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CHINA PROPERTIES INVESTMENT HOLDINGS LIMITED

中國置業投資控股有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 736)

UNAUDITED ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2021

The audit progress and procedures of the consolidated financial statements of China Properties Investment Holdings Limited (the “**Company**”) and its subsidiaries (together the “**Group**”) for the year ended 31 March 2021 (the “**2021 Audited Annual Results**”) has been disrupted due to the outbreak of novel coronavirus (COVID-19) epidemic, including but not limited to travel restrictions and quarantine policies implemented in Shanghai where the Group’s principal place of business in China is located, and certain degree of adverse impact on audit work in China on the expected credit loss on loan receivables, valuation on investment properties, properties under development and rights of use assets, bank confirmations and assessment on recoverable amount of sundry receivable and coupled with the recent change in auditors of the Company (the “**Auditors**”), the Auditors require more time for conducting and completing the audit in respect of the 2021 Audited Annual Results.

As a result of which, the Company is unable to publish the 2021 Audited Annual Results which shall have been agreed with the Auditors. In order to keep the shareholders and potential investors of the Company informed of the Group’s business operation and financial position, the board of directors of the Company (the “**Board**”) has decided to publish the unaudited annual results of the Group for the year ended 31 March 2021 (the “**2021 Unaudited Annual Results**”), of which the auditing process has not be completed. The Company will issue further announcement in relation to the 2021 Audited Annual Results as agreed by the Auditors following the completion of the auditing process, which is expected to be on or before 19 July 2021.

The Board hereby announces the 2021 Unaudited Annual Results together with the comparative figures for the corresponding period in 2020. The 2021 Unaudited Annual Results have been reviewed by the audit committee of the Company (the “**Audit Committee**”).

* For identification purposes only

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March 2021

	Note	2021 HK\$'000 (UNAUDITED)	2020 HK\$'000 (AUDITED)
Revenue	4(a)	71,041	51,799
Cost of sales and services rendered		—	—
Gross profit		71,041	51,799
Valuation gain/(loss) on investment properties		24,338	(12,628)
Other income	4(b)	3,413	6,051
Other gains and losses	4(c)	35,713	(34,952)
Administrative expenses		(28,501)	(48,851)
Other expenses	5	(58,514)	(30,736)
Profit/(loss) from operations		47,490	(69,317)
Finance costs		(10,784)	(9,275)
Profit/(loss) before taxation from continuing operations		36,706	(78,592)
Income tax (expense)/credit	6	(4,460)	2,457
Profit/(loss) for the year from continuing operations		32,246	(76,135)
Loss from discontinued operations	7	(226)	(16,456)
Profit/(loss) for the year		32,020	(92,591)
Attributable to:			
Owners of the Company		32,020	(92,591)
EARNINGS/(LOSS) PER SHARE	10		
From continuing and discontinued operations			
Basic (HK Cents)		HK23.97 cents	(HK69.61 cents)
Diluted (HK Cents)		HK23.97 cents	(HK69.61 cents)
From continuing operations			
Basic (HK Cents)		HK24.14 cents	(HK57.24 cents)
Diluted (HK Cents)		HK24.14 cents	(HK57.24 cents)

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2021

	2021 <i>HK\$'000</i> (UNAUDITED)	2020 <i>HK\$'000</i> (AUDITED)
Profit/(loss) for the year	32,020	(92,591)
Other comprehensive income/(loss) for the year		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of:		
– financial statements of group entities	15,206	(14,280)
Total comprehensive income/(loss) for the year	47,226	(106,871)
Attributable to:		
Owners of the Company	47,226	(106,871)

