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 2020

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 2020 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 2020

	Note	2020 HK$000	2019 HK$000 (Restated)
Revenue	4(a)	**51,799**	48,336
Cost of sales and services rendered		**–**	(92)
Gross profit		**51,799**	48,244
Valuation loss on investment properties		**(12,628)**	(21,296)
Other income	4(b)	**6,051**	1,887
Other gains and losses	4(c)	**(34,952)**	(14,005)
Administrative expenses		**(48,851)**	(72,748)
Other expenses	5	**(30,736)**	(9,275)
Loss from operations		**(69,317)**	(67,193)
Finance costs		**(9,275)**	(4,042)
Loss before taxation	8	**(78,592)**	(71,235)
Income tax credit	6	**2,457**	4,354
Loss for the year from continuing operations		**(76,135)**	(66,881)
(Loss)/profit from discontinued operations	7	**(16,456)**	4,527
Loss for the year		**(92,591)**	(62,354)
Attributable to:			
Owners of the company		**(92,591)**	(62,354)
LOSS PER SHARE	10		(restated)
From continuing and discontinued operations			
Basic		**(HK69.61 cents)**	(HK51.35 cents)
Diluted		**(HK69.61 cents)**	(HK51.35 cents)
From continuing operations			
Basic		**(HK57.24 cents)**	(HK55.07 cents)
Diluted		**(HK57.24 cents)**	(HK55.07 cents)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2020

	2020	2019
	HK$'000	*HK$'000*
		(Restated)
Loss for the year	**(92,591)**	(62,354)
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	**(14,280)**	(28,944)
Total comprehensive loss for the year	**(106,871)**	(91,298)
Attributable to:		
Owners of the company	**(106,871)**	(91,298)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2020

	Note	2020 HK$000	2019 HK$000
Non-current assets			
Plant and equipment		**5,208**	6,208
Right-of-use assets		**7,926**	–
Investment properties		**206,834**	229,192
Intangible assets		**–**	2,034
Goodwill		**–**	2,550
Financial assets at fair value through profit or loss		**1,296**	45,509
Loan receivables	*12*	**79,903**	309,983
		301,167	595,476
Current assets			
Property under development		**19,481**	20,136
Trade and other receivables	*11*	**51,122**	30,075
Loan receivables	*12*	**324,726**	83,433
Financial assets at fair value through profit or loss		**31,113**	31,331
Fixed deposits		**–**	8,523
Cash and bank balances – trust accounts		**1,058**	6,726
Cash and bank balances – general accounts		**18,527**	40,654
		446,027	220,878
Current liabilities			
Trade and other payables	*13*	**6,639**	19,613
Interest-bearing bank borrowings		**6,569**	5,262
Lease liabilities		**4,512**	–
Unconvertible bonds		**18,333**	10,000
Tax payable		**372**	432
		36,425	35,307
Net current assets		**409,602**	185,571
Total assets less current liabilities		**710,769**	781,047

	Note	2020	2019
	Note	***HK$000***	*HK$000*
Non-current liabilities			
Interest-bearing bank borrowings		**81,015**	61,973
Deferred tax liabilities		**7,876**	12,036
Lease liabilities		**6,944**	–
Unconvertible bonds		**10,000**	10,000
		105,835	84,009
NET ASSETS		**604,934**	697,038
EQUITY			
Equity attributable to owners of the company			
Share capital		**53,433**	48,576
Reserves		**551,501**	648,462
TOTAL EQUITY		**604,934**	697,038

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

(a) New and Amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time in the current year:

HKFRS 16	Leases
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015-2017 Cycle

Except as described below, the application of the new and amendments to HKFRSs in the current period has had no material impact on the Group's financial position and performance for the current and prior periods and/or on the disclosures set out in these consolidated financial statements.

(b) Impact and changes in accounting policies of the adoption of HKFRS 16

The Group has applied HKFRS 16 for the first time in the current year. HKFRS 16 superseded HKAS 17 Leases ("HKAS 17"), and the related interpretations.

Definition of a lease

The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 Determining whether an Arrangement contains a Lease and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application of HKFRS 16.

