中國置業投資控股有限公司*

CHINA PROPERTIES INVESTMENT HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

Stock Code: 736

Interim Report 2015

* For identification purposes only

CORPORATE INFORMATION

BOARD OF DIRECTORS

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

Non-Executive Director
Yu Wai Fong

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

COMPANY SECRETARY

Yip Yuk Sing

AUTHORISED REPRESENTATIVES

Yu Wai Fong
Yip Yuk Sing

AUDITOR

Crowe Horwath (HK) CPA Limited

LEGAL ADVISER

Li, Wong, Lam & W.I. Cheung

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HONG KONG SHARE REGISTRAR

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WEBSITE

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STOCK CODE

736

PRINCIPAL BANKERS

ICBC (Asia)
Wing Lung Bank

The board (the "board") of directors (the "directors") of China Properties Investment Holdings Limited (the "company") hereby announces the unaudited condensed consolidated interim results of the company and its subsidiaries (together the "group") for the six months ended 30 September 2015, 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 2015

	Notes	**Six months ended 30 September** **2015** **(Unaudited)** **RMB'000**	2014 (Unaudited) RMB'000
Revenue	*6*	**13,486**	5,024
Cost of sales		**(5,315)**	(837)
Gross profit		**8,171**	4,187
Valuation (loss)/gains on investment properties		**(4,907)**	8,129
Other revenue	*7(a)*	**698**	3,730
Other net income	*7(b)*	**20,237**	1,365
Administrative expenses		**(23,913)**	(23,904)
Exploration and development expenses of mine		**(100)**	(212)
Other operating expenses	*8(d)*	**(45,399)**	(398)
Loss from operations		**(45,213)**	(7,103)
Finance costs	*8(a)*	**(5,016)**	(5,486)
Share of profit/(loss) of an associate		**346**	(272)
Loss before taxation	*8*	**(49,883)**	(12,861)
Income tax	*9(a)*	**1,664**	(1,969)
Loss for the period		**(48,219)**	(14,830)
Attributable to:			
Owners of the company		**(46,463)**	(14,652)
Non-controlling interests		**(1,756)**	(178)
Loss for the period		**(48,219)**	(14,830)
		RMB	RMB
Loss per share	*11*		
– Basic		**(0.01)**	(0.02)
– Diluted		**(0.01)**	(0.02)

The notes on pages 8 to 50 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 2015

	Six months ended 30 September	
	2015	2014
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Loss for the period	**(48,219)**	(14,830)
Other comprehensive income/(loss) for the period		
Available-for-sale investments		
– net gain on revaluation of available-for-sale investments	**20,547**	–
Exchange differences on translation of:		
– financial statements of group entities outside the PRC	**(8,464)**	(242)
– financial statements of an associate	**–**	(1)
Total other comprehensive income/(loss) for the period, net of nil tax	**12,083**	(243)
Total comprehensive loss for the period	**(36,136)**	(15,073)
Attributable to:		
Owners of the company	**(34,380)**	(14,895)
Non-controlling interests	**(1,756)**	(178)
Total comprehensive loss for the period	**(36,136)**	(15,073)

The notes on pages 8 to 50 form part of this condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2015

	Notes	**30/9/2015 (Unaudited) RMB'000**	31/3/2015 (Audited) RMB'000
Non-current assets			
Property, plant and equipment	*12*	**23,168**	10,218
Investment properties	*13*	**201,690**	206,597
Intangible assets	*14*	**78,842**	99,491
Goodwill		**16,846**	16,846
Interest in associate	*15*	**7,389**	7,642
Available-for-sale investments		**307,162**	–
		635,097	340,794
Current assets			
Trade and other receivables	*16*	**18,293**	18,962
Trading securities		**90**	119
Promissory notes receivables	*17*	**–**	97,057
Tax recoverable		**91**	88
Fixed Deposit		**–**	7,730
Cash and cash equivalents	*18*	**32,854**	27,204
		51,328	151,160
Current liabilities			
Other payables and accruals		**19,431**	12,940
Interest-bearing bank borrowings		**18,000**	11,500
Current taxation		**135**	135
		37,566	24,575
Net current assets		**13,762**	126,585
Total assets less current liabilities		**648,859**	467,379

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(continued)
AS AT 30 SEPTEMBER 2015

	Notes	**30/9/2015 (Unaudited) RMB'000**	31/3/2015 (Audited) RMB'000
Non-current liabilities			
Other payables and accruals		**37**	110
Interest-bearing bank borrowings		**18,000**	27,000
Deferred tax liabilities	*9(b)*	**14,492**	16,153
Warrants	*19*	**2,798**	13,764
Unconvertible bonds	*20*	**16,378**	15,756
Purchase consideration payable	*21*	**2,775**	916
		54,480	73,699
NET ASSETS		**594,379**	393,680
Equity			
Equity attributable to owners of the company			
Share capital	*22*	**96,215**	36,260
Reserves		**491,553**	349,053
		587,768	385,313
Non-controlling interests		**6,611**	8,367
TOTAL EQUITY		**594,379**	393,680

The notes on pages 8 to 50 form part of this condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2015

	Attributable to owners of the company										
	Share Capital RMB'000	Share Premium RMB'000	Special reserve RMB'000	Employee share-based compensation reserve RMB'000	Contribution reserve RMB'000	Exchange fluctuation reserve RMB'000	Investment revaluation reserve RMB'000	Accumulated losses RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 April 2014	14,456	987,076	(56,225)	–	–	19,344	–	(639,452)	325,199	9,000	334,199
Conversion of convertible bonds	21,466	38,578	–	–	–	–	–	–	60,044	–	60,044
Exercise of bonus warrant	338	5,778	–	–	–	–	–	–	6,116	–	6,116
Acquisition of subsidiaries	–	–	–	–	–	–	–	–	–	463	463
Deemed contribution arising from the fair value change of warrants	–	–	–	–	20,022	–	–	–	20,022	–	20,022
Total comprehensive loss for the period	–	–	–	–	–	(243)	–	(14,652)	(14,895)	(178)	(15,073)
At 30 September 2014 (Unaudited)	36,260	1,031,432	(56,225)	–	20,022	19,101	–	(654,104)	396,486	9,285	405,771
At 1 April 2015	**36,260**	**1,044,209**	**(56,225)**	**4,191**	**–**	**30,926**	**–**	**(674,048)**	**385,313**	**8,367**	**393,680**
Placing and subscription of new shares	**58,905**	**137,445**	**–**	**–**	**–**	**–**	**–**	**–**	**196,350**	**–**	**196,350**
Exercise of share option	**578**	**8,257**	**–**	**(4,191)**	**–**	**–**	**–**	**–**	**4,644**	**–**	**4,644**
Exercise of bonus warrant	**472**	**37,333**	**–**	**–**	**–**	**–**	**–**	**–**	**37,805**	**–**	**37,805**
Share issues expenses	**–**	**(1,964)**	**–**	**–**	**–**	**–**	**–**	**–**	**(1,964)**	**–**	**(1,964)**
Total comprehensive loss for the period	**–**	**–**	**–**	**–**	**–**	**(8,464)**	**20,547**	**(46,463)**	**(34,380)**	**(1,756)**	**(36,136)**
At 30 September 2015 (Unaudited)	**96,215**	**1,225,280**	**(56,225)**	**–**	**–**	**22,462**	**20,547**	**(720,511)**	**587,768**	**6,611**	**594,379**

The notes on pages 8 to 50 form part of this condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2015

	Six months ended 30 September	
	2015	2014
	RMB'000	RMB'000
Net cash used in operating activities	**(3,411)**	(33,288)
Net cash used in investing activities	**(285,165)**	(12,563)
Net cash generated from financing activities	**293,216**	103,866
Net increase in cash and cash equivalents	**4,640**	58,015
Cash and cash equivalents at beginning of period	**27,204**	30,645
Effect of foreign exchange rate changes, net	**1,010**	(180)
Cash and cash equivalents at end of period	**32,854**	88,480
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	**32,854**	88,480

The notes on pages 8 to 50 form part of this condensed consolidated financial statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2015

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

2. BASIS OF PREPARATION OF FINANCIAL INFORMATION

The unaudited condensed consolidated financial statements for the six months ended 30 September 2015 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 2015, 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 2015.

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

2. BASIS OF 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
– trading securities
– convertible bonds and warrants
– available-for-sale investments

The unaudited condensed consolidated interim financial information for the period ended 30 September 2015 comprise the company and its subsidiaries.

