



中國置業投資控股有限公司*

CHINA PROPERTIES INVESTMENT HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

Stock Code: 736

INTERIM REPORT

2020

* For identification purposes only

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Han Wei (*Chairman*)

Au Tat On

Wang Linbo

Independent Non-Executive Directors

Lai Wai Yin, Wilson

Cao Jie Min

Liang Kuo-Chieh

COMPANY SECRETARY

Wong Chi Yan

AUTHORISED REPRESENTATIVES

Au Tat On

Wong Chi Yan

AUDITOR

Cheng & Cheng Limited

LEGAL ADVISER

H.Y. Leung & Co. LLP Solicitors

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STOCK CODE

736

PRINCIPAL BANKERS

ICBC (Asia)

CMB Wing Lung Bank

CHINA PROPERTIES INVESTMENT HOLDINGS LIMITED

The board (the “board”) of directors (the “directors”) of China Properties Investment Holdings Limited (the “company”) hereby announces the unaudited condensed consolidated interim results of the company and its subsidiaries (together the “group”) for the six months ended 30 September 2020, together with the comparative figures of the corresponding period last year as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 September 2020

	Notes	Six months ended 30 September 2020 (Unaudited) HK\$'000	2019 (Unaudited) (Restated) HK\$'000
Revenue	6	32,538	27,042
Cost of sales and services rendered		–	(1,163)
Gross profit		32,538	25,879
Valuation loss on investment properties		(3,210)	(6,553)
Other income	7(a)	246	214
Other gains or losses	7(b)	12,738	(12,806)
Administrative expenses		(18,862)	(25,275)
Other expenses	8(d)	(1,882)	(2,093)
Profit/(Loss) from operations		21,568	(20,634)
Finance costs	8(a)	(5,294)	(4,546)
Profit/(Loss) before taxation from continuing operations		16,274	(25,180)
Income tax credit	8 9(a)	(1,586)	1,315
Profit/(Loss) for the year from continuing operations		14,688	(23,865)
Profit/(Loss) from discontinued operations	10	641	(4,145)
Profit/(Loss) for the period		15,329	(28,010)
Attributable to:			
Owners of the company		15,329	(28,010)
Earnings/(Loss) per share	12		
From continuing and discontinued operations			
– Basic		HK11.48 cents	(HK21.05 cents)
– Diluted		HK11.48 cents	(HK21.05 cents)
From continuing operations			
– Basic		HK11.00 cents	(HK17.94 cents)
– Diluted		HK11.00 cents	(HK17.94 cents)

The notes on pages 8 to 33 form part of this condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2020

	Six months ended	
	30 September	
	2020	2019
	(Unaudited)	(Unaudited)
		(Restated)
	HK\$'000	HK\$'000
Profit/(Loss) for the period	15,329	(28,010)
Other comprehensive income/(loss) for the period		
Items that may reclassified subsequently to profit or loss:		
Exchange differences arising on translation of:		
– financial statements of group entities	<u>6,898</u>	<u>(29,935)</u>
Total comprehensive loss for the period	<u>22,227</u>	<u>(57,945)</u>
Attributable to:		
Owners of the company	<u>22,227</u>	<u>(57,945)</u>

The notes on pages 8 to 33 form part of this condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2020

	<i>Notes</i>	30/9/2020 (Unaudited) HK\$'000	31/3/2020 (Audited) HK\$'000
Non-current assets			
Property, plant and equipment	13	39,389	5,208
Right-of-use assets	13	36,573	7,926
Investment properties	14	212,309	206,834
Financial assets at fair value through profit or loss	15	–	1,296
Loan receivables	17	299,389	79,903
		<u>587,660</u>	<u>301,167</u>
Current assets			
Property under development		20,702	19,481
Trade and other receivables	16	55,400	51,122
Loan receivables	17	134,190	324,726
Financial assets at fair value through profit or loss	15	28,500	31,113
Cash and bank balances – trust accounts		1,058	1,058
Cash and bank balances – general accounts		6,897	18,527
		<u>246,747</u>	<u>446,027</u>
Current liabilities			
Trade and other payables		38,814	6,639
Interest-bearing bank borrowings		2,641	6,569
Unconvertible bonds	18	10,000	18,333
Lease liabilities		5,101	4,512
Tax payable		2,761	372
		<u>59,317</u>	<u>36,425</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION*(continued)*