For contracts entered into or modified on or after 1 April 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

As a lessee

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 April 2019.

As at 1 April 2019, the Group recognised additional lease liabilities and right-of-use assets at amounts equal to the related lease liabilities adjusted by any prepaid or accrued lease payments by applying HKFRS 16.C8(b) (ii) transition. Any difference at the date of initial application is recognised in the opening accumulated losses and comparative information has not been restated.

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under HKAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

i. elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application; and

ii. excluded initial direct costs from measuring the right-of-use assets at the date of initial application.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average incremental borrowing rates applied was 3.99%.

Reconciliation of lease commitment to lease liabilities is set out as follow:

	At 1 April 2019
	HK$'000
Operating lease commitment disclosed at 31 March 2019	14,379
Less: Recognition exemption	
– short-term leases	(501)
Practical Expedient	
– leases with lease term ending within 12 months from the date of initial application	(535)
	13,343
Less: Total future interest expenses	(1,125)
Rental prepayment at 31 March 2019	(1,216)
Other tax	(751)
Other	603
Lease liabilities as at 1 April 2019	10,854
Analysed into:	
Current	2,631
Non-current	8,223

The carrying amount of right-of-use assets as at 1 April 2019 comprises the following:

	Right-of-use assets
	HK$'000
Right-of-use assets relating to operating leases recognized upon application of HKFRS 16	**12,070**

As a lessor

In accordance with the transitional provisions in HKFRS 16, the group is not required to make any adjustment on transition for leases in which the group is a lessor but account for these leases in accordance with HKFRS 16 from the date of initial application and comparative information has not been restated.

The application has had no impact on the Group's consolidated statement of financial position at 1 April 2019.

The following adjustments were made to the amounts recognised in the consolidated statement of financial position at 1 April 2019. Line items that were not affected by the changes have not been included.

	Carrying amounts previously reported at 31 March 2019	Adjustments	Carrying amounts under HKFRS 16 at 1 April 2019
	HK$'000	*HK$'000*	*HK$'000*
Non-current asset			
Right-of-use assets	–	12,070	12,070
Current asset			
Trade and other receivables	30,075	(1,216)	28,859
Non-current liabilities			
Lease liabilities	–	8,223	8,223
Current liabilities			
Lease liabilities	–	2,631	2,631

(c) New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 17	Insurance Contracts[1]
Amendments to HKFRS 3	Definition of a Business[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 1 and HKAS 8	Definition of Material[4]
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform[4]
Amendments to HKFRS 16	COVID-19 Related Rent Concession[5]

1 Effective for annual periods beginning on or after 1 January 2021.

2 Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020.

3 Effective for annual periods beginning on or after a date to be determined.

4 Effective for annual periods beginning on or after 1 January 2020.

5 Effective for annual periods beginning on or after 1 June 2020.

In addition to the above new and amendments to HKFRSs, a revised Conceptual Framework for Financial Reporting was issued in 2018. Its consequential amendments, the *Amendments to References to the Conceptual Framework in HKFRS Standards*, will be effective for annual periods beginning on or after 1 January 2020.

Management's preliminary assessment is that the application of the above new standards and amendments will not have a material impact on the Group.

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 two (2019: three) reportable segments. These segments are managed separately. The properties investment 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 does not include any amounts for this discontinued operation.

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**

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 2020 and 2019 is set out below.

	2020			2019		
	Properties investment	**Money lending business**	**Total**	Properties investment	Money lending business	Total
	HK$'000	***HK$'000***	***HK$'000***	*HK$'000*	*HK$'000*	*HK$'000*
						(Restated)
Revenue from external customers	**9,248**	**42,551**	**51,799**	9,724	38,612	48,336
Reportable segment revenue	**9,248**	**42,551**	**51,799**	9,724	38,612	48,336
Reportable segment (loss)/profit before taxation	**(21,661)**	**(11,283)**	**(32,944)**	(39,632)	28,779	(10,853)