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

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

Amendments to HKAS 19	Defined benefit plans: Employee Contributions
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010-2012 Cycle
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011-2013 Cycle

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

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

4. SEGMENT REPORTING

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

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

4. SEGMENT REPORTING *(continued)*

i) Properties investment

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

ii) Investing in mining activities

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

iii) Educational support services

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

No reportable operating segment has been aggregated.

a) Segment results, assets and liabilities

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

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

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

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

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

4. SEGMENT REPORTING *(continued)*

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

Information regarding the group's reportable segments as provided to the group's CODM for the purposes of resources allocation and assessment of segment performance for the period ended 30 September 2015 and 2014 is set out below.

	Six months ended 30 September 2015 (Unaudited)				Six months ended 30 September 2014 (Unaudited)			
	Properties investment RMB'000	**Investing in mining activities RMB'000**	**Educational support services RMB'000**	**Total RMB'000**	Properties investment RMB'000	Investing in mining activities RMB'000	Educational support services RMB'000	Total RMB'000
Revenue from external customers	**4,458**	**–**	**9,028**	**13,486**	4,369	–	655	5,024
Reportable segment revenue	**4,458**	**–**	**9,028**	**13,486**	4,369	–	655	5,024
Reportable segment (loss)/profit before taxation	**(4,913)**	**(19,229)**	**(966)**	**(25,108)**	6,690	(2,072)	181	4,799
Interest income on bank deposits	**1**	**–**	**–**	**1**	1	–	–	1
Depreciation	**(352)**	**(295)**	**(87)**	**(734)**	(315)	(889)	(10)	(1,214)
Income tax credit/(expense)	**1,227**	**–**	**437**	**1,664**	(2,032)	–	63	(1,969)
Finance costs	**(1,250)**	**(11)**	**–**	**(1,261)**	(1,800)	(10)	–	(1,810)
Exploration and development expenses of mine	**–**	**(100)**	**–**	**(100)**	–	(212)	–	(212)
Valuation (loss)/gain on investment properties	**(4,907)**	**–**	**–**	**(4,907)**	8,129	–	–	8,129
Amortisation of intangible assets	**–**	**(2,650)**	**–**	**(2,650)**	–	–	(382)	(382)
Impairment loss of intangible assets	**–**	**(18,000)**	**–**	**(18,000)**	–	–	–	–

4. SEGMENT REPORTING *(continued)*

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

	As at 30 September 2015 (Unaudited)				As at 31 March 2015 (Audited)			
	Properties investment RMB'000	Investing in mining activities RMB'000	Educational support services RMB'000	Total RMB'000	Properties investment RMB'000	Investing in mining activities RMB'000	Educational support services RMB'000	Total RMB'000
Reportable segment assets	210,296	70,902	39,915	321,113	213,592	86,582	37,877	338,051
Additions to non-current assets during the period/year	4	–	287	291	30	6	38,386	38,422
Reportable segment liabilities	41,242	7,239	682	49,163	43,115	4,667	773	48,555
Current taxation	–	–	–	–	–	–	–	–
Deferred tax liabilities	11,980	–	2,512	14,492	13,206	–	2,947	16,153
Total liabilities	53,222	7,239	3,194	63,655	56,321	4,667	3,720	64,708

4. SEGMENT REPORTING *(continued)*

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

	Six months ended 30 September 2015 (Unaudited) RMB'000	2014 (Unaudited) RMB'000
(i) Revenue		
Total reportable segment revenue	**13,486**	5,024
Elimination of inter-segment revenue	**–**	–
Consolidated turnover	**13,486**	5,024
(ii) Loss before taxation		
Total reportable segment (loss)/profit	**(25,108)**	4,799
Share of profit/(loss) of an associate	**346**	(272)
Unallocated corporate income	**20,237**	1,371
Depreciation	**(743)**	(405)
Interest income	**648**	3,308
Finance costs	**(3,755)**	(3,676)
Unallocated corporate expenses	**(41,508)**	(17,986)
Consolidated loss before taxation	**(49,883)**	(12,861)

	As at 30 September 2015 (Unaudited) RMB'000	As at 31 March 2015 (Audited) RMB'000
(iii) Assets		
Total reportable segment assets	**321,113**	338,051
Unallocated corporate assets	**365,312**	153,903
Consolidated total assets	**686,425**	491,954
(iv) Liabilities		
Total reportable segment liabilities	**(63,655)**	(64,708)
Current taxation	**(135)**	(135)
Unallocated corporate liabilities	**(28,256)**	(33,431)
Consolidated total liabilities	**(92,046)**	(98,274)

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 2015 (Unaudited)				
	Properties investment RMB'000	**Investing in mining activities RMB'000**	**Educational support services RMB'000**	**Unallocated RMB'000**	**Total RMB'000**
Interest income					
– promissory notes	**–**	**–**	**–**	**602**	**602**
– bank deposits	**1**	**–**	**–**	**46**	**47**
Depreciation	**(352)**	**(295)**	**(87)**	**(743)**	**(1,477)**
Finance costs	**(1,250)**	**(11)**	**–**	**(3,755)**	**(5,016)**
Income tax credit	**1,227**	**–**	**437**	**–**	**1,664**

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

c) Revenue from major services

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

	Six months ended 30 September	
	2015 (Unaudited) RMB'000	2014 (Unaudited) RMB'000
Properties investment	**4,458**	4,369
Educational support services	**9,028**	655
	13,486	5,024

4. SEGMENT REPORTING *(continued)*

d) Geographic information

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

	Revenue from external customers		**Non-current assets**	
	Six months ended 30 September 2015 (Unaudited) RMB'000	Six months ended 30 September 2014 (Unaudited) RMB'000	**As at 30 September 2015 (Unaudited) RMB'000**	As at 31 March 2015 (Audited) RMB'000
Hong Kong (place of domicile)	**9,028**	655	**351,955**	47,930
PRC	**4,458**	4,369	**268,472**	292,024
Others	**–**	–	**14,670**	840
	13,486	5,024	**635,097**	340,794

5. SEASONALITY OF OPERATIONS

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

6. REVENUE

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

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

	Six months ended 30 September	
	2015	2014
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Rental income from investment properties	**4,458**	4,369
Commission income from educational support services	**9,028**	655
	13,486	5,024

7. OTHER REVENUE AND OTHER NET INCOME

	Six months ended 30 September	
	2015	2014
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
a) Other revenue		
Interest income on promissory notes	**602**	3,304
Interest income on bank deposits	**47**	5
Total interest income on financial assets not at fair value through profit or loss	**649**	3,309
Sundry income	**49**	421
	698	3,730
b) Other net income		
Fair value gain on convertible bonds	**–**	1,365
Exchange gain	**20,237**	–
	20,237	1,365

8. LOSS BEFORE TAXATION

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

		Six months ended 30 September 2015 (Unaudited) RMB'000	2014 (Unaudited) RMB'000
a)	**Finance costs**		
	Interest expenses on bank borrowings not wholly repayable within five years	**1,250**	1,800
	Interest expense on other borrowings	**11**	10
	Interest on promissory notes	**3,356**	470
	Interest on unconvertible bonds	**399**	396
	Placing commission on convertible bonds	**–**	2,682
	Interest expense on convertible bonds	**–**	128
		5,016	5,486
b)	**Staff costs (including directors' remuneration)**		
	Salaries, wages and other benefits	**8,364**	10,131
	Contribution to defined contribution retirement plans	**374**	275
		8,738	10,406
c)	**Other items**		
	Auditor's remuneration – other services	**893**	46
	Operating lease charges: minimum lease payments	**2,744**	3,012
	Depreciation	**1,477**	1,619
	Gross rental income from investment properties less direct outgoings of RMB580,000 (2014: RMB837,000)	**(3,878)**	(3,532)
	Exploration and development expenses of mine	**100**	212
d)	**Other operating expenses**		
	Amortisation of intangible assets	**2,650**	382
	Fair value loss of trading securities	**33**	16
	Fair value change for contingent consideration receivable	**1,774**	–
	Fair value loss on warrants	**22,312**	–
	Impairment loss of intangible assets	**18,000**	–
	Impairment loss on interest in associate	**630**	–
		45,399	398

9. INCOME TAX

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

	Six months ended 30 September 2015 (Unaudited) RMB'000	2014 (Unaudited) RMB'000
Current tax		
Hong Kong profits tax	**–**	–
Overseas tax calculated at rates prevailing in relevant jurisdiction	**–**	–
	–	–
Deferred tax		
Origination and reversal of temporary differences	**(1,664)**	1,969
Income tax (credit)/expense	**(1,664)**	1,969

Note:

i) For the period ended 30 September 2015 and 2014, no Hong Kong Profits Tax has been provided in the financial statements as the group has no assessable profit for the period.

ii) The PRC enterprise income tax ("EIT") for the period ended 30 September 2015 is 25% (2014: 25%). The EIT has not been provided for as the group has incurred losses in PRC for the period.

