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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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2018

The board ("board") of directors ("director") of China Properties Investment Holdings Limited ("company") is pleased to announce the audited results of the company and its subsidiaries ("group") for the year ended 31 March 2018 together with the audited comparative figures for the previous year as follows:

* *For identification purposes only*

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March 2018

	Note	**2018** **HK$000**	2017 HK$000
Continuing operations:			
Revenue	*3(a)*	**61,760**	63,345
Cost of sales and services rendered		**(2,493)**	(2,715)
Gross profit		**59,267**	60,630
Valuation gain on investment properties		**5,257**	20,015
Other income	*3(b)*	**498**	1,326
Other gains and losses		**(1,692)**	(922)
Selling expenses		**(179)**	(179)
Administrative expenses		**(102,235)**	(73,338)
Other expenses	*4*	**(153,154)**	(35,487)
Impairment loss of available-for-sale investments reclassified from equity to profit or loss		**(371,856)**	–
Loss from operations		**(564,094)**	(27,955)
Finance costs		**(3,029)**	(5,999)
Share of loss of an associate		**–**	(8)
Loss before taxation		**(567,123)**	(33,962)
Income tax expenses	*5*	**(2,333)**	(5,772)
Loss for the year from continuing operations		**(569,456)**	(39,734)
Discontinued operation:			
Gain for the year from discontinued operation		**–**	23,150
Loss for the year		**(569,456)**	(16,584)
Attributable to:			
Owners of the company		**(569,456)**	(16,530)
Non-controlling interests		**–**	(54)
Loss for the year		**(569,456)**	(16,584)

	Note	**2018**	2017
	Note	***HK$000***	*HK$000*
Loss attributable to owners of the company arises from:			
Continuing operations		**(569,456)**	(39,734)
Discontinued operations		**–**	23,204
		(569,456)	(16,530)
LOSS PER SHARE	*6*		
From continuing and discontinued operations			
Basic		**(HK11.72 cents)**	(HK0.45 cents)
Diluted		**(HK11.72 cents)**	(HK0.45 cents)
From continuing operations			
Basic		**(HK11.72 cents)**	(HK1.09 cents)
Diluted		**(HK11.72 cents)**	(HK1.09 cents)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2018

	2018 *HK$'000*	2017 *HK$'000*
Loss for the year	**(569,456)**	(16,584)
Other comprehensive income/(loss) for the year		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of:		
– financial statements of group entities	**26,628**	(13,801)
	26,628	(13,801)
Available-for-sale investments:		
– Changes in fair value	**(453,453)**	54,138
– Reclassification adjustments relating to recognition of impairment loss	**371,856**	–
Total other comprehensive (loss)/income for the year	**(54,969)**	40,337
Total comprehensive (loss)/income for the year	**(624,425)**	23,753
Attributable to:		
Owners of the company	**(624,425)**	23,807
Non-controlling interests	**–**	(54)
Total comprehensive (loss)/income for the year	**(624,425)**	23,753
Total comprehensive (loss)/income attributable to owners of the company arises from		
Continuing operations	**(624,425)**	603
Discontinued operations	**–**	23,204
	(624,425)	23,807

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2018

	Note	2018 HK$000	2017 HK$000
Non-current assets			
Plant and equipment		**9,748**	12,865
Investment properties		**264,906**	234,015
Intangible assets		**7,101**	9,330
Goodwill		**4,748**	4,748
Deposit for acquisition of plant and equipment		**2,499**	–
Available-for-sale investments		**48,144**	501,597
Loan receivables		**49,980**	–
		387,126	762,555
Current assets			
Property under development		**20,362**	18,576
Trade and other receivables	*7*	**110,672**	82,886
Loan receivables		**209,398**	275,000
Trading securities		**53,011**	153,152
Tax recoverable		**809**	–
Available-for-sale-investments		**13,745**	–
Fixed deposits		**10,339**	11,658
Cash and bank balances – trust accounts		**16,033**	6,822
Cash and bank balances – general accounts		**61,679**	136,775
		496,048	684,869
Current liabilities			
Trade and other payables	*8*	**22,881**	19,958
Interest-bearing bank borrowings		**3,124**	10,148
Tax payable		**300**	1,067
		26,305	31,173
Net current assets		**469,743**	653,696
Total assets less current liabilities		**856,869**	1,416,251

	Note	2018 HK$000	2017 HK$000
Non-current liabilities			
Interest-bearing bank borrowings		**34,986**	–
Deferred tax liabilities		**19,364**	16,699
Unconvertible bonds		**20,000**	20,000
		74,350	36,699
NET ASSETS		**782,519**	1,379,552
EQUITY			
Equity attributable to owners of the company			
Share capital		**48,576**	48,576
Reserves		**733,943**	1,330,976
TOTAL EQUITY		**782,519**	1,379,552

NOTES TO THE FINANCIAL STATEMENTS:

1. STATEMENT OF COMPLIANCE

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

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 2 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

In the current year, the group has applied the following new and revised HKFRSs issued by the HKICPA:

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to HKFRS 12	As part of the Annual Improvements to HKFRSs 2014-2016 Cycle