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

	2020	2019
	HK$'000	*HK$'000*
		(Restated)
(i) Revenue		
Total reportable segment revenue	**51,799**	48,336
Consolidated revenue	**51,799**	48,336
(ii) (Loss)/profit		
Total reportable segment loss	**(32,944)**	(10,853)
Unallocated corporate income	**9,778**	643
Depreciation	**(4,292)**	(1,948)
Interest income	**134**	139
Unallocated finance costs	**(1,363)**	(1,000)
Unallocated corporate expenses	**(49,905)**	(53,862)
Consolidated loss before taxation (from continuing operations)	**(78,592)**	(66,881)

4. REVENUE AND OTHER INCOME

(a) Disaggregation of revenue

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

	2020	2019
	HK$'000	*HK$'000*
		(Restated)
Rental income from investment properties	**9,248**	9,724
Loan interest income	**42,551**	38,612
	51,799	48,336

Revenue from the above enterprises are recognised at point in time.

	2020	2019
	HK$'000	*HK$'000*
		(Restated)
(b) Other income		
Interest income on bank deposits	**318**	184
Interest income on financial products	**–**	202
Total interest income on financial assets	**318**	386
Dividend income	**76**	68
Recovery of bad debt written off	**–**	1,122
Sundry income	**5,657**	311
	6,051	1,887

	2020	2019
	HK$'000	*HK$'000*
		(Restated)
(c) Other gains and losses		
Realised loss on unlisted investments fund	**(9,271)**	–
Unrealised loss on unlisted investments fund	**(1,496)**	(2,635)
Realised gain on trading securities	**7,812**	2,831
Unrealised loss on trading securities	**(13,355)**	(14,623)
Net foreign exchange gain	**(18,642)**	422
	(34,952)	(14,005)

5. OTHER EXPENSES

	2020 *HK$'000*	2019 *HK$'000* (Restated)
Loss allowance for trade receivables	**–**	2,139
Allowance of expected credit loss on loan receivables	**30,580**	7,136
Loss on disposal of plant and equipment	**156**	–
	30,736	9,275

6. INCOME TAX (CREDIT)/EXPENSES

Income tax recognised in profit or loss represents:

	2020 *HK$'000*	2019 *HK$'000* (Restated)
Current tax		
Hong Kong Profits Tax	**700**	970
Deferred tax		
Origination and reversal of temporary differences	**(3,157)**	(5,324)
Income tax credit	**(2,457)**	(4,354)

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 year ended 31 March 2020 and 31 March 2019, 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% (2019: 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 2020 and 2019.

7. 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 financing 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 2020.

The (loss)/profit for the year from the discontinued financing operation is set out below. The comparative figures in the statement of profit or loss have been restated to re-present the financing operation as a discontinued operation.

	2020	2019
	HK$'000	*HK$'000*
Revenue	**626**	3,268
Cost of Sales	**(829)**	(2,229)
Gross (loss)/profit	**(203)**	1,039
Other income	**44**	17,009
Administrative expenses	**(9,117)**	(9,321)
Financial cost	**(174)**	–
Impairment of goodwill	**(2,550)**	(2,198)
Impairment of intangible assets	**(1,205)**	(2,838)
Impairment of right-of-use assets	**(3,587)**	–
Income tax credit	**336**	836
(Loss)/profit from discontinued operation	**(16,456)**	4,527

8. LOSS BEFORE TAXATION

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

	2020	2019
	HK$'000	*HK$'000*
		(Restated)
Auditor's remuneration		
– audit services	**1,380**	1,824
– other services	**512**	421
Depreciation on plant and equipment	**2,655**	3,032
Depreciation on right-of-use assets	**3,633**	–
Equity-settled share-based payment expenses	**–**	11,995
Gross rental income from investment properties less direct outgoings of HK$Nil (2019: HK$92,000)	**(9,248)**	(9,632)
Operating lease charges: minimum lease payments		
– rented premises	**1,620**	7,376
– hire of plant and equipment	**–**	730

9. DIVIDENDS

The directors did not propose the payment of any dividend for the year ended 31 March 2020 (2019: Nil) in view of the loss for the year.