9. INCOME TAX *(continued)*

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

	Revaluation of investment properties RMB'000	Intangible assets RMB'000	Depreciation allowances in excess of related depreciation RMB'000	Total RMB'000
Deferred tax liabilities arising from:				
At 1 April 2014	6,025	–	–	6,025
Deferred tax arising from acquisition of subsidiaries	–	3,434	11	3,445
Deferred tax charged/(credited) to the profit or loss	7,181	(547)	49	6,683
At 31 March 2015	13,206	2,887	60	16,153
At 1 April 2015	**13,206**	**2,887**	**60**	**16,153**
Deferred tax credited to the profit or loss	**(1,227)**	**(437)**	**–**	**(1,664)**
Exchange realignment	**–**	**–**	**3**	**3**
At 30 September 2015	**11,979**	**2,450**	**63**	**14,492**

10. DIVIDENDS

The directors of the company do not recommend the payment of any interim dividend for the six months ended 30 September 2015 (2014: 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 RMB46,463,000 (2014: RMB14,652,000) and on the weighted average number of 3,252,951,000 ordinary shares in issue during the period (2014: 936,807,000 ordinary shares).

Weighted average number of ordinary shares:

	2015 Weighted average number of ordinary shares '000	2014 Weighted average number of ordinary shares '000
Issued ordinary shares at 1 April	**1,504,082**	589,915
Effect on issuance of new shares in placement	**1,721,312**	–
Effect of issue of new shares upon conversion of convertible bonds	**–**	340,780
Effect of issue of new shares upon exercise of share options	**15,426**	–
Effect of issue of new shares upon exercise of bonus warrants	**12,131**	6,112
Weighted average number of ordinary shares at the end of the period	**3,252,951**	936,807

b) Diluted loss per share

Diluted loss per share equals to basic loss per share because the outstanding warrants had an anti-dilutive effect on the basis loss per share for the periods ended 30 September 2015 and 2014.

12. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2015, the group acquired property, plant and equipment at a cost of approximately RMB14,227,000 (31 March 2015: approximately RMB6,145,000).

13. INVESTMENT PROPERTIES

	RMB'000
Valuation:	
At 1 April 2014	177,872
Gain on revaluation	28,725
At 31 March 2015	206,597
At 1 April 2015	**206,597**
Loss on revaluation	**(4,907)**
At 30 September 2015	**201,690**

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

All of the group's investment properties were revalued on 30 September 2015 and 31 March 2015 by Castores Magi (Hong Kong) Limited, an independent professional valuer, who has a recognised and relevant professional qualification and recent experience in the location and category of properties which had been revalued based on the combination of investment approach and market approach. The investment properties are leased to third parties under operating leases, further details of which are included in note 25(b)(i) to the financial statements.

As at 30 September 2015, the group's investment properties with a value of approximately RMB138,030,000 (31 March 2015: approximately RMB141,206,000) were pledged to secure the general banking facilities 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.

- 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.

13. INVESTMENT PROPERTIES *(continued)*

Fair value measurement of properties *(continued)*

(i) Fair value hierarchy *(continued)*

	Fair value as at 30 September 2015 (Unaudited)	Fair value measurements as at 30 September 2015 categorized into		
		Level 1	Level 2	Level 3
	RMB	RMB	RMB	RMB
Group				
Recurring fair value measurement				
Investment properties				
– Commercial – PRC	**201,690**	**–**	**–**	**201,690**

	Fair value as at 31 March 2015 (Audited)	Fair value measurements as at 31 March 2015 categorized into		
		Level 1	Level 2	Level 3
	RMB	RMB	RMB	RMB
Group				
Recurring fair value measurement				
Investment properties				
– Commercial – PRC	206,597	–	–	206,597

During the period ended 30 September 2015, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

13. INVESTMENT PROPERTIES *(continued)*

Fair value measurement of properties *(continued)*

(ii) Information about Level 3 fair value measurements

	Valuation techniques	Unobservable inputs	Range	Weighted average
Investment properties I Commercial – the PRC	Investment approach & market approach	Rental yield Price per square metre	7.5% RMB28,800 – RMB58,800 (31 March 2015: 6%-10% RMB22,900 – RMB62,100)	7.5% RMB41,000 (31 March 2015: 8% RMB43,800)
Investment properties II Commercial – the PRC	Investment approach & market approach	Rental yield Price per square metre	7.5% RMB50,000 – RMB90,500 (31 March 2015: 6%-10% RMB47,500 – RMB112,000)	7.5% RMB70,200 (31 March 2015: 8% RMB79,900)

As at 30 September 2015, the valuation of investment properties were based on the investment approach by capitalizing the net rental incomes receivable from the existing tenancies and the market approach by assessing the unit rate of capital value from the market comparables and discounted by projected cash flow series associated with the properties using rental yield of the market comparables.

The fair value of the investment properties is negatively correlated to the rental yield and positively correlated to price per square metre.

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

	RMB'000
Investment properties – Commercial – PRC	
At 1 April 2014	177,872
Valuation gain on investment properties	28,725
At 31 March 2015 and 1 April 2015	206,597
Valuation loss on investment properties	(4,907)
At 30 September 2015	201,690

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

14. INTANGIBLE ASSETS

	Mining right RMB'000 *(note i)*	Agency agreement RMB'000 *(note ii)*	Employment contract RMB'000 *(note iii)*	Customer relationship RMB'000 *(note iv)*	Software RMB'000 *(note v)*	Total RMB'000
Cost						
At 1 April 2014	499,748	–	–	–	–	499,748
Acquisition of subsidiaries	–	4,981	6,330	6,330	3,166	20,807
Addition	6	–	–	–	–	6
At 31 March 2015, 1 April 2015 and 30 September 2015	499,754	4,981	6,330	6,330	3,166	520,561
Accumulated amortization and impairment						
At 1 April 2014	399,748	–	–	–	–	399,748
Charge for the year	–	796	1,438	721	361	3,316
Impairment for the year	18,006	–	–	–	–	18,006
At 31 March 2015, 1 April 2015	417,754	796	1,438	721	361	421,070
Charge for the period	–	415	1,277	638	319	2,649
Impairment for the period	18,000	–	–	–	–	18,000
At 30 September 2015	435,754	1,211	2,715	1,359	680	441,719
Carrying amount						
At 30 September 2015	64,000	3,770	3,615	4,971	2,486	78,842
At 31 March 2015	82,000	4,185	4,892	5,609	2,805	99,491

14. INTANGIBLE ASSETS *(continued)*

i) Mining right

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

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

The subsidiary of the company commenced to dig the mine in order to test the quality of the mine. As amortisation of the mining right for the period ended 30 September 2015 was insignificant to the group's result and financial position, no amortisation of the mining right was recognised during the period.

c) The group's mining right at 30 September 2015 is as follows:

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

At 30 September 2015, the group's mining rights for copper and molybdenum will expire in October 2017. The group has obtained PRC legal opinion that, in accordance with the relevant PRC laws and regulations, the group has the right to apply for further extension upon expiration of the mining license. The directors are of the opinion that there is no circumstance which will preclude the group from obtaining a renewal of the mining rights. Regarding the duration of the mining rights, the PRC legal opinion indicated that there is no relevant stipulation under the PRC laws governing the interpretation of the duration.

14. INTANGIBLE ASSETS *(continued)*

i) Mining right *(continued)*

d) In July 2013, Chifeng city suffered from heavy rainstorm which crushed the road to the group's mining site and seriously affected the mining activities in the area of Chifeng. In August 2013, in order to protect and restore the mining site, all mining companies in Chifeng were required to engage a qualified entity to perform the staged Treatment Proposal on Geological Environment and Land Rehabilitation on the Mine. In July 2014, the report for the group's mine had been completed and approved by the Land and Resources Bureau of Chifeng City. In March 2015, the group obtained the reply from the Water Resources Bureau of Chifeng City regarding the Report on the Soil and Water Conservation Plan. In recent years, China has imposed increasingly stringent requirements for environmental protection, such as revising the Environmental Protection Law and introducing the new Environmental Protection Law in 2015. As the revision to the new Environmental Protection Law has affected its normal review process, the group is currently communicating with report compilers qualified for environment evaluation, so that preparations for compiling relevant reports can be made in accordance with requirements and provisions under the new Environmental Protection Law of China. Due to the above reasons, the progress was delayed. The management of the company reassessed the estimated time to obtain all the permits and considered they can start production in the fourth quarter of 2016.

