
Financial liabilities measured at amortised cost	**16,454**	18,978
Receipt in advance	**–**	1,323
Contract liabilities	**931**	–
Rental deposit received (non-refundable)	**1,709**	2,580
	19,094	22,881

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.

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	**5,284**	8,238

DIVIDEND

The directors of the company do not recommend payment of any interim dividend for the six months ended 30 September 2018 (2017: Nil).

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.

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.

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.

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.

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.

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.

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.

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 conductive 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.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The company has adopted the Model Code for the Securities Transactions by Directors of Listed Issuers (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. 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.

PUBLICATION OF INTERIM REPORT ON THE STOCK EXCHANGE'S WEBSITE

The company's interim report for the six months ended 30 September 2018 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
Han Wei
Chairman

Hong Kong, 29 November 2018

As at the date of this announcement, the executive Directors are Mr. Han Wei and Mr. Au Tat On and the independent non-executive Directors are Mr. Lai Wai Yin, Wilson, Ms. Cao Jie Min and Mr. Liang Kuo Chieh.