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2021

	Note	2021 HK\$'000 (UNAUDITED)	2020 HK\$'000 (AUDITED)
Non-current assets			
Plant and equipment		3,135	5,208
Right-of-use assets		108,961	7,926
Investment properties		216,059	206,834
Intangible assets		–	–
Goodwill		–	–
Financial assets at fair value through profit or loss		–	1,296
Loan receivables	12	6,825	79,903
		<u>334,980</u>	<u>301,167</u>
Current assets			
Property under development		22,011	19,481
Trade and other receivables	11	49,819	51,122
Loan receivables	12	410,442	324,726
Financial assets at fair value through profit or loss		35,442	31,113
Cash and bank balances – trust accounts		–	1,058
Cash and bank balances – general accounts		11,759	18,527
		<u>529,473</u>	<u>446,027</u>
Current liabilities			
Trade and other payables	13	45,258	6,639
Interest-bearing bank borrowings		–	6,569
Lease liabilities		4,544	4,512
Unconvertible bonds		8,750	18,333
Tax payable		6,195	372
		<u>64,747</u>	<u>36,425</u>
Net current assets		<u>464,726</u>	<u>409,602</u>
Total assets less current liabilities		<u>799,706</u>	<u>710,769</u>

	<i>Note</i>	2021 HK\$'000 (UNAUDITED)	2020 HK\$'000 (AUDITED)
Non-current liabilities			
Interest-bearing bank borrowings		100,853	81,015
Deferred tax liabilities		6,511	7,876
Lease liabilities		30,189	6,944
Unconvertible bonds		10,000	10,000
		147,553	105,835
NET ASSETS		652,153	604,934
EQUITY			
Equity attributable to owners of the company			
Share capital		53,433	53,433
Reserves		598,720	551,501
TOTAL EQUITY		652,153	604,934

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS:

1. STATEMENT OF COMPLIANCE

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

The HKICPA has issued certain new and revised HKFRSs which are first effective or available for early adoption for current accounting period of the Group. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

(a) Application of new and revised HKFRSs

The Group has applied the Amendments to Reference to the Conceptual Framework in HKFRS Standards and the following amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the annual period beginning on or after 1 April 2020 for the preparation of the consolidated financial statements:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

Except as described below, the application of the Amendments to References to the Conceptual Framework in HKFRS Standards and the amendments to HKFRSs in the current year had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Amendments to HKAS 1 and HKAS 8 Definition of Material

The amendments provide a new definition of material that states “information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.” The amendments also clarify that materiality depends on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements taken as a whole.

The application of the amendments had no impact on the consolidated financial statements.

(b) New and revised HKFRSs in issue but not yet effective

The Group has not early applied any new and revised HKFRSs that have been issued but are not yet effective for the financial year beginning 1 April 2020. These new and revised HKFRSs include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to HKFRS 16, COVID-19 related rent concessions	1 June 2020
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 Interest Rate Benchmark Reform – Phase 2	1 January 2021
Amendments to HKFRS 3 Reference to the Conceptual Framework	1 January 2022
Amendments to HKAS 16 Property, plant and equipment: proceeds before intended use	1 January 2022
Amendments to HKAS 37 Onerous contracts – cost of fulfilling a contract	1 January 2022
Annual Improvements to HKFRSs 2018 – 2020 Cycle	1 January 2022
Amendments to HKAS 1 Classification of liabilities as current or non-current	1 January 2023

The Group is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

3. SEGMENT REPORTING

Operating segments, and the amounts of each segment item reported in these financial statements, 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, which is the chief operating decision maker (“CODM”), for the purposes of resource allocation and performance assessment.

The CODM considers the business from product perspectives. The Group has presented the following three reportable segments. These segments are managed separately. The properties investment segment, money lending service segment and financial services segment offer very different products and services.

Financial Services segment was discontinued in the current year. The segment information reported on the next pages do not include any amounts for this discontinued operation. More details are disclosed in note 13.

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

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

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, unallocated finance costs, corporate income, depreciation, interest income and fair value change of trading securities and unlisted investments fund. 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 consolidated statement of profit or loss.

All assets are allocated to reportable segments other than financial assets at fair value through profit or loss, property under development and corporate assets. All liabilities are allocated to reportable segments other than deferred tax liabilities, tax payables, unconvertible bonds and corporate liabilities.

Information regarding the Group's reportable segments as provided to the Group's CODM for the purposes of resources allocation and assessment of segment performance for the years ended 31 March 2021 and 2020 is set out below.