e) As at 30 September 2015, the group determined the recoverable amounts of cash generating unit for the mining rights based on value in use calculation. That calculation used cash flows projections based on financial budgets as approved by management at pre-tax discount rate of 23.68% (31 March 2015: 20.17%) with reference to the valuation performed by Roma Appraisals Limited, who is an independent firm of professionally qualified valuers and has a recognised and relevant professional qualification and experiences in the category of mining, as at 30 September 2015. The cash flows projections cover five-year period and has been extrapolated to year 2033 which is based on the estimated resources to be extracted from the mine, using an average growth rate of 4% (31 March 2015: 4%). The director believe these major assumptions are reasonable and achievable. The growth rates used do not exceed the long-term average growth rates for the mining industries. As a result, the recoverable amount of the cash generating unit for the mining rights were below their carrying amount, impairment losses of approximately RMB18,000,000 (31 March 2015: 18,006,000) have been recognised to profit and loss and included in other operating expenses in the consolidated statement of profit or loss. The decrease in the recoverable amounts of cash generating unit for the mining rights for the period ended 30 September 2015 was mainly due to the decrease in the market price of copper and molybdenum from RMB39,990 per tonnage and RMB226,000 per tonnage for the year ended 31 March 2015 to RMB37,470 per tonnage and RMB209,000 per tonnage for the period ended 30 September 2015, representing decrease of 6% and 7% respectively. In addition, the growth rate estimation for the price of copper and molybdenum remained at 6% for both of the year ended 31 March 2015 and period ended 30 September 2015. Thus, the income expected to be generated from the mine decreased. The management estimated the financial projection based on their experience.

14. INTANGIBLE ASSETS *(continued)*

i) Mining right *(continued)*

e) *(continued)*

The decrease in the recoverable amounts of cash generating unit for the mining rights for the year ended 31 March 2015 was mainly due to the decrease in the market price of copper and molybdenum from RMB41,344 per tonnage and RMB233,000 per tonnage in 2014 to RMB39,990 per tonnage and RMB226,000 per tonnage in 2015, representing decrease of 3%. In addition, the growth rate estimation for the price of copper and molybdenum decreased from 9% in 2014 to 6% in 2015. Thus, the income expected to be generated from the mine decreased. The management estimated the financial projection based on their experience.

ii) Agency agreements

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

The fair value of the agency agreements of RMB4,981,000 at the date of business combination was measured using the excess earning method under the income approach. The valuation was performed by Roma Appraisals Limited, who is an independent qualified professional valuer and with appropriate qualification and experience in the valuation of similar assets in the relevant industry. The calculation is based on the present value of the cash flow projections covering a 5-year period attributable to the agency agreements at pre-tax discount rate of 16.89%. The annual cash flow is calculated by reference to the latest applicable financial budget approved by the directors and has been extrapolated using an averaged 3.5% growth rate for the sixth year. The averaged 3.5% growth rate is based on Hong Kong inflation rate and does not exceed the average long-term growth rate for the relevant industry. The key assumptions for the value in use calculation are budgeted gross margin and budgeted revenue, which are determined based on the past performance and management's expectations regarding market development.

iii) Employment contract

The intangible asset attributable to employment contract is amortised on a straight line basis over useful life of 2 years. The useful life of the employment contract is determined with reference to the estimated future revenue from the employment contract which is based on financial budgets approved by management. The management is of the view that the future economic benefits that can be derived from the employment contract beyond the 2-year period are insignificant.

14. INTANGIBLE ASSETS *(continued)*

iii) Employment contract *(continued)*

The fair value of the employment contract of RMB6,330,000 at the date of business combination was measured using the excess earning method under the income approach. The valuation was performed by Roma Appraisals Limited, who is an independent qualified professional valuer and with appropriate qualification and experience in the valuation of similar assets in the relevant industry. The calculation is based on the present value of the cash flow projections covering a 2-year period at pre-tax discount rate of 39.13%. The annual cash flow is calculated by reference to the latest applicable financial budget approved by the management. The key assumptions for the value in use calculation are budgeted gross margin and budgeted revenue, which are determined based on the management's expectations regarding market development.

iv) Customer relationship

The intangible asset attributable to customer relationship is amortised on a straight line basis over useful life of 4 years. The useful life of the customer relationship is determined with reference to the estimated future revenue from the customer relationship which is based on financial budgets approved by management. The management is of the view that the future economic benefits that can be derived from the customer relationship beyond the 4-year period are insignificant.

The fair value of the customer relationship of RMB6,330,000 at the date of business combination was measured using the excess earning method under the income approach. The valuation was performed by Roma Appraisals Limited, who is an independent qualified professional valuer and with appropriate qualification and experience in the valuation of similar assets in the relevant industry. The calculation is based on the present value of the cash flow projections covering a 4-year period attributable to the customer relationship at pre-tax discount rate of 25.36%. The annual cash flow is calculated by reference to the latest applicable financial budget approved by the management. The key assumptions for the value in use calculation are budgeted gross margin and budgeted revenue, which are determined based on the management's expectations regarding market development.

v) Software

The intangible asset attributable to software is amortised on a straight line basis over useful life of 4 years. The useful life of the software is determined with reference to the estimated future revenue from the software which is based on financial budgets approved by management. The management is of the view that the future economic benefits that can be derived from the software beyond the 4-year period are insignificant.

14. INTANGIBLE ASSETS *(continued)*

v) Software *(continued)*

The fair value of the software of RMB3,166,000 at the date of business combination was measured using the excess earning method under the income approach. The valuation was performed by Roma Appraisals Limited, who is an independent qualified professional valuer and with appropriate qualification and experience in the valuation of similar assets in the relevant industry. The calculation is based on the present value of the cash flow projections covering a 4-year period attributable to the software at pre-tax discount rate of 25.36%. The annual cash flow is calculated by reference to the latest applicable financial budget approved by the management. The key assumption for the value in use calculation are budgeted gross margin and budgeted revenue, which are determined based on the management's expectations regarding market development.

15. INTEREST IN AN ASSOCIATE

	At 30 September 2015 (Unaudited) RMB'000	At 31 March 2015 (Audited) RMB'000
Unlisted shares, at cost	**–**	–
Share of net assets	**905**	528
Intangible asset		
– Brand name	**2,296**	2,296
Goodwill	**6,235**	6,235
Impairment loss *(Note 1)*	**(2,047)**	(1,417)
	7,389	7,642

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

			Proportion of ownership interest			
Name of company	Place of incorporation and business	Particulars of issued and paid up capital	Group's effective interest	Held by the Company	Held by subsidiaries	Principal activity
Edknowledge Group Limited	Hong Kong	HK$10,441	32.39%	32.39%	–	Educational services *(Note 2)*

15. INTEREST IN AN ASSOCIATE *(continued)*

Note 1: During the period ended 30 September 2015, the directors assessed the impairment of interest in the associate and recognised an impairment loss of RMB630,000 (31 March 2015: RMB1,417,000). The recoverable amount is based on the share of the present value of the estimated future cash flows which is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using an estimated weighted average growth rate of 3% (31 March 2015: 3%), which do not exceed the long-term average growth rate for the relevant industry. The cash flows are discounted using a pre-tax discount rate of 23.67% (31 March 2015: 19.94%). The key assumptions for the value-in-use calculation are budgeted gross margin and budgeted revenue, which are determined based on the past performance and management's expectations regarding market development.

Note 2: Edknowledge Group Limited, an educational services corporation in Hong Kong, enables the group to have a prime opportunity to enter the educational services business in Hong Kong and diversify the revenue stream of the group.

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

15. INTEREST IN AN ASSOCIATE *(continued)*

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

	Edknowledge Group Limited	
	At 30 September 2015 (Unaudited) RMB'000	At 31 March 2015 (Audited) RMB'000
Gross amounts of the associate's		
Current assets	**2,954**	3,767
Current liabilities	**(158)**	(2,136)
Equity	**2,796**	1,631
Revenue	**2,621**	3,220
Profit/(loss) from operations	**1,070**	(131)
Other comprehensive income/(loss)	**95**	(56)
Total comprehensive income/(loss)	**1,165**	(187)
Dividend received from the associate	**–**	–
Reconciled to the group's interests in the associate:		
Net assets of the associate	**2,796**	1,631
Proportion of the group's ownership interest in the associate	**32.39%**	32.39%
Share of net asset	**905**	528
Goodwill	**6,235**	6,235
Brand name	**2,296**	2,296
Impairment loss	**(2,047)**	(1,417)
Carrying amount of the group's interest in the associate	**7,389**	7,642

16. TRADE AND OTHER RECEIVABLES

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

	At 30 September 2015 (Unaudited) RMB'000	At 31 March 2015 (Audited) RMB'000
Within 3 months	**11,675**	5,833
Trade receivables	**11,675**	5,833
Loan and interest receivables *(note 2)*	**–**	–
Other receivables	**4,646**	10,104
Loan and receivables	**16,321**	15,937
Prepayment and deposits	**1,972**	3,025
	18,293	18,962

Note:

1) Trade receivables are due within 0-30 days from the date of billing.