None of these impact on the accounting policies of the group. However, additional disclosure has been included in the accompanying note for the Consolidated Statement of Cash Flows to satisfy the new disclosure requirements introduced by the amendments to HKAS 7, *Disclosure Initiative*, which require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

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

3. REVENUE AND OTHER INCOME

	2018	2017
	HK$'000	*HK$'000*
a) Revenue		
Continuing operations:		
Rental income from investment properties	**8,511**	9,354
Loan interest income	**42,688**	48,491
Investment management fee income	**30**	159
Commission and fees income on dealing in securities	**1,486**	2,251
Placing and underwriting commission	**–**	2,360
Interest income from margin and initial public offer financing	**9,045**	730
	61,760	63,345

	2018	2017
	HK$'000	*HK$'000*
b) Other income		
Continuing operations:		
Interest income on bank deposits	**110**	156
	110	156
Dividend income	**38**	16
Gain on disposal of plant and equipment	**–**	73
Sundry income	**350**	1,081
	498	1,326

4. OTHER EXPENSES

	2018	2017
	HK$'000	*HK$'000*
Net change in unrealised fair value loss of trading securities	**67,534**	31,282
Write off of other receivables	**–**	39
Loss on disposal of interest in an associate	**–**	67
Realised loss on dealing of trading securities	**68,656**	3,378
Impairment loss of goodwill	**–**	721
Impairment loss of accounts receivable	**16,964**	–
	153,154	35,487

5. INCOME TAX EXPENSES

Income tax relating to continuing operations recognised in profit or loss represents:

	2018	2017
	HK$'000	*HK$'000*
Current tax		
Hong Kong Profits Tax	**1,387**	1,067
Deferred tax		
Origination and reversal of temporary differences	**946**	4,705
Income tax expenses	**2,333**	5,772

The provision for Hong Kong Profits Tax is calculated at 16.5% (2017: 16.5%) of estimated assessable profits for the year.

The provision for PRC Enterprise Income Tax ("EIT") is calculated at 25% (2017: 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 2018 and 2017.

6. LOSS PER SHARE

From continuing and discontinued operations

The calculation of basic loss per share is based on the loss attributable to owners of the company of HK$569,456,000 (2017: HK$16,530,000) and on the weighted average number of 4,857,582,000 ordinary shares in issue during the year (2017: 3,649,175,000 ordinary shares).

Weighted average number of ordinary shares:

	2018	2017
	'000	*'000*
Weighted average number of ordinary shares for the purpose of basic loss per share	**4,857,582**	3,649,175
Effect of deemed issue of shares under the company's share option scheme for nil consideration	**–**	–
Weighted average number of ordinary shares for the purpose of diluted loss per share (note)	**4,857,582**	3,649,175

Note: The potential ordinary shares arising from the assumed conversion of the share options are anti-dilutive at the loss from continuing operations level for the year ended 31 March 2018 and so, have been treated as anti-dilutive for the purpose of calculating diluted loss per share. There were no potential ordinary shares in issue for the year ended 31 March 2017.

From continuing operations

The calculation of basic loss per share for continuing operations is based on the loss attributable to owners of the company of HK$569,456,000 (2017: HK$39,734,000) and on the weighted average number of 4,857,582,000 ordinary shares in issue during the year (2017: 3,649,175,000 ordinary shares).

From discontinued operations

For the year ended 31 March 2017, basic earnings per share from the discontinued operations was HK0.64 cents per share and diluted earnings per share from the discontinued operations was HK0.64 cents per share, based on the profit for the year 2017 from the discontinued operation attributable to owners of the company of approximately HK$23.2 million and the denominators detailed above for both basic and diluted profit per share from discontinued operations.

Diluted loss per share

Diluted loss per share equals to basic loss per share because the outstanding share options had an anti-dilutive effect on the basic loss per share for the year ended 31 March 2018.

Diluted loss per share equals to basic loss per share because there were no potential ordinary shares in issue for the year ended 31 March 2017.

7. TRADE AND OTHER RECEIVABLES

a) Ageing analysis

(i) Trade receivable

Trade receivables are net of allowance for doubtful debts of HK$6,422,000 (2017: HK$5,795,000) with the following ageing analysis presented based on invoice dates:

	2018	2017
	HK$'000	*HK$'000*
Within 1 month	**32**	32
1 to 3 months	**284**	23
3 to 6 months	**1,499**	–
Over 6 months	**6,462**	5,744
	8,277	5,799

(ii) Accounts receivable from the business of dealing in securities

Accounts receivable from the business of dealing in securities are net of allowance for doubtful debts of HK$16,964,000 (2017: HK$Nil) with the following ageing analysis presented based on invoice dates:

	2018	2017
	HK$'000	*HK$'000*
Within 1 month	**40**	43,117
1 to 3 months	**11,796**	19,964
Over 6 months	**65,047**	–
	76,883	63,081

(iii) Interest receivables

	2018	2017
	HK$'000	*HK$'000*
Within 1 month	**5,045**	6,680
1 to 3 months	**4,438**	–
3 to 6 months	**306**	–
	9,789	6,680

8. TRADE AND OTHER PAYABLES

The following is an ageing analysis of accounts payable from the business of dealing in securities presented based on the invoice dates:

	2018	2017
	HK$'000	*HK$'000*
Within 1 month	**8,238**	5,972

DIVIDEND

The directors of the company do not recommend the payment of any dividend for the year ended 31 March 2018 (2017: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Operating Results

For the year under review, the group's turnover for the continuing operation was approximately HKD61.76 million (2017: approximately HKD63.35 million), representing a decrease of approximately 2.5% compared with last year. The decrease in turnover was mainly due to decrease in loan interest income arising from money lending business.