AS AT 30 SEPTEMBER 2020

	<i>Notes</i>	30/9/2020 (Unaudited) HK\$'000	31/3/2020 (Audited) HK\$'000
Net current assets		187,430	409,602
Total assets less current liabilities		775,090	710,769
Non-current liabilities			
Interest-bearing bank borrowings		99,293	81,015
Deferred tax liabilities	<i>9(b)</i>	7,383	7,876
Lease liabilities		31,253	6,944
Unconvertible bonds	<i>18</i>	10,000	10,000
		147,929	105,835
NET ASSETS		627,161	604,934
Equity			
Equity attributable to owners of the company			
Share capital	<i>19</i>	53,433	53,433
Reserves		573,728	551,501
TOTAL EQUITY		627,161	604,934

The notes on pages 8 to 33 form part of this condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

	Attributable to owners of the company							
	Share capital HK\$'000	Share premium HK\$'000	Special reserve HK\$'000	Contributed surplus HK\$'000	Employee share-based compensation reserve HK\$'000	Exchange fluctuation reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 April 2019 (Audited)	48,576	2,064,777	(11,153)	136,012	39,387	7,651	(1,588,212)	697,038
Total comprehensive loss for the period	-	-	-	-	-	(29,935)	(28,010)	(57,945)
Issue of share upon exercise of share options	4,857	9,910	-	-	-	-	-	14,767
At 30 September 2019 (Unaudited)	53,433	2,074,687	(11,153)	136,012	39,387	(22,284)	(1,616,222)	653,860
At 1 April 2020 (Audited)	53,433	2,086,682	(11,153)	136,012	27,392	(6,629)	(1,680,803)	604,934
Total comprehensive income for the period	-	-	-	-	-	6,898	15,329	22,227
At 30 September 2020 (Unaudited)	53,433	2,086,682	(11,153)	136,012	27,392	269	(1,665,474)	627,161

The notes on pages 8 to 33 form part of this condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

	Six months ended 30 September	
	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000
Net cash used in operating activities	3,481	(43,739)
Net cash generated from investing activities	(11,038)	523
Net cash generated from financing activities	<u>(4,419)</u>	<u>36,590</u>
Net decrease in cash and cash equivalents	(11,976)	(6,626)
Cash and cash equivalents at beginning of period	18,527	40,654
Effect of foreign exchange rate changes, net	<u>346</u>	<u>(870)</u>
Cash and cash equivalents at end of period	<u>6,897</u>	<u>33,158</u>

The notes on pages 8 to 33 form part of this condensed consolidated financial statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

1. CORPORATE INFORMATION

The company was incorporated in Bermuda with limited liability under the Companies Act (1981) of Bermuda and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The company is an investment holding company. The principal activities of its subsidiaries are investment holding, property investment and money lending.

2. BASIS OF PREPARATION OF FINANCIAL INFORMATION

The unaudited condensed consolidated financial statements for the six months ended 30 September 2020 have been prepared in accordance with the applicable disclosure provision of the Rules Governing the Listing of Securities on the Stock Exchange, including compliance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

The preparation of the unaudited condensed consolidated financial statements is in conformity with HKAS 34 requiring management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

3. PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements have been prepared in accordance with the same accounting policies adopted in the annual financial statements for the year ended 31 March 2020, except for the additional accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standard (“HKFRSs”). The unaudited condensed consolidated financial statements do not include all the information and disclosures required for an annual financial statements, and should be read in conjunction with the financial statements of the group for the year ended 31 March 2020.