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 I") and a convertible note of HK$90,000,000 (the "CN") as security to Simsen under the Loan Agreement. The PN I and CN were issued by Mayer Holdings Limited ("Mayer") to the Borrower.

16. TRADE AND OTHER RECEIVABLES *(continued)*

2) *(continued)*

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 I 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 (equivalent to RMB3,853,000) from the disposal of the PN I after the payment of other loan participant of Simsen, all cost and expenses in connection with the disposal.

As at 31 March 2012, the company engaged an independent valuer to perform a valuation on the loan receivables. The valuation performed by Castores Magi Asia Limited, an independent professional valuer, who has a recognised and relevant professional qualification and recent experience in this area. Taking into consideration the legal advice on the recoverability and the assessment of the market value of the loan receivables, the directors of the company considered that the loan receivables of HK$45,138,000 (equivalent to RMB36,964,000) (31 March 2015: HK$45,138,000 equivalent to RMB35,560,000) was fully impaired.

17. PROMISSORY NOTES RECEIVABLES

	At 30 September 2015 (Unaudited) RMB'000	At 31 March 2015 (Audited) RMB'000
At 1 April	**97,057**	–
Fair value at date of issue	**–**	97,648
Redemption	**(97,057)**	–
Exchange realignment	**–**	(591)
At 30 September/31 March	**–**	97,057

The deposit for acquisition of subsidiaries of HK$123,200,000 (equivalent to approximately RMB97,648,000) (the "Deposit") was settled by the PN issued by an issuer which nominated by vendors. As at 30 September 2015, interest receivables of RMB Nil (31 March 2015: 7,169,000) was included in other receivables. The PN carries interest of 8% per annum and repayable in 1 year from its issue date on 29 April 2014. On 29 April 2015, the promissory note receivables were fully settled.

The fair value of the promissory notes receivables of HK$123,200,000 (equivalent to approximately RMB97,648,000) on issue date was approximately equal to the carrying amount. The valuation was performed by Roma Appraisals Limited, who is an independent qualified professional valuer and with appropriate qualification and experience in the valuation of promissory note. Valuations were made on the basis of effective interest method which is a method of calculating the amortised cost of a financial asset and of allocating the interest income over the relevant period. The effective interest rate used in the calculation of the fair value is 8.8%.

18. CASH AND CASH EQUIVALENTS

	At 30 September 2015 (Unaudited) RMB'000	At 31 March 2015 (Audited) RMB'000
Cash at bank and on hand	**32,854**	34,934
Less: Fixed deposit with original maturity of more than 3 months	**–**	(7,730)
Cash and cash equivalents in the condensed consolidated statement of financial position and condensed consolidated statement of cash flows	**32,854**	27,204

19. WARRANTS

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

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

19. WARRANTS *(continued)*

Movements of the convertible bonds and warrants

For the year ended 31 March 2015, the convertible bonds in the principal amount of HK$135,000,000 was converted into approximately 900,000,000 conversion shares of the company. In addition, approximately 225,000,000 bonus warrants was issued to Bondholders, among which, approximately 14,167,000 bonus warrants were exercised.

During the period ended 30 September 2015, 20,000,000 bonus warrants were exercised. As at 30 September 2015, bonus warrants of HK$57,250,000 (31 March 2015: HK$63,250,000) at HK$0.3 per warrant share representing approximately 190,833,000 (31 March 2015: 210,833,000) ordinary shares of the company were not yet exercised.

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

	Convertible bonds	Contingent issuable warrants	Warrants	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 April 2014	–	–	–	–
Fair value at the issue date of convertible bonds	74,165	33,133	–	107,298
Conversion of convertible bonds	(72,822)	(33,242)	33,242	(72,822)
Realised fair value (gain)/loss, to profit or loss	(1,361)	99	538	(724)
Unrealised fair value gain, to profit or loss	–	–	(17,108)	(17,108)
Exercise of warrants	–	–	(2,734)	(2,734)
Exchange realignment	18	10	(174)	(146)
At 31 March 2015 and 1 April 2015	**–**	**–**	**13,764**	**13,764**
Realised fair value loss, to profit or loss	**–**	**–**	**32,193**	**32,193**
Unrealised fair value gain, to profit or loss	**–**	**–**	**(9,881)**	**(9,881)**
Exercise of warrants	**–**	**–**	**(33,693)**	**(33,693)**
Exchange realignment	**–**	**–**	**415**	**415**
At 30 September 2015	**–**	**–**	**2,798**	**2,798**

19. WARRANTS *(continued)*

Inputs and assumptions of fair value estimate

The fair value of convertible bonds, contingent warrants and warrants was estimated based on Binomial Option Pricing Model. The valuation was performed by Roma Appraisals Limited, who is an independent qualified professional valuer and with appropriate qualification and experience in the valuation of similar instruments. The chief financial officer discussed with Roma on the valuation assumptions and valuation results. The major inputs and assumptions at the initial recognition are as follows:

	Convertible bonds	**Contingent warrants and warrants**
Share prices at the valuation date	HK$0.51	HK$0.40 – HK$0.52
Exercise price	HK$0.15	HK$0.30
Discount rate	12.18% – 12.45%	N/A
Risk free rate	0.40%	0.31% – 0.40%
Expected bonds/ warrants period	2 years	2 years
Expected volatility	82.78%	82.78%
Expected dividend yield	–	–

20. UNCONVERTIBLE BONDS

	At 30 September 2015 (Unaudited) RMB'000	At 31 March 2015 (Audited) RMB'000
At 1 April	**15,756**	15,884
Exchange realignment	**622**	(128)
At 30 September/31 March	**16,378**	15,756

20. UNCONVERTIBLE BONDS *(continued)*

The amount represented unconvertible bonds of HK$20,000,000 (equivalent to approximately RMB16,378,000) (31 March 2015: HK$20,000,000 (equivalent to approximately RMB15,756,000). As at 30 September 2015, accrued interest of RMB602,000 (31 March 2015: RMB185,000) was included in other payables and accruals. The unconvertible bonds bear interest at 5% per annum on the outstanding aggregate principal amount. The interest is payable in arrears annually on the anniversary of issue date or redemption date. The company may redeem principal amounts of outstanding bonds in whole or in part at any time before the maturity date. The maturity date of the unconvertible bond is 7 years from its issue date.

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

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

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

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

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

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

21. PURCHASE CONSIDERATION PAYABLE

	At 30 September 2015 (Unaudited) RMB'000	At 31 March 2015 (Audited) RMB'000
At 1 April	**916**	–
Acquisition of a subsidiary	**–**	920
Fair value change	**1,774**	–
Exchange alignment	**85**	(4)
At 30 September/31 March	**2,775**	916

Financial liabilities subject to offsetting, enforceable netting agreements

	At 30 September 2015 (Unaudited)		
	Gross amounts of recognised financial liabilities RMB'000	**Gross amounts of recognised financial assets set off in the consolidated statement of financial position RMB'000**	**Net amounts of purchase consideration payable presented in the consolidated statement of financial position RMB'000**
Financial assets/liabilities subject to offsetting			
Promissory note	**54,643**	**(51,868)**	**2,775**
Contingent consideration receivable	**(51,868)**	**51,868**	**–**
Purchase consideration payable	**2,775**	**–**	**2,775**

21. PURCHASE CONSIDERATION PAYABLE *(continued)*

Financial liabilities subject to offsetting, enforceable netting agreements

	At 31 March 2015 (Audited)		
	Gross amounts of recognised financial liabilities RMB'000	Gross amounts of recognised financial assets set off in the consolidated statement of financial position RMB'000	Net amounts of purchase consideration payable presented in the consolidated statement of financial position RMB'000
Financial assets/liabilities subject to offsetting			
Promissory note	52,567	(51,651)	916
Contingent consideration receivable	(51,651)	51,651	–
Purchase consideration payable	916	–	916

Purchase consideration payable of RMB2,775,000 (31 March 2015: RMB916,000) represented the setting off of promissory note ("PN II") of RMB54,643,000 (31 March 2015: RMB52,567,000) and contingent consideration receivable of RMB51,868,000 (31 March 2015: RMB51,651,000) arising from the business combination of Liqun Investments Limited and its subsidiaries, Kotech Educational Limited from a third party, the vendor, pursuant to sale and purchase agreement ("Agreement").

The PN II and the contingent consideration receivable are subject to legally enforceable right to set off to the vendor that are due to be settled on a net basis.