	2021			2020		
	Properties investment HK\$'000 (Unaudited)	Money lending business HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)	Properties investment HK\$'000 (Audited)	Money lending business HK\$'000 (Audited)	Total HK\$'000 (Audited)
Revenue from external customers	<u>19,016</u>	<u>52,025</u>	<u>71,041</u>	<u>9,248</u>	<u>42,551</u>	<u>51,799</u>
Reportable segment revenue	<u>19,016</u>	<u>52,025</u>	<u>71,041</u>	<u>9,248</u>	<u>42,551</u>	<u>51,799</u>
Reportable segment profit/(loss) before taxation	21,971	(340)	21,631	(21,661)	(11,283)	(32,944)
Interest income on – Bank deposits	20	–	20	184	–	184
Depreciation and amortisation – Plant and equipment	(1,593)	–	(1,593)	(818)	–	(818)
– Right-of use assets	(1,376)	–	(1,376)	(1,178)	–	(1,178)
Valuation gain/(loss) on investment properties	24,338	–	24,338	(12,628)	–	(12,628)
Allowance of expected credit loss on loan receivables	–	(46,214)	(46,214)	–	(30,580)	(30,580)
Finance costs	(9,540)	–	(9,540)	(7,912)	–	(7,912)
Reportable segment assets	<u>368,764</u>	<u>94,781</u>	<u>463,545</u>	<u>238,558</u>	<u>423,820</u>	<u>662,378</u>
Additions to non-current assets during the year	<u>108,961</u>	<u>–</u>	<u>108,961</u>	<u>6,935</u>	<u>–</u>	<u>6,935</u>
Reportable segment liabilities	<u>184,300</u>	<u>479</u>	<u>184,779</u>	<u>96,329</u>	<u>–</u>	<u>96,329</u>

b) Reconciliations of reportable segment revenues and profit or loss

	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Audited)
(i) Revenue		
Total reportable segment revenue	<u>71,041</u>	<u>51,799</u>
Consolidated revenue	<u><u>71,041</u></u>	<u><u>51,799</u></u>
(ii) Profit/(loss)		
Total reportable segments' profit/(loss)	21,631	(32,944)
Unallocated corporate income	31,498	9,778
Depreciation	(1,563)	(4,292)
Interest income	–	134
Unallocated finance costs	(1,244)	(1,363)
Unallocated corporate expenses	<u>(13,616)</u>	<u>(49,905)</u>
Consolidated profit/(loss) before taxation (from continuing operations)	<u><u>36,706</u></u>	<u><u>(78,592)</u></u>

4. REVENUE, OTHER INCOME AND OTHER GAINS AND LOSSES

(a) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major service lines is as follows:

	2021 <i>HK\$'000</i> (Unaudited)	2020 <i>HK\$'000</i> (Audited)
Rental income from investment properties	19,016	9,248
Loan interest income	<u>52,025</u>	<u>42,551</u>
	<u>71,041</u>	<u>51,799</u>

(b) Other income

	2021 <i>HK\$'000</i> (Unaudited)	2020 <i>HK\$'000</i> (Audited)
Interest income on bank deposits	<u>20</u>	<u>318</u>
Dividend income	–	76
Government grants	337	–
Sundry income	<u>3,056</u>	<u>5,657</u>
	<u>3,413</u>	<u>6,051</u>

During the year, the interest income that was derived from financial assets not at fair value through profit or loss amounting to HK\$52,045,000 (2020: HK\$45,499,000), included interest income on loans in revenue and interest income in other income.

(c) Other gains and losses

	2021 <i>HK\$'000</i> (Unaudited)	2020 <i>HK\$'000</i> (Audited)
Realised loss on unlisted investments fund	(180)	(9,271)
Unrealised loss on unlisted investments fund	–	(1,496)
Realised gain on trading securities	–	7,812
Unrealised gain/(loss) on trading securities	3,237	(13,355)
Gain on disposals of plant and equipment	1,269	–
Net foreign exchange gain/(loss)	<u>31,387</u>	<u>(18,642)</u>
	<u>35,713</u>	<u>(34,952)</u>