The measurement basis used in the preparation of the financial statement is the historical cost basis except that the following assets are stated at their fair value:

- investment properties
- financial assets at fair value through profit or loss

The unaudited condensed consolidated interim financial information for the period ended 30 September 2020 comprise the company and its subsidiaries.

3. PRINCIPAL ACCOUNTING POLICIES *(continued)*

In the current interim period, the Group has applied the Amendments to References 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 Group's condensed consolidated financial statements:

Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform
Amendment to HKFRS 16	Covid-19-Related Rent Concessions (early adopted)
Amendments to HKAS 1 and HKAS 8	Definition of Material

The application of the Amendments to References to the Conceptual Framework in HKFRS Standards and the amendments to HKFRSs in the current period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

4. SEGMENT REPORTING

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

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

i) Properties investment

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

ii) Money lending business

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

4. SEGMENT REPORTING (continued)

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 period ended 30 September 2020 and 2019 is set out below.

	Six months ended 30 September 2020 (Unaudited)			Six months ended 30 September 2019 (Unaudited) (Restated)		
	Properties investment	Money lending business	Total	Properties investment	Money lending business	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue from external customers	<u>7,550</u>	<u>24,988</u>	<u>32,538</u>	<u>5,165</u>	<u>21,877</u>	<u>27,042</u>
Reportable segment revenue	<u>7,550</u>	<u>24,988</u>	<u>32,538</u>	<u>5,165</u>	<u>21,877</u>	<u>27,042</u>
Reportable segment (loss)/profit before taxation	<u>(3,798)</u>	<u>39,487</u>	<u>35,689</u>	<u>(8,267)</u>	<u>21,283</u>	<u>13,016</u>
Unallocated Corporate income			<u>18</u>			<u>498</u>
Depreciation			<u>(1,157)</u>			<u>(1,530)</u>
Interest income			<u>12</u>			<u>75</u>
Finance cost			<u>(5,294)</u>			<u>(292)</u>
Loss on dealing of financial assets at fair value through profit or loss			<u>(3,884)</u>			<u>(12,905)</u>
Exchange gain			<u>-</u>			<u>99</u>
Valuation loss on investment properties			<u>(3,210)</u>			<u>(6,553)</u>
Unallocated Corporate expenses			<u>(5,900)</u>			<u>(17,588)</u>
Profit/(Loss) before taxation			<u><u>16,274</u></u>			<u><u>(25,180)</u></u>

4. SEGMENT REPORTING (continued)

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

	As at 30 September 2020 (Unaudited) HK\$'000	As at 31 March 2020 (Audited) HK\$'000
(i) Assets		
Total reportable segments' assets	762,870	662,378
From discontinued operations	2,447	5,365
Property under development	20,702	19,481
Financial assets at fair value through profit or loss	28,500	32,409
Unallocated corporate assets	19,888	27,561
	<u>834,407</u>	<u>747,194</u>
Consolidated total assets	<u>834,407</u>	<u>747,194</u>
(ii) Liabilities		
Reportable segments' liabilities	170,978	96,329
From discontinued operations	1,255	4,810
Unconvertible bonds	20,000	28,333
Tax payables	2,581	372
Deferred tax liabilities	7,383	7,876
Unallocated corporate liabilities	5,049	4,540
	<u>207,246</u>	<u>142,260</u>
Consolidated total liabilities	<u>207,246</u>	<u>142,260</u>

4. SEGMENT REPORTING (continued)

c) Revenue from major services

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

	Six months ended 30 September	
	2020 (Unaudited)	2019 (Unaudited) (Restated)
	HK\$'000	HK\$'000
Properties investment	7,550	5,165
Money lending business	24,988	21,877
	32,538	27,042

d) Geographic information

The following is an analysis of geographical location of the group's revenue from external customers. The geographical location of customers refers to the location at which the services were provided or the goods delivered.