(a) Promissory note

The fair value of the PN II at the date of issuance on 21 November 2014 was HK$66,727,000 (equivalent to approximately RMB52,801,000), which was determined by independent valuer, Roma Appraisals Limited ("Roma"). Roma has experience in valuation of the promissory notes. Valuations were made on the basis of effective interest method which is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expenses over the relevant period. The effective interest rates used in the calculation of the fair value are ranged from 10.4% to 10.9%.

21. PURCHASE CONSIDERATION PAYABLE *(continued)*

(a) Promissory note *(continued)*

As at 30 September 2015, accrued interest of RMB5,096,000 (31 March 2015: RMB1,583,000) was included in other payables and accruals. The PN II bears interest of 8% per annum on the outstanding aggregate principal amount. The interest is payable in arrears on the day falling on the first and second anniversary of the issue date and any unpaid interest shall be paid on the maturity date on 21 May 2017.

The company could early redeem on 30 September 2015, 31 March 2016, 30 September 2016 and 31 March 2017 and the amount to be redeemed are calculated based on Kotech Educational's net profit on the respective dates. The holder of PN II may not redeem prior to the maturity date.

(b) Contingent consideration receivable

Pursuant to the Agreement and consent letter, each of the vendor and the guarantors, who are the shareholders of the vendor, guarantees to the company that Kotech Educational Limited shall attain certain performance targets (the "Guaranteed Profit") for the six months or year ending 30 September 2015, 31 March 2016, 30 September 2016 and 31 March 2017 respectively.

If the Guaranteed Profit could not be met, the vendor shall pay to the company by setting off with the outstanding PN II. If the amount exceeds the PN II outstanding, the vendor shall pay the remaining portion in cash to the company.

On the date of acquisition, the fair value of the contingent consideration receivable was estimated to be approximately RMB51,881,000, representing profit guarantee made by the vendor in accordance with the terms of sale and purchase agreement. The fair value was arrived at based on discounted cash flow of Kotech Educational's forecast financial budgets used to capture the present value of the expected future economic benefits that will flow into the group by applying probability-weighted average of achieving the required benchmark, using discount rate ranged from 10.4% to 10.9%. The valuation was performed by Roma Appraisals Limited, an independent qualified professional valuer not connected to the group. The chief financial officer discussed with Roma on the valuation assumptions and valuation results.

The potential undiscounted amount of the contingent consideration receivable that the vendor could be required to pay to the group is between zero (if the Guaranteed Profit is attained) to HK$100,000,000 (equivalent to approximately RMB79,130,000) (if Kotech Educational makes an audited net loss after tax for the aggregate of the two financial years ending 31 March 2017).

22. SHARE CAPITAL

	At 30 September 2015		At 31 March 2015	
	No. of shares	**Amount**	No. of shares	Amount
	'000	**RMB'000**	'000	RMB'000
Authorised				
Ordinary shares of HK$0.03 each				
At 1 April 2014, 31 March 2015, 1 April 2015 and 30 September 2015	**3,000,000**	**74,201**	3,000,000	74,201
Issued and fully paid				
At the beginning of period/year	**1,504,082**	**36,260**	589,915	14,456
Placing and subscription of new shares *(note i)*	**2,500,000**	**58,905**	–	–
Conversion of convertible bonds *(note ii)*	**–**	**–**	900,000	21,466
Exercise of share option *(note iii)*	**24,500**	**578**	–	–
Exercise of warrants *(note iv)*	**20,000**	**472**	14,167	338
At the end of period/year	**4,048,582**	**96,215**	1,504,082	36,260

i) Placing of new shares I

On 10 March 2015, the company and Tanrich Securities Company Limited, entered into a placing agreement pursuant to which the placing agent agreed to place up to 2,500,000,000 new shares at the price of HK$0.1 per placing share. The placing of shares were completed on 28 May 2015. The total proceeds of the share placement, before deduction of the relevant expenses was approximately HK$250,000,000 (equivalent to approximately RMB196,350,000).

ii) Conversion of convertible bonds

Convertible bonds with principal amount of HK$135,000,000 were converted to ordinary shares of the company during the year ended 31 March 2015. Accordingly, approximately 900,000,000 shares with a par value of HK$0.03 each amounting to HK$27,000,000 (equivalent to approximately RMB21,466,000) were issued by the company at a conversion price of HK$0.15 per share and a share premium of HK$64,595,000 (equivalent to approximately RMB51,355,000) was resulted.

22. SHARE CAPITAL *(continued)*

iii) Exercise of share options

On 17 March 2015, the Company has granted 24,500,000 share options (the "Options") under the share option scheme adopted by the Company on 16 December 2011.

All 24,500,000 share options were exercised at a price of HK$0.243 into 24,500,000 ordinary shares during the period ended 30 September 2015. An amount equivalent to the par value of the shares issued of approximately HK$735,000 (equivalent to approximately RMB578,000) was recognised as share capital and the premium paid on the exercise of the share options of approximately HK$10,506,000 (equivalent to approximately RMB8,257,000) was credited to share premium for the period ended 30 September 2015. As at 30 September 2015, no share option is not yet exercised.

iv) Exercise of warrants

Warrants were exercised at a price of HK$0.3 into 20,000,000 ordinary shares during the period ended 30 September 2015. An amount equivalent to the par value of the shares issued of approximately HK$600,000 (equivalent to approximately RMB472,000) was recognised as share capital and the premium paid on the exercise of the warrants of approximately HK$47,467,000 (equivalent to approximately RMB37,333,000) was credited to share premium for the period ended 30 September 2015. As at 30 September 2015, warrants of HK$57,250,000 at HK$0.3 per warrant share representing approximately 190,833,000 ordinary shares of the company were not yet exercised.

Warrants were exercised at a price of HK$0.3 into 14,167,000 ordinary shares of HK$0.03 each during the year ended 31 March 2015. Accordingly, approximately 14,167,000 shares amounting to HK$425,000 (equivalent to approximately RMB338,000) and a share premium of approximately HK$7,260,000 (equivalent to approximately RMB5,778,000) was resulted.

23. RELATED PARTY TRANSACTIONS

The group had the following transactions with related parties during the six months ended 30 September 2015.

23. RELATED PARTY TRANSACTIONS *(continued)*

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 2015 was as follows:

	Six months ended 30 September 2015 (Unaudited) RMB'000	Six months ended 30 September 2014 (Unaudited) RMB'000
Short-term employee benefits	**3,819**	7,829
Post-employment benefits	**62**	47
	3,881	7,876

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

b) Outstanding balances with related parties

	At 30 September 2015 (Unaudited)		At 31 March 2015 (Audited)	
	RMB'000	**Related Interest Expenses RMB'000**	RMB'000	Related Interest Expenses RMB'000
Amounts due to directors *(note a)*	**3,855**	**–**	49	–
Amounts due to related parties *(note a)*	**3,253**	**–**	4,094	–
Loan from a related party *(note b)*	**183**	**10**	257	16

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

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

24. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENT

i) Fair value measurement

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 warrants and contingent consideration receivable included in purchase consideration payable 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.

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

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

i) Fair value measurement *(continued)*

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

Fair value hierarchy *(continued)*

The following table presents the group's financial assets and liabilities that are measured at fair value at 30 September 2015 and 31 March 2015.

	Fair value measurements as at 30 September 2015 (unaudited) categorised into				Fair value measurements as at 31 March 2015 (audited) categorised into			
	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Fair value at 30 September 2015 RMB'000	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Fair value at 31 March 2015 RMB'000
Recurring fair value measurements Assets:								
Available-for-sale investments	–	–	307,162	307,162	–	–	–	–
Trading securities	90	–	–	90	119	–	–	119
Liabilities:								
Warrants	–	–	2,798	2,798	–	–	13,764	13,764
Contingent consideration receivable included in purchase consideration payable	–	–	(51,867)	(51,867)	–	–	(51,651)	(51,651)

During the year ended 31 March 2015 and period ended 30 September 2015, 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.