The audited net loss for the year was approximately HKD569.46 million (2017: approximately HKD39.73 million) and the basic loss per share was HK11.72 cents (2017: HK1.09 cents). The increase in the net loss was mainly attributable to the net realised and unrealised loss on investment in listed securities of approximately HKD136.19 million and the impairment loss on the available-for-sale investments of approximately HKD371.86 million. The group also incurred an impairment loss on accounts receivable amounted to approximately HKD16.96 million during the year.

The administrative and selling expenses for the continuing operation of the Group for the year amounted to approximately HKD102.41 million (2017: approximately HKD73.52 million). The increase in administrative and selling expenses was mainly attributable to recognition of the equity-settled share-based payment expenses amounted to approximately HKD27.39 million. Such expenses is relating to the share options granted to certain employees of the group during the year. The finance cost of the Group amounted to approximately HKD3.03 million (2017: approximately HKD6.00 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, money lending and financial services.

For the properties investment, as at 31 March 2018, the aggregate gross floor area of the investment properties being held by the group was approximately 7,004 square meters, approximately 100% of which was leased to third parties under operating leases with lease terms ranging up to twelve years.

For the Securities Brokerage and asset management, upon completion of the acquisitions of C.P. Securities International Limited which is a licensed corporation to carry out Type 1 (dealing in securities) regulated activity under the Securities and Futures Ordinance ("SFO") and is principally engaged in the business of securities brokerage and C.P. Financial Management Limited which is licensed under the SFO to carry on Type 9 (asset management) regulated activity in 2016, the group commenced its financial services business, including the provision of securities trading, margin financing, underwriting and assets management which help diversifying the businesses of the group and broaden the source of its income. For the year ended 31 March 2018, a segment revenue of approximately HKD10.56 million and a segment loss of approximately HKD18.66 million respectively were recorded.

For the year ended 31 March 2018, the group had a loan portfolio amounted to approximately HKD259.38 million with the average interest rate of 16.46%. The interest income generated from the money lending business was approximately HKD42.69 million for the year ended 31 March 2018, representing a decrease of approximately 11.97% in comparison with last year.

Outlook

Going forward, the group will remain focused on developing its existing businesses in financial services and money lending business which will enhance the revenue steam of the group. In the meantime, the directors will also look for other suitable investment opportunities from time to time so as to enhance the value of the company and its shareholders as a whole.

Liquidity and Financial Resources

As at 31 March 2018, the group's net current assets were approximately HKD469.74 million (2017: approximately HKD653.70 million), including cash and bank balances of approximately HKD77.71 million (2017: approximately HKD143.6 million).

The group had borrowings of approximately HKD38.11 million as at 31 March 2018 (2017: approximately HKD10.15 million), of which 8.2%, 8.2%, 50.8%, 32.8% were due within 1 year, after 1 year but within 2 years, after 2 years but within 5 years, after 5 years respectively from balance sheet date. The gearing ratio, defined as the percentage of debts to the total equity of the company, was approximately 7.43% (2017: 2.19%).

Foreign Exchange Exposure

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

Capital Structure

There was no change in the capital structure of the company for the year ended 31 March 2018.

Contingent Liabilities

As at 31 March 2018, the group did not have any material contingent liability (2017: 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 2018.

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 2018.

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 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 2018, except for the code provisions A.2.1 and E.1.2.

Code Provision A.2.1 stipulates that the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. The chairman of the company also acted as chief executive officer of the company during the year, which was deviated from the requirement of the code provision A.2.1. The board considered that this structure was conductive with strong and consistent leadership, enabling the company to making and implementing 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 15 September 2017 due to his other work commitments.

AUDIT COMMITTEE

The company has established an audit committee ("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 annual results of the group for the year ended 31 March 2018 was reviewed by the Audit Committee, who are of the opinion that such statements comply with the applicable accounting standards and that adequate disclosures have been made.

REVIEW OF FINANCIAL INFORMATION

The figures in respect of the preliminary announcement of the group's results for the year ended 31 March 2018 have been agreed by the group's auditors, Crowe (HK) CPA Limited (formerly known as Crowe Horwath (HK) CPA Limited) to the amounts set out in the group's audited consolidated financial statements for the year. The work performed by Crowe (HK) CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Crowe (HK) CPA Limited on the preliminary announcement.

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 2018.

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

The company's annual report for the year ended 31 March 2018 containing all applicable information required by Appendix 16 to the Listing Rules will be despatched to the shareholders of the company and published on the Stock Exchange's website and on the company's website in due course.

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

Hong Kong, 29 June 2018

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