	Revenue from external customers		Non-current assets	
	Six months ended 30 September 2020 (Unaudited) HK\$'000	Six months ended 30 September 2019 (Unaudited) (Restated) HK\$'000	As at 30 September 2020 (Unaudited) HK\$'000	As at 31 March 2020 (Audited) HK\$'000
Hong Kong (place of domicile)	24,988	3,499	780	2,343
PRC	7,550	23,543	286,757	216,440
Others	–	–	734	1,185
	32,538	27,042	288,271	219,968

5. SEASONALITY OF OPERATIONS

The group's business in properties leasing and money lending business had no specific seasonality factor.

6. REVENUE

Disaggregation of Revenue

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

	Six months ended	
	30 September	
	2020	2019
	(Unaudited)	(Unaudited)
		(Restated)
	HK\$'000	HK\$'000
Rental income from investment properties	7,550	5,165
Loan interest income	24,988	21,877
	32,538	27,042

7. OTHER INCOME AND OTHER GAINS OR LOSSES

	Six months ended	
	30 September	
	2020	2019
	(Unaudited)	(Unaudited)
	(Restated)	(Restated)
	HK\$'000	HK\$'000
a) Other income		
Interest income on bank deposits	12	113
Dividend income	–	77
Sundry income	234	24
	<u>246</u>	<u>214</u>
	<u>246</u>	<u>214</u>
b) Other gains or losses		
Realised loss on unlisted investments fund	(180)	(13,203)
Unrealised (loss)/gain on trading securities	(3,704)	298
Net foreign exchange gain	16,622	99
	<u>16,622</u>	<u>99</u>
	<u>12,738</u>	<u>(12,806)</u>

8. PROFIT/LOSS BEFORE TAXATION – CONTINUING OPERATIONS

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

	Six months ended 30 September	
	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000
a) Finance costs		
Interest expense on interest-bearing bank borrowings	3,979	3,739
Interest expense on unconvertible bonds	625	501
Interest expense on lease liabilities	648	306
Interest expense on other loan	42	–
	<u>5,294</u>	<u>4,546</u>
Total interest expense on financial liabilities not at fair value through profit or loss		
	<u>5,294</u>	<u>4,546</u>
b) Staff costs (including directors' remuneration)		
Salaries, wages and other benefits	6,095	9,559
Contribution to defined contribution retirement plans	211	365
	<u>6,306</u>	<u>9,924</u>
c) Other items		
Auditor's remuneration		
– other services	300	470
Minimum lease payments under operating lease		
– rented premises, including management's quarters of HK\$360,000 (2019: HK\$360,000)	403	1,142
Depreciation		
– owned plant and equipment	2,245	1,490
– right-of-use asset	3,009	2,642
Gross rental income from investment properties less direct outgoings of Nil (2019: HK\$1,164,000)	<u>(7,550)</u>	<u>(4,001)</u>
d) Other expenses		
Allowance of expected credit loss on loan receivables	<u>1,882</u>	<u>2,093</u>

9. INCOME TAX EXPENSES/(CREDIT)

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

	Six months ended	
	30 September	
	2020	2019
	(Unaudited)	(Unaudited)
		(Restated)
	HK\$'000	HK\$'000
Current tax		
Hong Kong Profits Tax	2,389	323
Deferred tax		
Origination and reversal of temporary differences	(803)	(1,638)
Income tax expenses/(credit) relating to continuing operations	<u>1,586</u>	<u>(1,315)</u>

Note:

- i) On 21 March 2019, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2018 (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 six months ended 30 September 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% (2019: 16.5%).

- ii) The PRC enterprise income tax ("EIT") for the period ended 30 September 2020 is 25% (2019: 25%). The EIT has not been provided for as the group has incurred losses in PRC for the period.

