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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 2023; AND RESUMPTION OF TRADING

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 2023 together with the audited comparative figures for the previous year as follows:

* *For identification purposes only*

RESULTS

The Board announces the consolidated annual results of the Group for the year ended 31 March 2023 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March 2023

	<i>Notes</i>	2023 HK\$'000	2022 HK\$'000
Revenue	4(a)	68,255	86,370
Valuation loss on investment properties		(51,950)	(22,597)
Valuation gain on property under development		–	6,252
Unrealised gain on trading securities		2,039	7,112
Allowance of expected credit loss on loan and interest receivables from money lending business, trade receivables and other receivables, net		(54,244)	(46,083)
Other income	4(b)	4	6,726
Other gains and losses, net	4(c)	114	17,137
Administrative expenses		<u>(16,923)</u>	<u>(26,862)</u>
(Loss)/profit from operations		(52,705)	28,055
Finance costs	5	<u>(9,050)</u>	<u>(10,862)</u>
(Loss)/profit before taxation from continuing operations	8	(61,755)	17,193
Income tax credit/(expense)	6	<u>4,575</u>	<u>(4,139)</u>
(Loss)/profit for the year from continuing operations		(57,180)	13,054
Loss from discontinued operations	7	<u>–</u>	<u>(16)</u>
(Loss)/profit for the year		<u>(57,180)</u>	<u>13,038</u>

	<i>Note</i>	2023 HK\$'000	2022 <i>HK\$'000</i>
Attributable to:			
Owners of the Company		(57,180)	13,038
(LOSSES)/EARNINGS PER SHARE			
	<i>10</i>		
From continuing and discontinued operations			
Basic (HK Cents)		HK(21.4) cents	HK7.18 cents
Diluted (HK Cents)		<u>HK(21.4) cents</u>	<u>HK7.18 cents</u>
From continuing operations			
Basic (HK Cents)		HK(21.4) cents	HK7.19 cents
Diluted (HK Cents)		<u>HK(21.4) cents</u>	<u>HK7.19 cents</u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2023

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
(Loss)/profit for the year	(57,180)	13,038
Other comprehensive (expense)/income for the year		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of:		
– financial statements of group entities	(23,751)	7,639
Total comprehensive (expense)/income for the year	<u>(80,931)</u>	<u>20,677</u>
Attributable to:		
Owners of the Company	<u>(80,931)</u>	<u>20,677</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2023

	<i>Notes</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Non-current assets			
Property, Plant and equipment		2,238	2,603
Right-of-use assets		2,965	5,163
Investment properties		277,160	326,353
Trade and other receivables	<i>11</i>	–	29,805
Intangible assets		–	–
Goodwill		–	–
Loan receivables	<i>12</i>	142,301	81,068
		<u>424,664</u>	<u>444,992</u>
Current assets			
Property under development		–	28,863
Trade and other receivables	<i>11</i>	62,805	66,671
Loan receivables	<i>12</i>	333,002	381,572
Financial assets at fair value through profit or loss		47,092	42,554
Cash and bank balances		971	16,466
		<u>443,870</u>	<u>536,126</u>
Current liabilities			
Trade and other payables	<i>13</i>	75,694	60,802
Other borrowings		1,820	8,500
Interest-bearing bank borrowings		4,000	4,447
Lease liabilities		6,432	7,548
Unconvertible bonds		2,800	10,000
Tax payable		8,263	9,787
		<u>99,009</u>	<u>101,084</u>
Net current assets		<u>344,861</u>	435,042
Total assets less current liabilities		<u>769,525</u>	880,034
Non-current liabilities			
Interest-bearing bank borrowings		82,739	93,752
Deferred tax liabilities		–	9,696
Lease liabilities		30,691	39,560
		<u>113,430</u>	<u>143,008</u>
NET ASSETS		<u><u>656,095</u></u>	<u><u>737,026</u></u>
EQUITY			
Equity attributable to owners of the Company			
Share capital		106,867	106,867
Reserves		549,228	630,159
TOTAL EQUITY		<u><u>656,095</u></u>	<u><u>737,026</u></u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. STATEMENT OF COMPLIANCE

These consolidated 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 (“**HKFRS**”), 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 consolidated 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 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 consolidated 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

In the current year, the Group has applied 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 2022 for the preparation of the consolidated financial statements:

Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKFRS 16 (March 2021)	Covid-19 Related Rent Concessions beyond 30 June 2021
Annual Improvements Project	Annual Improvements to HKFRS Standards 2018-2020
Amendments to Accounting Guideline 5	Merger Accounting for Common Control Combinations

The application of 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.