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

i) Fair value measurement *(continued)*

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

Fair value hierarchy *(continued)*

a) The valuation techniques and key inputs used of warrants for the level 3 fair value measurement at the end of reporting period are as follows:

	Valuation techniques	Significant unobservable input	Range	Weighted average
Warrants	Binomial Option Pricing Model	Risk free rate	0.04%-0.08% (31 March 2015: 0.17%-0.21%)	0.07% (31 March 2015: 0.20%)
		Expected warrants period	0.74 years-0.86 years (31 March 2015: 1.24 years-1.36 years)	0.82 years (31 March 2015: 1.32 years)
		Expected volatility	83.73%-87.36% (31 March 2015: 83.73%-87.36%)	84.94% (31 March 2015: 85.05%)
		Expected dividend yield	Nil (31 March 2015: Nil)	Nil (31 March 2015: Nil)

The increase in risk free rate, expected warrants period and expected volatility used would result in increase in fair value measurement of warrants while the increase in expected dividend yield used would result in decrease in fair value measurement of warrants, and vice versa.

b) The valuation techniques and key inputs used of contingent consideration receivable for the level 3 fair value measurement at the end of reporting period are as follows:

	Valuation techniques	Significant unobservable input	Range	Weighted average
Contingent consideration receivable included in purchase consideration payable	Discounted cash flow analysis	Probability-weighted revenue	RMB8,341,000-RMB57,527,000 (31 March 2015: RMB9,421,000-RMB70,658,000)	RMB18,556,000 (31 March 2015: RMB24,878,000)
		Probability-weighted profit / (loss)	Loss of RMB2,913,000-profit of RMB2,170,000 (31 March 2015: Loss of RMB2,754,000-profit of RMB21,371,000)	Profit of RMB3,496,000 (31 March 2015: Profit of RMB3,572,000)
		Discount rate	11.4%-11.6% (31 March 2015: 10.4%-10.9%)	11.5% (31 March 2015: 10.7%)

The increase in probability-weighted revenue, profit and discount rate used would result in decrease in fair value measurement of contingent consideration receivable while the increase in loss used would result in increase in fair value measurement of contingent consideration receivable, and vice versa.

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

ii) Estimation of fair values

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

a) Trading securities

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

b) Available-for-sale investments

Fair value for unlisted investment funds are determined by reference to the price quoted by fund administrators.

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 carrying amounts of the non-current portions of interest-bearing bank borrowings approximate their fair values.

25. COMMITMENTS

a) Capital commitments

Capital commitments outstanding at 30 September 2015 authorised and not provided for in the financial statements were as follows:

	At 30 September 2015 RMB'000	At 31 March 2015 RMB'000
Contracted for, but not provided for:		
Land	–	14,011

25. COMMITMENTS *(continued)*

b) 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 2015 (Unaudited) RMB'000	At 31 March 2015 (Audited) RMB'000
Within one year	**8,875**	8,875
In the second to fifth year, inclusive	**34,664**	37,509
Over five years	**41,128**	42,972
	84,667	89,356

ii) The group as lessee:

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

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

	At 30 September 2015 (Unaudited) RMB'000	At 31 March 2015 (Audited) RMB'000
Within one year	**3,961**	4,323
In the second to fifth year, inclusive	**807**	2,250
Over five years	**–**	–
	4,768	6,573

26. LITIGATION

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

27. EVENTS AFTER THE REPORTING PERIOD

i) Placing of new shares

On 27 October 2015, the company and Gransing Securities Co., Limited, entered into a placing agreement pursuant to which the placing agent agreed to place up to 809,000,000 new shares at the price of HK$0.19 per placing share. The placing of shares were completed on 13 November 2015. The total proceeds of the share placement, before deduction of the relevant expenses was approximately HK$153,710,000 (equivalent to approximately RMB126,385,000).

ii) Business combination

On 20 November 2015, a wholly-owned subsidiary of the company entered into a sale and purchase agreement with independent third parties, for the acquisition of the 100% controlling equity interests in J.A.F Brokerage Limited ("J.A.F. Brokerage") at the initial consideration of HK$13,077,000 (equivalent to approximately RMB7,962,000), which is subject to adjustment and will be settled by cash. J.A.F. Brokerage is a licensed corporation to carry out Type 1 (dealing in Securities) regulated activities under the Securities and Futures Ordinance ("SFO") and is principally engaged in the business of securities brokerage. The directors are of the view that the acquisition provides a prime opportunity for the group to diversify the revenue stream of the group which is expected to increase the Shareholders' value and benefit the company and the shareholders as a whole.

As at the date of this report, the acquisition has not been completed.

28. APPROVAL OF INTERIM FINANCIAL REPORT

The interim financial report was approved and authorised for issue by the board on 27 November 2015.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

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

Properties Investment

As at 30 September 2015, 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.

Mining Business

Regarding the mining business, Keshi Ketengqi Great Land Mine Industries Company Limited*（克什克騰旗大地礦業有限責任公司）(the "Mining Company") underwent the relevant approval formalities and works for the development of the Mine during the period under review. The Mining Company obtained the approval document from Water Resources Bureau of Chifeng City regarding the Report on the Soil and Water Conservation Plan for the Mining and Processing Project with Annual Capacity of 90,000 tonnages related to the Mine, and published the related corporate information on the website of Administrative Bureau of Industry and Commerce in Inner Mongolia Autonomous Region. Moreover, the Mining Company obtained the approval document from the Department of Land and Resources of Inner Mongolia Autonomous Region regarding the extension of pre-approval for land use for the Mine and the annual review for mining rights from the Land and Resources Bureau of Keshi Ketengqi. The Mining Company also repaired the roads to the Mine and conducted maintenance on the original mining tunnels in the Mine.

Currently, the Mining Company is communicating with the qualified environmental assessment institution, in order to carry out fundamental works before preparation according to the requirements of Environment Protection Law. Recently, the Mining Company entered into a contract on environmental impact assessment report with the qualified environmental assessment design institution, deployed staffs concerned to prepare environmental impact assessment report and underwent approval formalities on environmental impact assessment. Subject to obtaining the reply regarding environmental impact assessment, the Mining Company should report the same to Development and Reform Commission in the Autonomous Region in order to go through for approval formalities on project establishment.

* *For identification purpose only*

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

Business Review *(continued)*

Educational Support Services

In the educational support services segment, the group recorded a revenue of approximately RMB9.03 million for the six months ended 30 September 2015, which is mainly attributable to the services provided by the group in the areas of METAS, 3D printing, English learning and student referral and overseas education counselling.

During the period under review, a subsidiary of the company, Kotech Educational Limited ("Kotech Education") started collaboration with certain local schools in providing training courses and related materials in METAS and 3D printing. Starting from September 2015 there were 15 courses on different subjects in IT training launched by Kotech Education with 11 local schools. Moreover, Kotech Education has also confirmed the intention of formation of a strategic partnership with 廣州市睿佳文化發展有限公司 in the area of selling of materials and operating courses in respect of METAS. We expect Kotech Education to have positive contribution both in terms of revenue and profit to the group for the second half of the financial year.

Pursuant to the sale and purchase agreement ("SPA") dated 16 October 2014 among Wan Cheng Investments Limited as the vendor, the company as the purchaser and three individuals as guarantors, for the sale and purchase of interest in Kotech Education, each of the vendor and the guarantors, on a joint and several basis, irrevocably warrants and guarantees to the company that Kotech Education shall attain the prescribed performance targets (the "Guaranteed Profit") for the periods as indicated in SPA, and the Guaranteed Profit for the six months ending 30 September 2015 is a net profit after tax of not less than HK$1,500,000. According to the management accounts of Kotech Education, the net profit after tax for the six months ended 30 September 2015 was approximately HK$2.3 million which exceeded the Guaranteed Profit. As such, the Company has redeemed part of the outstanding promissory notes, which have been issued to satisfy the consideration of the acquisition, in the principal amount of HK$10,000,000 in November 2015 pursuant to the terms and conditions of the SPA and the promissory notes.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

Business Review *(continued)*

Termination of Subscription Agreement

On 4 June 2015, CSR (Hong Kong) Co. Limited (the "Subscriber") and the company entered into a subscription agreement (the "Subscription Agreement") pursuant to which the Subscriber conditionally agreed to subscribe for and the company conditionally agreed to allot and issue 6,500,000,000 new shares of the company at the Subscription Price of HK$0.10 (the "Subscription"). Completion of the Subscription is conditional upon the satisfaction (if applicable, waiver) of certain conditions, one of which being the notification by the Subscriber in writing to the company that the Subscriber is satisfied with the results of its due diligence exercise conducted on each Group member.

The company has been informed by the Subscriber in August 2015 that the aforesaid condition precedent to completion of the Subscription relating to due diligence exercise conducted on each Group member to the satisfaction of the Subscriber, has not been satisfied. As a result, the Subscriber decided not to proceed with the completion of Subscription pursuant to the Subscription Agreement and the relevant terms of the Subscription Agreement will be of no further effect. Accordingly, there will not be any issue of new shares under Subscription Agreement.