5. OTHER EXPENSES

	2021 <i>HK\$'000</i> (Unaudited)	2020 <i>HK\$'000</i> (Audited)
Allowance of expected credit loss on loan and other receivables	58,514	30,580
Loss on disposal of plant and equipment	<u>–</u>	<u>156</u>
	<u>58,514</u>	<u>30,736</u>

6. INCOME TAX EXPENSES/(CREDIT)

Income tax recognised in profit or loss represents:

	2021 <i>HK\$'000</i> (Unaudited)	2020 <i>HK\$'000</i> (Audited)
Current tax		
Hong Kong Profits Tax	6,594	700
Deferred tax		
Origination and reversal of temporary differences	<u>(2,134)</u>	<u>(3,157)</u>
Income tax expense/(credit) (relating to continuing operations)	<u>4,460</u>	<u>(2,457)</u>

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

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

For the years ended 31 March 2021 and 31 March 2020, Hong Kong Profits Tax is calculated in accordance with the two-tiered profits tax rates regime for the qualifying corporation and the remaining corporations are calculated at a flat rate of 16.5%.

The provision for PRC Enterprise Income Tax (“EIT”) is calculated at 25% (2020: 25%) of the estimated assessable profits for the year. No provision for EIT was provided for as the Company’s subsidiaries operating in the People’s Republic of China incurred losses for the years ended 31 March 2021 and 2020.

7. LOSS FROM DISCONTINUED OPERATIONS

On 13 January 2020 and 25 February 2020, the Group has submitted the acknowledgement for cessation of businesses of subsidiaries, C.P.Securities International Limited and C.P. Financial Management Limited, which carried out all of the Group's financial services operations. The cessation of business was effected in order to generate cash flows for the expansion of the Group's other businesses. The cessation of businesses were still in processing as at 31 March 2021.

The loss for the years ended 31 March 2021 and 2020 from the discontinued financing operation is set out below.

	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Audited)
Revenue	–	626
Cost of sales and services rendered	–	(829)
Gross loss	–	(203)
Other income	3,812	44
Administrative expenses	(4,038)	(9,117)
Finance cost	–	(174)
Impairment of goodwill	–	(2,550)
Impairment of intangible assets	–	(1,205)
Impairment of right-of-use assets	–	(3,587)
Income tax credit	–	336
Loss from discontinued operation	(226)	(16,456)

8. PROFIT/(LOSS) BEFORE TAXATION

The Group's loss for the year is stated after charging/(crediting) the following:

	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Audited)
Auditor's remuneration		
– audit services	800	1,380
– other services	340	512
Depreciation on plant and equipment	1,594	2,655
Depreciation on right-of-use assets	2,939	3,633
Gross rental income from investment properties		
less direct outgoings of HK\$Nil		
(2020: HK\$Nil)	(19,016)	(9,248)
Allowance of expected credit loss on loan and other receivable	58,514	30,580
Variable lease payments not included in the measurement of lease liabilities	803	1,620

9. DIVIDENDS

The directors did not propose the payment of any dividend for the year ended 31 March 2021 (2020: Nil).

10. EARNINGS/(LOSS) PER SHARE

From continued operations

The calculation of basic earnings/(loss) per share is based on the unaudited profit/(loss) for the year attributable to owners of the Company of HK\$32,246,000 (2020: loss of HK\$76,135,000) and on the weighted average number of 133,584,000 ordinary shares in issue during the year (2020: 133,019,000 ordinary shares).

From discontinued operations

Basic earnings/(loss) per share for the discontinued operations is HK0.17 cents per share (2020: HK12.37 cents per share) and diluted earnings/(loss) per share for the discontinued operations is HK0.17 cents per share (2020: HK12.37 cents per share), based on the unaudited loss for the year from the discontinued operations of HK\$226,000 (2020: HK\$16,456,000) and the denominators detailed above for both basic and diluted earnings/(loss) per share.

Diluted earnings/(loss) per share

Diluted earnings/(loss) per share equals to basic earnings/(loss) per share because the outstanding share options had an anti-dilutive effect on the basic loss per share for the years ended 31 March 2021 and 31 March 2020.