(b) NEW AND AMENDMENTS TO HKFRSs ISSUED BUT NOT YET EFFECTIVE

The Group has not applied any new and revised HKFRSs that have been issued but are not yet effective for the financial year beginning 1 April 2022. 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 HKAS 1 – Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to HKAS 1 – Non-current Liabilities with Covenants	1 January 2024
Amendments to HKAS 1 and HKFRS Practice Statement 2 – Disclosure of Accounting Policies	1 January 2023
Amendments to HKAS 8 – Definition of Accounting Estimates	1 January 2023
Amendments to HKAS 12 – Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction	1 January 2023
Amendments to HKFRS 16 - Lease Liability in a Sales and Leaseback	1 January 2024
Amendments to HKFRS 10 and HKAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined by the HKICPA
Hong Kong Interpretation 5 (2020) Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2024

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 and money lending service segment offer very different products and services.

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, fair value change of trading securities and valuation gain of property under development. 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 2023 and 2022 is set out below.

	2023			2022		
	Properties investment <i>HK\$'000</i>	Money lending business <i>HK\$'000</i>	Total <i>HK\$'000</i>	Properties investment <i>HK\$'000</i>	Money lending business <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue from external customers	<u>24,779</u>	<u>43,476</u>	<u>68,255</u>	<u>25,112</u>	<u>61,258</u>	<u>86,370</u>
Reportable segment revenue	<u>24,779</u>	<u>43,476</u>	<u>68,255</u>	<u>25,112</u>	<u>61,258</u>	<u>86,370</u>
Reportable segment (loss)/profit before taxation, including:	(41,553)	(1,394)	(42,947)	22,226	17,051	39,277
Interest income on						
– Bank deposits	4	–	4	11	–	11
Depreciation and amortisation						
– Property, plant and equipment	(208)	–	(208)	(633)	–	(633)
– Right-of-use assets	(1,338)	–	(1,338)	(1,273)	–	(1,273)
Valuation loss on investment properties	(51,950)	–	(51,950)	(22,597)	–	(22,597)
Allowance of expected credit loss on loan and interest receivables and trade receivables	–	(54,244)	(54,244)	(3,086)	(40,922)	(44,008)
Finance costs	(8,731)	–	(8,731)	(9,523)	–	(9,523)
Reportable segment assets	<u>340,524</u>	<u>474,982</u>	<u>815,506</u>	<u>387,104</u>	<u>481,238</u>	<u>868,342</u>
Additions to non-current assets during the year	<u>1,005</u>	<u>–</u>	<u>1,005</u>	<u>15,901</u>	<u>–</u>	<u>15,901</u>
Reportable segment liabilities	<u>186,341</u>	<u>102</u>	<u>186,443</u>	<u>185,202</u>	<u>139</u>	<u>185,341</u>

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
(i) Revenue		
Total reportable segment revenue	<u>68,255</u>	<u>86,370</u>
Consolidated revenue	<u><u>68,255</u></u>	<u><u>86,370</u></u>
(ii) Profit		
Total reportable segments' profit	(42,947)	39,277
Unallocated corporate income	-	6,677
Depreciation	(1,277)	(1,275)
Unallocated finance costs	(319)	(1,339)
Unallocated corporate expenses	<u>(17,212)</u>	<u>(26,147)</u>
Consolidated (loss)/profit before taxation (from continuing operations)	<u><u>(61,755)</u></u>	<u><u>17,193</u></u>