9. INCOME TAX EXPENSES/(CREDIT) (continued)

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

	Intangible assets HK\$'000	Revaluation of investment properties HK\$'000	Total HK\$'000
At 1 April 2019 (Audited)	335	11,701	12,036
Deferred tax credited to the profit or loss	(335)	(3,158)	(3,493)
Exchange alignment	-	(667)	(667)
	<u>-</u>	<u>(667)</u>	<u>(667)</u>
At 31 March 2020 (Audited)	<u>-</u>	<u>7,876</u>	<u>7,876</u>
At 1 April 2020 (Audited)	-	7,876	7,876
Deferred tax credited to the profit or loss	-	(803)	(803)
Exchange alignment	-	310	310
	<u>-</u>	<u>310</u>	<u>310</u>
At 30 September 2020 (Unaudited)	<u>-</u>	<u>7,383</u>	<u>7,383</u>

10. 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 30 September 2020.

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

	Six months ended	
	30 September	
	2020	2019
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Revenue	–	433
Cost of Sales	–	(488)
	<u>–</u>	<u>(488)</u>
Gross loss	–	(55)
Other income/(loss)	(3)	49
Administrative expenses	(2,545)	(4,207)
Finance cost	(34)	–
Gain on terminations of lease	3,223	–
Income tax credit	–	68
	<u>–</u>	<u>68</u>
Profit/(Loss) from discontinued operation	641	(4,145)
	<u>641</u>	<u>(4,145)</u>
Cash flows used in operating activities	(1,694)	3,195
Cash flows generated from investing activities	–	(336)
Cash flows generated from financing activities	–	–
	<u>–</u>	<u>–</u>
Net (outflow)/inflow of cash	(1,694)	2,859
	<u>(1,694)</u>	<u>2,859</u>

11. DIVIDENDS

The directors of the company do not recommend the payment of any interim dividend for the six months ended 30 September 2020 (2019: Nil).

12. EARNINGS/LOSS PER SHARE**a) Basic earnings/loss per share - from continuing and discontinued operations**

The calculation of basic earnings/loss per share is based on the profit or loss attributable to owners of the company of HK\$15,329,000 (2019: loss of HK\$28,010,000) and the following data:

Weighted average number of ordinary shares:

	Six months ended	
	30 September	30 September
	2020	2019
	(Unaudited)	(Unaudited)
		(Restated)
	'000	'000
Weighted average number of ordinary shares at 30 September	<u>133,584</u>	<u>133,052</u>

The weighted average number of ordinary shares for the purpose of basic loss per share has been adjusted for share consolidation that took place on 8 January 2020.

b) From continuing operations

The calculation of basic earnings/loss per share is based on the profit or loss attributable to owners of the company of HK\$14,688,000 (2019 (restated): loss of HK\$23,865,000) and on the weighted average number of 133,584,000 ordinary shares in issue during the year (2019: 133,052,000 ordinary shares).

c) From discontinuing operations

Basic earnings/loss per share for the discontinued operations is HK\$0.48 cents per share (2019 (restated): loss of HK\$3.11 cents per share) based on the profit for the period from the discontinued operations of HK\$641,000 (2019 (restated): loss of HK\$4,145,000) and the denominators detailed above for both basic and diluted earnings/loss per share.

d) Diluted earnings/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 period ended 30 September 2019.

The computation of diluted earnings per share does not assume the exercise of the Company's option because the exercise price of those options was higher than the average market price for shares for the period ended 30 September 2020.

13. MOVEMENT IN PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

(a) Right-of-use assets

During the six months ended 30 September 2020, the group entered into a new lease agreement, and therefore recognised the additions to right-of-use assets of approximately HK\$31,451,000 (31 March 2020: approximately HK\$5,275,000).

(b) Property, plant and equipment

During the six months ended 30 September 2020, the group acquired plant and equipment with a cost of approximately HK\$35,429,000 (31 March 2020: approximately HK\$2,280,000).