11. TRADE AND OTHER RECEIVABLES

	2021 <i>HK\$'000</i> (Unaudited)	2020 <i>HK\$'000</i> (Audited)
Trade receivables	<u>6,402</u>	<u>5,848</u>
Deferred rental receivables	<u>6,875</u>	<u>5,259</u>
Interest receivables from money lending business	<u>13,837</u>	<u>19,047</u>
Other loan and interest receivables	45,138	45,138
Less: loss allowance	<u>(45,138)</u>	<u>(45,138)</u>
Other loan and interest receivables (net)	<u>—</u>	<u>—</u>
Other receivables	<u>10,088</u>	<u>16,015</u>
Financial assets at amortised cost	42,178	46,169
Prepayments and deposits	<u>7,641</u>	<u>4,953</u>
	<u>49,819</u>	<u>51,122</u>

Note:

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

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

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

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

For secured margin loans, as at 31 March 2019, the loans are secured by pledged securities, repayable on demand subsequent to settlement date and bear interest at commercial rates.

During the year ended 31 March 2021 and 31 March 2020, no accounts receivable was arising from margin clients.

- 4) For the year ended 31 March 2021, other receivable amounted HK\$Nil (2020: HK\$12,300,000) was arising from compulsory redemption. Approximately HK\$10,088,000 (2020: HK\$3,715,000) mainly represents other tax recoverables and cash advanced to staffs.

Ageing analysis

(i) *Trade receivables*

The ageing analysis of trade receivables is presented based on invoice dates as follow:

	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Audited)
Within 1 month	793	930
1 to 3 months	2,379	1,859
3 to 6 months	1,328	1,845
Over 6 months	1,902	1,214
	6,402	5,848

Trade receivables are due within 0-60 days from the date of billing.

(ii) *Interest receivables*

The ageing analysis of interest receivables is presented based on invoice dates as follows:

	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Audited)
Within 1 month	7,906	7,334
1 to 3 months	5,151	9,652
3 to 6 months	–	2,061
6 to 12 months	780	–
	13,837	19,047

Interest receivables are due immediately from the date of billing.

12. LOAN RECEIVABLES

	2021 <i>HK\$'000</i> (Unaudited)	2020 <i>HK\$'000</i> (Audited)
Loan receivables arising from:		
– Money lending business	508,859	447,023
Less: Allowance for expected credit losses	<u>(91,592)</u>	<u>(42,394)</u>
	<u>417,267</u>	<u>404,629</u>
Amounts due within one year included under current assets	410,442	324,726
Amounts due after one year included under non-current assets	<u>6,825</u>	<u>79,903</u>
	<u>417,267</u>	<u>404,629</u>

Note:

- i) During the year ended 31 March 2021, the Group lent total amount of HK\$508,859,000 (2020: HK\$447,023,000) to independent third parties. These loan receivables had 12 to 36 month (2020: 12 to 24 month) loan periods and bore interest at 10% to 18% per annum (2020: 10% to 18% per annum), and the corresponding interest were expected to be repaid on a quarterly basis. These loan receivables were secured by properties or private equities. As at 31 March 2021 and 31 March 2020, all of the fair value of pledged properties or private equities were higher than the corresponding outstanding loans.

a) Maturity profile

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

	2021 <i>HK\$'000</i> (Unaudited)	2020 <i>HK\$'000</i> (Audited)
Due within 1 month or on demand	3,015	40,507
Due after 1 month but within 3 months	3,630	109,144
Due after 3 months but within 6 months	29,495	132,894
Due after 6 months but within 12 months	17,278	42,181
Due after 12 months	<u>363,849</u>	<u>79,903</u>
	<u>417,267</u>	<u>404,629</u>

13. TRADE AND OTHER PAYABLES

	2021 <i>HK\$'000</i> (Unaudited)	2020 <i>HK\$'000</i> (Audited)
Accounts payable from the business of dealing in securities		
Clearing house	–	–
Margin and cash clients	–	18
Other payables and accruals	42,309	3,727
Amounts due to a director	237	219
Amounts due to related parties	<u>–</u>	<u>32</u>
Financial liabilities measured at amortised cost	42,546	3,996
Rental deposit received	<u>2,712</u>	<u>2,643</u>
	<u>45,258</u>	<u>6,639</u>

DIVIDEND

The Board does not recommend the payment of any dividend for the year ended 31 March 2021 (2020: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Operating Results

For the year under review, the Group's turnover for the continuing operation was approximately HK\$71.04 million (2020: approximately HK\$51.80 million), representing an increase of approximately 37.14% compared with last year. The increase in turnover was mainly due to rental income generated from the leased properties and increase in loan interest income from the money lending business.