4. REVENUE, OTHER INCOME AND OTHER GAINS AND LOSSES, NET

(a) Revenue

An analysis of revenue is as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Revenue from sources other than HKFRS 15:		
Rental income from investment properties	24,779	25,112
Loan interest income	<u>43,476</u>	<u>61,258</u>
	<u><u>68,255</u></u>	<u><u>86,370</u></u>
	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>

(b) Other income

Interest income on bank deposits	<u>4</u>	<u>11</u>
Sundry income	<u>-</u>	<u>6,715</u>
	<u><u>4</u></u>	<u><u>6,726</u></u>
	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>

(c) Other gains and losses

Loss on early termination of lease	(366)	-
Net foreign exchange gain	<u>480</u>	<u>17,137</u>
	<u><u>114</u></u>	<u><u>17,137</u></u>

5. FINANCE COSTS

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Interest expense on bank borrowings	6,664	7,634
Interest expense on other borrowings	39	602
Interest expense on unconvertible bonds	281	674
Interest expense on lease liabilities	<u>2,066</u>	<u>1,952</u>
Total interest expense on financial liabilities	<u><u>9,050</u></u>	<u><u>10,862</u></u>

6. INCOME TAX

Income tax of continuing operations recognised in profit or loss represents:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Hong Kong Profits Tax		
Current tax	4,410	9,902
Over-provision for the prior year	–	(114)
Deferred tax		
Origination and reversal of temporary differences	<u>(8,985)</u>	<u>(5,649)</u>
Income tax	<u><u>(4,575)</u></u>	<u><u>4,139</u></u>

For years ended 31 March 2023 and 31 March 2022, Hong Kong Profits Tax is calculated in accordance with the two-tiered profits tax rates regime for the qualifying corporation established in Hong Kong 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% (2022: 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 2023 and 2022.

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 completed during the year.

The loss for the years ended 31 March 2023 and 2022 from the discontinued financing operation is set out below.

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Revenue	–	–
Cost of sales	<u>–</u>	<u>–</u>
Gross loss	–	–
Administrative expenses	<u>–</u>	<u>(16)</u>
Loss from discontinued operation	<u><u>–</u></u>	<u><u>(16)</u></u>
Cash flows used in operating activities	–	(4)
Cash flows generated from investing activities	–	–
Cash flows generated from financing activities	<u>–</u>	<u>–</u>
Net outflows of cash	<u><u>–</u></u>	<u><u>(4)</u></u>

8. PROFIT BEFORE TAXATION FROM CONTINUING OPERATIONS

Profit before taxation from continuing operations is arrived at after charging/(crediting) the following:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Staff costs (including directors' remuneration)		
Salaries, wages and other benefits	7,096	8,578
Contribution to defined contribution retirement plans	<u>227</u>	<u>667</u>
	<u>7,323</u>	<u>9,245</u>
Other items		
Auditor's remuneration		
– audit services	942	880
– other services	150	150
Depreciation on property, plant and equipment	1,485	633
Depreciation on right-of-use assets	1,338	2,548
Gross rental income from investment properties	(27,411)	(25,112)
Allowance of expected credit loss on loan and interest receivables from money lending business, net	54,244	40,922
Allowance of expected credit loss on trade and other receivables	–	5,161
Variable lease payments not included in the measurement of lease liabilities	<u>720</u>	<u>1,833</u>

9. DIVIDENDS

The directors do not recommend the payment of a dividend in respect of the year ended 31 March 2023 (2022: nil).

10. (LOSSES)/EARNINGS PER SHARE

From continuing and discontinued operations

The calculation of basic losses per share is based on the loss attributable to owners of the Company of HK\$57,180,000 (2022: earnings of HK\$13,038,000) and on the weighted average number of 267,167,000 ordinary shares in issue during the year (2022: 181,616,000 ordinary shares).

From continuing operations

The calculation of basic losses per share is based on the losses attributable to owners of the Company of HK\$57,180,000 (2022: earnings of HK\$13,054,000) and on the weighted average number of 267,167,000 ordinary shares in issue during the year (2022: 181,616,000 ordinary shares).