14. INVESTMENT PROPERTIES

HK\$'000

Valuation:

At 1 April 2019 (Audited)	229,192
Additions	4,676
Losses on revaluation	(12,628)
Exchange alignment	(14,406)
	<hr/>
At 31 March 2020 (Audited)	206,834
	<hr/>
At 1 April 2020 (Audited)	206,834
Losses on revaluation	(3,210)
Exchange alignment	8,685
	<hr/>
At 30 September 2020 (Unaudited)	212,309
	<hr/>

All of the group's investment properties are held in the PRC.

All of the group's investment properties were revalued on 30 September 2020 and 31 March 2020 by Castores Magi (Hong Kong) Limited, an independent firm of professional valuers, who has recognised and relevant professional qualification and recent experience in the location and category of properties being valued. The properties had been revalued based on the income capitalisation approach. The investment properties are leased to third parties under operating leases.

As at 30 September 2020 the group's investment properties with a value of approximately HK\$212,309,000 (31 March 2020: approximately HK\$206,834,000) were pledged to secure the interest-bearing bank borrowings granted to the group.

15. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

(a) Financial assets at fair value through profit or loss

As at 30 September 2020, the group's financial assets at FVTPL include unlisted investments fund and trading securities with the following details:

	Unlisted investments fund HK\$'000	Trading securities (Note i) HK\$'000	Total HK\$'000
Balance at 1 April 2019 (Audited)	45,509	31,331	76,840
Additions	–	4,294	4,294
Compulsory redemption	(33,446)	17,971	(15,475)
Realised loss on disposal on unlisted investments fund	(9,271)	–	(9,271)
Unrealised loss on fair value change	(1,496)	(13,355)	(14,851)
Sale proceeds	–	(16,940)	(16,940)
Exchange alignment	–	7,812	7,812
Balance at 31 March 2020 (Audited)	1,296	31,113	32,409
Balance at 1 April 2020 (Audited)	1,296	31,113	32,409
Compulsory redemption	(1,091)	1,091	–
Realised loss on disposal on unlisted investments fund	(180)	–	(180)
Unrealised (loss)/gain on fair value change	–	(3,704)	(3,704)
Exchange alignment	(25)	–	(25)
Balance at 30 September 2020 (Unaudited)	–	28,500	28,500
Analysed for reporting purpose as:			
Current assets	–	31,113	31,113
Non Current assets	1,296	–	1,296
Balance at 31 March 2020 (Audited)	1,296	31,113	32,409
Current assets	–	28,500	28,500
Non Current assets	–	–	–
Balance at 30 September 2020 (Unaudited)	–	28,500	28,500

CHINA PROPERTIES INVESTMENT HOLDINGS LIMITED

15. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

(a) Financial assets at fair value through profit or loss (continued)

Note i:

Details of the investments in trading securities were as follows:

Stock Name	Stock Code	Nature of business	No. of share held 31/3/2020	Approx. % shareholding as at 31/3/2020	Market value as at 31/3/2020 HK\$'000	Change in no. of share held for the period ended 30/9/2020	No. of share held 30/9/2020	Approx. % shareholding as at 30/9/2020	Market value as at 30/9/2020 HK\$'000	Realised gain/ (loss) on disposal for the period ended 30/9/2020 HK\$'000	Unrealised gain/ (loss) on fair value change for the period ended 30/9/2020 HK\$'000	Total gain/ (loss) on dealing of trading securities for the period ended 30/9/2020 HK\$'000
SEEC MEDIA*	205	Advertising and sales of books and magazines, Securities Broking, Money lending, E-commerce	93,300,000	1.5%	1,026	(88,635,000)	4,665,000	1.2%	821	-	(205)	(205)
QPL International [†]	243	Manufacture and sale of integrated circuit lead frames heatinks, stiffeners and investment holding	14,571,000	0.6%	350	(13,356,750)	1,214,250	0.7%	243	-	(107)	(107)
AMCO United Holding Limited	630	Engaged in manufacture and sale of medical devices products and plastic moulding products; provision of construction services; provision of money lending and investment in securities	36,970,000	2.0%	3,364	-	36,970,000	1.8%	4,252	-	887	887
CN CULTURE GP [†]	745	Engaged in e-commerce, advertisement and movie production businesses	131,000,000	1.3%	1,310	(124,450,000)	6,550,000	1.3%	511	-	(799)	(799)
Unity Investments Holdings Limited	913	Investment in listed companies in Hong Kong stock markets, and also investment in unlisted companies.	2,633,000	1.4%	442	-	2,633,000	1.2%	342	-	(100)	(100)
China Envirional Energy Investment Limited	986	Carrying trading of gold and diamond; money lending business; Internet service and financial service	5,374,000	0.86%	720	-	5,374,000	0.9%	1,854	-	1,134	1,134
Milan Station Holdings Limited	1150	Retailing of handbags, fashion accessories and embellishments operation	3,250,000	1.6%	384	-	3,250,000	1.6%	367	-	(16)	(16)
Bolva Holding Company Limited*	1190	Engaged in the manufacture and sale of sanitary ware and accessories	9,116,000	0.7%	-	-	9,116,000	0.7%	-	-	-	-
Lerado Financial Group Company Limited*	1225	Providing financial services, including securities broking, margin financing and money lending etc., and manufacturing and distributing children plastic toys and medical care products	107,000,000	4.6%	-	-	107,000,000	4.7%	-	-	-	-
Luxuo Group Limited (formerly known as "Time2U International Holding Limited") [†]	1327	Engaged in the manufacture and sales of own-branded watches, OEM watches and third-party watches	3,000,000	0.9%	390	(27,000,000)	3,000,000	0.7%	420	-	30	30
KINGLAND GROUP	1751	Provision of concrete demolition service in Hong Kong and Macau mainly as a subcontractor	-	-	-	600,000	600,000	0.1%	118	-	(28)	(28)

15. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

(a) Financial assets at fair value through profit or loss (continued)

Note i: (continued)

Stock Name	Stock Code	Nature of business	No. of share held 31/3/2020	Approx. % shareholding as at 31/3/2020	Market value as at 31/3/2020 HK\$'000	Change in no. of share held for the period ended 30/9/2020	No. of share held 30/9/2020	Approx. % shareholding as at 30/9/2020	Market value as at 30/9/2020 HK\$'000	Realised gain/(loss) on disposal for the period ended 30/9/2020 HK\$'000	Unrealised gain/(loss) on fair value change for the period ended 30/9/2020 HK\$'000	Total gain/(loss) on dealing of trading securities for the period ended 30/9/2020 HK\$'000		
Sino Splendid Holdings Limited	8006	Engaged in travel media operations; provision of contents and advertising services in a well-known financial magazine; investment in securities and money lending business	19,000,000	4.9%	1,596	-	19,000,000	4.1%	1,520	-	(76)	(76)		
Hao Wen Holdings Limited*	8019	Carrying money lending business, trading and manufacturing of biomass fuel and trading of electronic parts	75,000,000	3.5%	2,475	(67,500,000)	7,500,000	3.5%	1,275	-	(1,200)	(1,200)		
WLS Holdings	8021	Engaged in the position of scaffolding and fitting out services and management contracting services for construction and buildings work, money lending business and securities investment business	378,000,000	2.6%	10,584	(23,500,000)	401,500,000	2.8%	13,651	-	2,315	2,315		
KPM Holding Limited*	8027	Provision of design, fabrication, installation and maintenance of signage and related products	48,000,000	1.5%	960	(46,080,000)	1,920,000	1.5%	396	-	(564)	(564)		
Loney International (Holdings) Limited*	8041	Engaged in manufacturing and trading of high-end swimwear and garment products; trading and provision of on-line shopping and media related services; and money lending business	61,240,000	0.9%	3,797	(55,116,000)	6,124,000	0.8%	888	-	(2,909)	(2,909)		
China 33 Media Group Limited*	8087	Provision of advertising services of printed media for railway networks; film and entertainment investment in Hong Kong and the PRC; and prepaid card business in Hong Kong	142,780,000	2.5%	2,427	(128,502,000)	14,278,000	2.1%	1,199	-	(1,228)	(1,228)		
ASIA PAC FIN INV	8193	Investment holding	-	-	-	935,000	935,000	0.3%	75	-	(118)	(118)		
Wealth Glory Holdings Limited	8269	Trading of natural resources and commodities; money lending business; investment in coal trading business; development and promotion of brands; design, manufacture and sale of trendy fashion merchandises and other consumer products; and investment in securities	6,925,000	3.4%	1,288	-	6,925,000	3.4%	568	-	(720)	(720)		
					31,113						28,500	-	(3,704)	(3,704)