10. LOSS PER SHARE

From Continuing Operations

The calculation of basic loss per share is based on the loss attributable to owners of the company of HK$92,591,000 (2019: HK$62,354,000) and on the weighted average number of 133,019,000 ordinary shares in issue during the year (2019 (restated): 121,440,000 ordinary shares).

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 2020 and 31 March 2019.

From discontinued operations

Basic loss per share for the discontinued operations is HK12.37 cents per share (2019 profit: HK3.73 cents per share) and diluted earnings per share for the discontinued operations is HK12.37 cents per share (2019 profit: HK3.73 cents per share), based on the loss for the year from the discontinued operations of HK$16,456,000 (2019 profit: HK$4,527,000) and the denominators detailed above for both basic and diluted earnings per share.

11. TRADE AND OTHER RECEIVABLES

	2020	2019
	HK$'000	*HK$'000*
Trade receivables	**13,580**	12,260
Less: loss allowance	**(7,732)**	(8,149)
Trade receivables (net) (note (i))	**5,848**	4,111
Deferred rental receivables	**5,259**	5,460
Accounts receivable from the business of dealing in securities		
Clearing house and cash clients	**–**	451
Secured margin loans	**–**	–
Less: loss allowance	**–**	–
Accounts receivable from the business of dealing in securities (net) (note (ii))	**–**	451
Interest receivables from money lending business (note (iii))	**19,047**	11,307
Other loan and interest receivables	**45,138**	45,138
Less: loss allowance	**(45,138)**	(45,138)
Other loan and interest receivables (net)	**–**	–
Other receivables	**16,015**	811
Financial assets at amortised cost	**46,169**	22,140
Prepayments and deposits	**4,953**	7,935
	51,122	30,075

Ageing analysis

(i) Trade receivable

Trade receivables are net of loss allowance of HK$7,732,000 (2019: HK$8,149,000) with the following ageing analysis presented based on invoice dates:

	2020	2019
	HK$'000	*HK$'000*
Within 1 month	**930**	1,194
1 to 3 months	**1,859**	1,926
3 to 6 months	**1,845**	905
Over 6 months	**1,214**	86
	5,848	4,111

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

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

Accounts receivable from the business of dealing in securities are net of loss allowance with the following ageing analysis presented based on invoice dates:

	2020	2019
	HK$'000	*HK$'000*
Within 1 month	**–**	451
1 to 3 months	**–**	–
Over 6 months	**–**	–
	–	451

Accounts receivable from clearing house and cash clients are due two days after trade date while accounts receivable from secured margin loans are due immediately from the date of billing.

(iii) Interest receivables

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

	2020	2019
	HK$'000	*HK$'000*
Within 1 month	**7,334**	8,165
1 to 3 months	**9,652**	3,142
3 to 6 months	**2,061**	–
6 to 12 months	**–**	–
	19,047	11,307

Interest receivables are due immediately from the date of billing.

12. LOAN RECEIVABLES

	2020	2019
	HK$'000	*HK$'000*
Loan receivables arising from:		
– Money lending business	**447,023**	406,652
Less: Allowance for expected credit losses	**(42,394)**	(13,236)
	404,629	393,416
Amounts due within one year included under current assets	**324,726**	83,433
Amounts due after one year included under non-current assets	**79,903**	309,983
	404,629	393,416

Maturity profile

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

	2020	2019
	HK$'000	*HK$'000*
Due within 1 month or on demand	**40,507**	–
Due after 1 month but within 3 months	**109,144**	–
Due after 3 months but within 6 months	**132,894**	39,000
Due after 6 months but within 12 months	**42,181**	44,433
Due after 12 months	**79,903**	309,983
	404,629	393,416

13. TRADE AND OTHER PAYABLES

	2020	2019
	HK$'000	*HK$'000*
Accounts payable from the business of dealing in securities		
Clearing house	**–**	–
Margin and cash clients	**18**	5,047
Other payables and accruals	**3,727**	11,479
Amounts due to directors	**219**	234
Amounts due to related parties	**32**	35
Financial liabilities measured at amortised cost	**3,996**	16,795
Contract liabilities	**–**	56
Rental deposit received (non-refundable)	**2,643**	2,762
	6,639	19,613

DIVIDEND

The directors of the company do not recommend the payment of any dividend for the year ended 31 March 2020 (2019: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Operating Results

For the year under review, the group's turnover for the continuing operation was approximately HKD51.78 million (2019: approximately HKD48.34 million), representing an increase of approximately 11.29% compared with last year. The increase in turnover was mainly due to increase in loan interest income from the money lending business.