From discontinued operations

Basic loss per share of the discontinued operations is HK\$nil cents per share (2022: HK\$0.01 cents per share) and diluted loss per share for the discontinued operations is HK\$nil cents per share (2022: HK\$0.01 cents per share), based on the loss for the year from the discontinued operations of HK\$nil (2022: HK\$16,000) and the denominators detailed above for both basic and diluted loss per share.

Diluted earnings per share

Diluted earnings per share equals to basic earnings per share because there is no potential dilutive shares outstanding for both years.

11. TRADE AND OTHER RECEIVABLES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Trade receivables	32,149	27,901
Less: loss allowance	<u>(11,571)</u>	<u>(11,571)</u>
Trade receivables (net)	<u>20,578</u>	<u>16,330</u>
Deferred rental receivables	<u>16,051</u>	<u>8,171</u>
Interest receivables from money lending business	7,126	24,190
Less: loss allowance	<u>(6,345)</u>	<u>(6,345)</u>
Interest receivables (net)	<u>781</u>	<u>17,845</u>
Other loan and interest receivables (note 11(2))	45,138	45,138
Less: loss allowance	<u>(45,138)</u>	<u>(45,138)</u>
	<u>–</u>	<u>–</u>
Other receivables (note 11(3))	<u>17,333</u>	<u>16,420</u>
Financial assets measured at amortised cost	54,743	58,766
Prepayments and deposits	8,062	7,905
Deposit for decoration	<u>–</u>	<u>29,805</u>
	<u>62,805</u>	<u>96,476</u>
Current portion	62,805	66,671
Non-current portion	<u>–</u>	<u>29,805</u>
	<u>62,805</u>	<u>96,476</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 net proceeds of 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 balance mainly represents other tax recoverable and cash advanced to staffs.

Ageing analysis

(i) Trade receivable

Trade receivables represent rental income receivables. Rental income receivables are payable by tenants/residents upon receipts of billings within an average credit term of 0-30 days.

Trade receivables are net of loss allowance of HK\$11,571,000 (2022: HK\$11,571,000) with the following ageing analysis presented based on invoice dates:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Within 1 month	5,386	3,930
1 to 3 months	7,692	3,281
3 to 6 months	4,864	4,588
Over 6 months	<u>2,636</u>	<u>4,531</u>
	<u><u>20,578</u></u>	<u><u>16,330</u></u>

(ii) Interest receivables

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Within 1 month	561	11,943
1 to 3 months	220	4,758
3 to 6 months	-	579
6 to 12 months	<u>-</u>	<u>565</u>
	<u><u>781</u></u>	<u><u>17,845</u></u>

Interest receivables are due immediately from the date of billing.

12. LOAN RECEIVABLES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Loan receivables		
– Secured loans	498,534	495,379
– Unsecured loans	<u>148,400</u>	<u>84,430</u>
	<u>646,934</u>	<u>579,809</u>
Less: Allowance for secured and unsecured loan receivables	<u>(171,631)</u>	<u>(117,169)</u>
	<u>475,303</u>	<u>462,640</u>
Amount due within one year included under current assets	333,002	381,572
Amount due after one year included under non-current assets	<u>142,301</u>	<u>81,068</u>
	<u>475,303</u>	<u>462,640</u>

Loan receivables

The loans to customers had a loan period ranging from 12 to 60 months (2022: 12 to 24 months). The loans provided to customers bore fixed interest rate ranging from 10% to 18% per annum (2022: 10% to 18% per annum) and were repayable according to the loan agreements.

Included in the secured loan balances are loans of approximately HK\$493,533,000 (2022: HK\$483,379,000) secured by unlisted shares, loans of approximately HK\$nil (2022: HK\$7,000,000) secured by irrecoverable bonds, loans of approximately HK\$5,000,000 (2022: HK\$5,000,000) secured by real estate in Hong Kong.