The unaudited net profit for the year was approximately HK\$32.02 million (2020: net loss of approximately HK\$92.59 million) and the basic earning per share was HK23.97 cents (2020: basic loss per share was HK69.61 cents).

The improvement of the final results of the Group was mainly attributable to i) increase in revenues in properties investment business and money lending business amounted to approximately HK\$9.77 million and HK\$9.48 million respectively; ii) valuation gain on investment properties amounted to HK\$24.34 million; iii) gain on dealing of financial assets at fair value through profit or loss amounted to approximately HK\$3.24 million; iv) foreign exchange gain on assets denominated in Renminbi amounted to approximately HK\$31.39 million; and v) decrease in administrative expenses amounted to approximately HK\$20.35 million for the year ended 31 March 2021 as compared to those for the last year.

The administrative expenses of the Group for the year amounted to approximately HK\$28.50 million (2020: approximately HK\$48.85 million), representing a decrease of approximately 41.66% compared with last year, which was resulted from stringent cost control of the Group. The finance cost of the Group amounted to approximately HK\$10.78 million (2020: approximately HK\$9.28 million) which was incurred for the interest-bearing borrowings under the security of investment properties in Shanghai and the unconvertible bonds issued by the Company.

Business Review

During the year under review, the principal business activities of the Group included the properties investment and money lending.

For the properties investment, as at 31 March 2021, 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. On 1 June 2020, Shanghai Xiang Chen Hang Place The Industry Co. Limited (“**Subsidiary**”), a wholly-owned subsidiary of the Company, entered into a lease agreement with a third party (the “**Leaser**”), pursuant to which the Subsidiary agreed to rent and the Leaser agreed to lease a property with gross floor area of approximately 7,959 square meters located in Shanghai with a term from 1 June 2020 to 31 October 2028. For the year ended 31 March 2021, approximately 100% gross floor area of the leased property were sub-leased to third parties under operating leases with lease terms ranging from four years to eight years.

For the year ended 31 March 2021, the rental incomes of approximately HK\$19.02 million were recorded.

The money lending business generated steady interest income during the year. For the year ended 31 March 2021, the Group had a loan portfolio amounted to approximately HK\$508.86 million with the average interest rate of 11.00%. The interest income generated from the money lending business was approximately HK\$52.03 million for the year ended 31 March 2021.

Outlook

Going forward, the Group will keep on identifying suitable investment properties and approaching potential tenants so as to enhance the rental incomes of Group. In the meantime, the Group will remain focused on its money lending business which will generate steady revenue stream for the Group.

Liquidity And Financial Resources

As at 31 March 2021, the Group’s net current assets were approximately HK\$464.73 million (2020: approximately HK\$409.60 million), including cash and bank balances of approximately HK\$11.76 million (2020: approximately HK\$19.58 million).

The Group had borrowings of approximately HK\$100.85 million as at 31 March 2021 (2020: approximately HK\$87.58 million), of which 100% were due after 1 year from balance sheet date. The gearing ratio, defined as the percentage of total debts to the total equity of the Company, was approximately 16.86% (2020: 19.16%).

Significant Investments

Investment with fair value accounting for more than 5% of the Group’s total assets shall be considered as significant investment. The Group did not have significant investment as at 31 March 2021.

Foreign Exchange Exposure

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

Capital Structure And Share Capitals

There was no change in capital structure of the Company for the year ended 31 March 2021.

Charges On Group's Assets

As at 31 March 2021, the Group's investment properties with a value of approximately HK\$216.06 million were pledged to secure a borrowing from Shanghai Xiang Chen Hang Place The Industry Co. Limited, a wholly-owned subsidiary of the Company.