The audited net loss for the year was approximately HKD92.59 million (2019: approximately HKD62.35 million) and the basic loss per share was HK69.61 cents (2019: HK51.35 cents). The increase in the net loss was mainly attributable to increase in expected credit loss on loan receivables of the year ended 31 March 2020 as compared to those for the last year and the loss on the business of financial services incurred for the current year.

The administrative expenses of the group for the year amounted to approximately HKD48.85 million (2019: approximately HKD72.75 million). The finance cost of the group amounted to approximately HKD9.28 million (2019: approximately HKD4.04 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 2020, the aggregate gross floor area of the investment properties being held by the group was approximately 7,004 square meters, approximately 100% of which was leased to third parties under operating leases with lease terms ranging up to twelve years.

For the financial services, a segment revenue of approximately HKD626,000 and loss of approximately HKD16,456,000 were recorded for the year ended 31 March 2020. In view of its unsatisfied financial performance and the intense competition in the financial services sector, the directors decided to close down the business of financial services of the group so as to focus its resources in its other existing business. The group has submitted the applications to the Securities and Futures Commission ("SFC") for cessation of its Type 1 (dealing in securities) and Type 9 (asset management) businesses in January 2020 and February 2020 respectively and such applications were being processed by the SFC.

The money lending business made an increase during the year. For the year ended 31 March 2020, the group had a gross loan portfolio amounted to approximately HK$447.02 million with the average interest rate of 10.74%. The interest income generated from the money lending business was approximately HK$42.55 million for the year ended 31 March 2020, representing an increase of approximately 10.20% in comparison with last year.

Outlook

Going forward, the group will remain focused on developing its existing businesses in properties investment and money lending 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 2020, the group's net current assets were approximately HKD409.60 million (2019: approximately HKD185.57 million), including cash and bank balances of approximately HKD19.58 million (2019: approximately HKD47.38 million).

The group had borrowings of approximately HKD87.58 million as at 31 March 2020 (2019: approximately HKD67.24 million), of which 7.5%, 7.5%, 16.69%, 68.31% 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 total debts to the total equity of the company, was approximately 19.16% (2019: 12.52%).

Significant Investments

Investment with fair value accounting for more than 5% of the group's total assets was considered as significant investment. The company did not have significant investments as at 31 March 2020.

During the year ended 31 March 2020, the company has redeemed the 310,250 participation shares of the Avant Capital Dragon Fund SP in the value of approximately HKD33.45 million. The Group recorded a loss of approximately HKD9.27 million for the redemption.

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 And Share Capitals

For the year ended 31 March 2020, the company implemented the share consolidation by consolidating every forty (40) issued and unissued Shares of HK$0.01 each in the share capital of the company into one (1) consolidated Share of HK$0.40 each. Upon the share consolidation becoming effective on 8 January 2020, the authorised share capital of the company became HK$300,000,000 divided into 750,000,000 consolidated shares of HK$0.40 each, of which 133,583,303 consolidated shares were in issue.

Save as disclosed above, there was no change in capital structure of the company for the year ended 31 March 2020.

Charges on group's Assets

As at 31 March 2020, the group's investment properties with a value of approximately HKD206.83 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 2020, the group did not have any material contingent liability (2019: 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 2020.

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 2020.

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 2020 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 conductive 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 29 August 2019 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 2020 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 2020 have been agreed by the group's auditors, CHENG & CHENG LIMITED to the amounts set out in the group's audited consolidated financial statements for the year. The work performed by CHENG & CHENG 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 CHENG & CHENG 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 2020.

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

The company's annual report for the year ended 31 March 2020 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 2020

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. Lai Wai Yin, Wilson, Ms. Cao Jie Min and Mr. Liang Kuo-Chieh.