Ageing analysis

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Within 90 days	148,815	187,817
91 to 180 days	17,256	120,097
181 to 365 days	166,951	73,658
Over 365 days	<u>142,301</u>	<u>81,068</u>
	<u>440,533</u>	<u>462,640</u>

13. OTHER PAYABLES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Other payables and accruals	68,644	47,485
Amount due to a director	1,820	5,495
Amounts due to related parties	<u>–</u>	<u>1,500</u>
Financial liabilities measured at amortised cost	70,464	54,480
Deposit received for disposal of land	–	1,631
Rental deposit received	<u>5,230</u>	<u>4,691</u>
	<u>75,694</u>	<u>60,802</u>

DIVIDEND

The Directors do not recommend payment of any dividends in respect of the year ended 31 March 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

Operating Results

For the year under review, the Group's turnover for the continuing operation was approximately HK\$68.26 million (2022: approximately HK\$86.37 million), representing a decrease of approximately 20.97% compared with last year. The decrease in turnover was mainly due to decrease in loan interest income from the money lending business.

The audited net loss for the year was approximately HK\$57.18 million (2022: net profit of approximately HK\$13.04 million) and the basic loss per share from continuing and discontinued operations was HK21.40 cents (2022: basic earning per share was HK7.18 cents).

The loss of the Group was mainly attributable to expected credit loss on loan receivables and valuation loss on investment properties.

The administrative expenses of the Group for the year amounted to approximately HK\$16.92 million (2022: approximately HK\$26.86 million), representing a decrease of approximately 37% compared with last year, which was resulted from stringent cost control of the Group. The finance cost of the Group amounted to approximately HK\$9.05 million (2022: approximately HK\$10.86 million) which was mainly incurred for the interest-bearing borrowings under the security of investment properties in Shanghai and the unconvertible bonds issued by the Company and interest expense on lease liabilities.

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 2023, the aggregate gross floor area of the investment properties being held by the Group was approximately 7,004 square meters, 100% of which was leased to third parties under operating leases with lease terms ranging up to twelve years. For the year ended 31 March 2023, approximately 14,469 square meters of the 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 2023, the rental incomes of approximately HK\$24.78 million were recorded.

The money lending business generated steady interest income during the year. For the year ended 31 March 2023, the Group had a gross loan portfolio amounted to approximately HK\$646.93 million with the average interest rate of 11.47%. The interest income generated from the money lending business was approximately HK\$43.48 million for the year ended 31 March 2023.

Outlook

Going forward, the Group will keep on expanding the properties investment business so as to enhance the rental incomes of the 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 2023, the Group's net current assets were approximately HK\$344.86 million (2022: approximately HK\$435.04 million), including cash and bank balances of approximately HK\$0.97 million (2022: approximately HK\$16.47 million).

The Group had bank borrowings of approximately HK\$86.74 million as at 31 March 2023 (2022: approximately HK\$98.20 million), of which 4.61%, 5.14%, 20.62%, 69.63% 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 13.22% (2022: 13.32%).

Significant Investments

Investment with fair value accounting for more than 5% of the Group's total assets shall be considered as significant investment. The Company did not have significant investment as at 31 March 2023.

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 2023.

Charges On Group's Assets

As at 31 March 2023, the Group's investment properties with a value of approximately HK\$165.45 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 2023, the Group did not have any material contingent liability (2022: 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 2023.

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 2023.

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 2023 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 7 November 2022 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 2023 Audited 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 FINANCIAL INFORMATION

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 March 2023 have been agreed by the Group's auditors, McM (HK) CPA Limited to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by McM (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 McM (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 2023.

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

The Company's annual report for the year ended 31 March 2023 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.

EVENTS AFTER THE REPORTING PERIOD

On 30 June 2023, the Company's subsidiary signed a termination agreement with the aim of reaching a full and final settlement with Lessor. Consider the relevant event occurred after the year ended 31 March 2023 is indicative of condition that arose after the reporting period. The Investment property and lease liability related to the respective lease agreement are not derecognised as at the year ended 31 March 2023. Please refer to the Company's announcement dated 30 June 2023 for details.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 9:00 a.m. on 3 July 2023 pending publication of this 2023 Annual Results. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 7 September 2023.

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

Hong Kong, 6 September 2023

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.