Financial Review

For the period under review, the group's turnover was approximately RMB13.49 million (2014: approximately RMB5.02 million), representing an increase of approximately 168% compared with the same period last year. The increase in turnover was mainly due to the contribution from the educational support services segment. The unaudited net loss for the period under review was approximately RMB48.22 million (2014: approximately RMB14.83 million) and the loss per share for was RMB0.01 (2014: RMB0.02). The increase in net loss is mainly attributable to (a) the impair loss of the intangible assets of the mining rights of the group resulted primarily from a drop of copper and Molybdenum prices; (b) the loss on the decreased fair value of the investment property of the group in the PRC; and (c) decrease in interest income amounted approximately RMB3.3 million, which was due to settlement of the promissory note in April 2015 and the related interest income was not available for the period ended 30 September 2015.

The administrative expenses of the group for the period amounted to approximately RMB23.91 million (2014: approximately RMB23.90 million). The finance cost of the group amounted to approximately RMB5.02 million which was mainly incurred for the bank loan under the security of investment properties in Shanghai, unconvertible bonds and promissory notes issued by the company.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

Liquidity and Financial Resources

As at 30 September 2015, the group's net current assets were approximately RMB13.76 million (at 31 March 2015: approximately RMB126.59 million), including cash and bank balance of approximately RMB32.85 million (at 31 March 2015: approximately RMB34.93 million).

The group had bank borrowings of RMB36 million as at 30 September 2015 (at 31 March 2015: RMB38.5 million) of which 50% were due within one year from balance sheet date and 50% were due more than one year but not exceeding two years. The gearing ratio, defined as the percentage of net debts to the total equity of the company, was 3.8% (at 31 March 2015: approximately 8.4%).

Investment Position

For the six month ended 30 September 2015, the company has the following significant investments.

Avant Capital Dragon Fund SP

On 8 July 2015, the company subscribed for an aggregate amount of HK$200 million of the class S participating segregated portfolio redeemable shares of US$0.01 par value each of Avant Capital Dragon Fund SP (the "AC Fund"), a segregated portfolio of Avant Capital SPC, an exempted segregated portfolio company incorporated on 27 April 2015 under the laws of the Cayman Islands.

The investment strategy of the AC Fund is to generate return via capturing inefficiencies in the financial markets with flexibility in its approach to investing and taking calculated risks when appropriate opportunities arise. The investment manager of the AC Fund will generally invest in global equities and equity-based securities (including OTC CFDs, convertible bonds, equity options and stock index options and futures types if investment), foreign exchange, commodities, fixed income, futures or derivatives on any asset classes, any securities or derivatives issued by publicly listed companies and secondary market activities including share lending and monetization of the AC Fund, as part of the AC Fund's risk management process to minimize downside risk and generate additional income for the AC Fund. The investment manager of the AC Fund may also invest in non-listed assets including but not limited to pre-IPO companies.

As at 30 September 2015, the market value of the AC fund was approximately USD25.51 million (equivalent to approximately HK$198.95 million).

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

Investment Position *(continued)*

Tiger High Yield Fund

On 31 July 2015, the company subscribed for an aggregate amount of HK$150 million of the non-voting participating redeemable preference shares of US$0.01 par value each of Tiger High Yield Fund Segregated Portfolio (the "Tiger Fund"), a segregated portfolio of Tiger Super Fund SPC, an exempted segregated portfolio company incorporated under the laws of the Cayman Islands.

Investment strategy of the Tiger Fund is to invest in both short and long term Hong Kong listed securities, including IPO securities. In general, the fund will invest in high yield but medium to high risk securities.

As at 30 September 2015, the market value of the Tiger Fund was approximately USD22.89 million (equivalent to approximately HK$178.56 million).

Save as disclosed above, the group did not have any other significant investment position in stocks, bonds and other financial derivatives as at 30 September 2015.

Foreign Exchange Exposure

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

Shares Capital and Capital Structure

On 10 March 2015, the Company entered into the placing agreement with Tanrich Securities Company Limited (the "Placing Agent"), pursuant to which the company has conditionally agreed to place, through the Placing Agent, on a best effort basis, up to 2,500,000,000 new shares ("Placing Shares") of the company to not less than six placees at the placing price of HK$0.1 per Placing Share under the specific mandate to be sought from the shareholders of the company at the special general meeting of the company held on 30 April 2015. The placing price of HK$0.1 represented a discount of approximately 15.25% to the closing price of HK$0.118 per share as quoted on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 10 March 2015, being the date of the Placing Agreement. The placing was completed on 28 May 2015 and the company issued 2,500,000,000 Placing Shares to not less than six placees.

Save as disclosed above, there was no other change in the share capital and capital structure of the company for the period ended 30 September 2015.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

Charges on the Group's Assets

As at 30 September 2015, the group's investment properties with a value of approximately RMB138 million were pledged to secure general banking facilities granted to Shanghai Xiang Chen Hang Place The Industry Co. Limited, a wholly-owned subsidiary of the company.

Contingent Liabilities

As at 30 September 2015, the group did not have any material contingent liability (2015: Nil).

Acquisition and Disposal of Subsidiaries

There was no acquisition and disposal of subsidiaries of the group during the period ended 30 September 2015.

Employees

As at 30 September 2015, the group has 48 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

Whilst the group remains focused on developing its existing businesses, the directors consider that it is beneficial for the group to seek suitable investment opportunities from time to time to develop its existing business portfolio and engage in new lines of business with growth potential and broaden its source of income.

On 20 November 2015, a wholly-owned subsidiary (as the purchaser) of the company entered into an sales and purchase agreement with independent third parties in relation to the acquisition of a company licensed under the Securities and Futures Ordinance to carry on business in the type 1 regulated activity of dealing in securities and is an exchange participant of the Stock Exchange. By investing in the target company, it is expected that the group can enter into securities brokerage industry, being a new business segment to the group, and the group is expected to benefit from diversifying its revenue stream which is expected to increase its shareholders' value and benefit the Company and its shareholders as a whole.

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

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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 2015.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES

As at 30 September 2015, the interests and short positions of the directors in the shares of the company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the company pursuant to Section 352 of the SFO, or as otherwise notified to the company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules, were as follows:

Long positions in shares of the company

Name of director	Capacity of shares held	No. of shares held	Percentage of issued shares
Yu Wai Fong	Beneficial owner	12,118,871	0.30%
Xu Dong	Beneficial owner	10,000,000	0.25%

Save as disclosed above, as at 30 September 2015, none of directors had registered any interest or short position in the shares of the company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the company and the Stock Exchange pursuant to the Model Code.

SHARE OPTION SCHEME

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

The company's existing share option scheme was adopted on 16 December 2011 (the "2011 Scheme") and is effective for a period of ten years commencing on the adoption date.

The movements in the share options granted under the 2011 Scheme during the six months ended 30 September 2015 are shown below:

	Number of Share Options						
Name of participant	Outstanding at 1 April 2015	Granted during the period ended 30 Sep 2015	Exercise during the period ended 30 Sep 2015	Outstanding at 30 Sep 2015	Option Grant Date	Exercisable Period	Exercisable Price (HK$)
Directors							
MR. Xu Dong	10,000,000	–	10,000,000	–	17-3-2015	17-3-2015 to 16-3-2020	0.243
Mr. Yu Wai Fong	10,000,000	–	10,000,000	–	17-3-2015	17-3-2015 to 16-3-2020	0.243
Mr. Au Tat On	1,000,000	–	1,000,000	–	17-3-2015	17-3-2015 to 16-3-2020	0.243
	21,000,000	–	21,000,000	–			
Employees							
Other employees	3,500,000	–	3,500,000	–	17-3-2015	17-3-2015 to 16-3-2020	0.243
	3,500,000	–	3,500,000	–			

Note: The share options vested immediately from the date of the grant.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES

As at 30 September 2015, so far as known to the Directors, there was no 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.

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 2015, except for the deviation from the requirement of code provision A.2.1, A.6.7 and E.1.2 of the CG Code explained as follows.

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.

CORPORATE GOVERNANCE *(continued)*

Provision A.6.7 of the CG Code stipulates that the independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders. Two independent non-executive directors, Mr. Tse Kwong Wah and Ms. Cao Jie Min did not attend the company's special general meeting held on 30 April 2015. Mr. Lai Wai Yin Wilson and Ms. Cao Jie Min did not attend the company's annual general meeting held on 26 August 2015 due to their other work commitments.

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 26 August 2015 due to his other work commitments.

AUDIT COMMITTEE

During the period under review, the audit committee of the company (the "Audit Committee") comprises three independent non-executive directors, namely Mr. Lai Wai Yin Wilson, Ms. Cao Jie Min and Mr. Tse Kwong Wah. The written terms of reference which describe the authority and duties of the Audit Committee were prepared and adopted with reference to "A Guide for The Formation of An Audit Committee" published by the 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 2015 was reviewed by the Audit Committee which is of the opinion that such statements comply with the applicable accounting standards and that adequate disclosures have been made.

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

Hong Kong, 27 November 2015