Contingent Liabilities

As at 31 March 2021, the Group did not have any material contingent liability (2020: Nil).

Acquisition And Disposal Of Subsidiaries And Associated Companies

There was no acquisition or disposal of subsidiaries or associated companies of the Group for the year ended 31 March 2021.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year ended 31 March 2021.

CORPORATE GOVERNANCE

In view of the corporate governance practices, the Company has adopted a set of clear guidelines to explain its policies, practices and procedures which aim at meeting our shareholders' expectations. The Company has committed to maintain a high standard of corporate governance based on the principles of the code provisions set out in the Corporate Governance Code and Corporate Governance Report (the "CG Code") in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). The Company recognizes the maintenance of good corporate governance practices is essential to the growth of the Company. In the opinion of the directors, the Company had complied with the CG Code throughout the year ended 31 March 2021 except for the code provisions A.2.1 and E.1.2. Details of the deviation are set out in the relevant section below.

Code 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. Mr. Han Wei, the chairman of the Company, also acted as chief executive officer of the Company during the year under review, deviating from the requirement of the code provision A.2.1. The Board considered that this structure was conducive with strong and consistent leadership, enabling the Company to make and implement decisions promptly and efficiently.

The code provision E.1.2 stipulates that the chairman of the board should attend the annual general meeting. The chairman was unable to attend the Company's annual general meeting held on 9 September 2020 due to his other work commitments.

AUDIT COMMITTEE

The Company has established an Audit Committee with written terms of reference for the purpose of reviewing and providing supervision over the financial reporting process and internal control of the Group. The Audit Committee comprises a total of three independent non-executive directors of the Company. The 2021 Unaudited Annual Results was reviewed by the Audit Committee, who are of the opinion that such statements comply with the applicable accounting standards and that adequate disclosures have been made.

REVIEW OF UNAUDITED ANNUAL RESULTS

The auditing process for the 2021 Unaudited Annual Results has not been completed due to the COVID-19 outbreak. The 2021 Unaudited Annual Results contained herein is only based on a preliminary assessment by the Board with reference to the information currently available which have not been agreed by Auditors, as required under Rule 13.49(2) of the Listing Rules. An announcement relating to the audited results will be made when the auditing process has been completed in accordance with Hong Kong Standards on Auditing issued by HKICPA.

DIRECTORS' SECURITIES TRANSACTION

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the directors. Having made specific enquiry of the directors, all directors confirmed that they had complied with the required standards as set out in the Model Code throughout the year ended 31 March 2021.

PUBLICATION OF 2021 AUDITED ANNUAL RESULTS

This unaudited results announcement is published on the website of the Stock Exchange at www.hkexnews.hk and the Company's website at <http://www.736.com.hk>. The audit of the consolidated financial statements for the year ended 31 March 2021 (the “**Audit**”) has not been completed as of the date of this announcement as additional time is required to complete the audit process as disclosed in the section headed “**UNAUDITED ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2021**” in this announcement. Currently, the Company is working closely with the Auditors to complete the Audit as soon as practicable. Following the completion of the Audit, the Company will issue further announcement(s) in relation to the audited consolidated annual results for the year ended 31 March 2021 as agreed with the Auditor and the material differences (if any) as compared with the unaudited consolidated annual results contained herein. The Board will endeavour to publish the 2021 Audited Annual Results, which shall be agreed with the Auditor as soon as practicable and expected to be on or before 19 July 2021. However, this estimate may be subject to further changes and the Company will make further announcement(s) to keep the Shareholders informed of the latest developments.

FURTHER ANNOUNCEMENT(S)

The Company will issue further announcement(s) as and when necessary if there are other material developments in the progress of the completion of the Audit.

The financial information contained herein in respect of the annual results of the Group have not been audited and have not been agreed with the auditors. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

By order of the board
China Properties Investment Holdings Limited
Han Wei
Chairman

Hong Kong, 30 June 2021

As at the date of this announcement, the executive Directors are Mr. Han Wei, Mr. Au Tat On and Mr. Wang Linbo and the independent non-executive Directors are Mr. Tang Yiu Kay, Ms. Cao Jie Min and Mr. Liang Kuo-Chieh.