* Suspend trading

Share consolidation during the period

Note:

- The market values of the trading securities are based on their closing bid prices at the end of the reporting period.
- None of the above trading securities is individually carrying at value more than 5% of the group's net assets.

16. TRADE AND OTHER RECEIVABLES

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

	At 30 September 2020 (Unaudited) HK\$'000	At 31 March 2020 (Audited) HK\$'000
Within 1 month	1,585	930
1 to 3 months	2,544	1,859
3 to 6 months	–	1,845
Over 6 months	328	1,214
	<u>4,457</u>	<u>5,848</u>
Trade receivables	4,457	5,848
Deferred rental receivables	7,649	5,259
	<u>12,224</u>	<u>7,334</u>
Within 1 month	12,224	7,334
1 to 3 months	7,821	9,652
3 to 6 months	1,252	2,061
Over 6 months	–	–
	<u>21,297</u>	<u>19,047</u>
Interest receivables from money lending business	21,297	19,047
	<u>21,997</u>	<u>20,968</u>
Other receivables	21,997	20,968
	<u>55,400</u>	<u>51,122</u>

Note:

All of the trade and other receivables are expected to be recovered or recognised as expense within one year.

17. LOAN RECEIVABLES

	At 30 September 2020 (Unaudited) HK\$'000	At 31 March 2020 (Audited) HK\$'000
Loan receivables arising from:		
– Money lending business	479,420	447,023
Less: Allowance for expected credit losses	<u>(45,841)</u>	<u>(42,394)</u>
	<u>433,579</u>	<u>404,629</u>
Amounts due within one year included under current assets	134,190	324,726
Amounts due after one year included under non-current assets	<u>299,389</u>	<u>79,903</u>
	<u>433,579</u>	<u>404,629</u>

Note:

During the period ended 30 September 2020, the group lent total amount of HK\$479,420,000 (31 March 2020: HK\$447,023,000) to independent third parties. These loan receivables had 12 to 24 month loan periods and bore interest— at rates ranged from 10% to 18% per annum, and the corresponding interest were expected to be repaid on a monthly, quarterly or yearly basis. These loan receivables were secured by property located in Hong Kong or private equities.

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

	At 30 September 2020 (Unaudited) HK\$'000	At 31 March 2020 (Audited) HK\$'000
Due within 1 month or on demand	12,475	40,507
Due after 1 month but within 3 months	6,300	109,144
Due after 3 months but within 6 months	28,961	132,894
Due after 6 months but within 12 months	86,454	42,181
Due after 12 months	<u>299,389</u>	<u>79,903</u>
	<u>433,579</u>	<u>404,629</u>

18. UNCONVERTIBLE BONDS

	At 30 September 2020 (Unaudited) HK\$'000	At 31 March 2020 (Audited) HK\$'000
Non-current portion	10,000	10,000
Current portion	<u>10,000</u>	<u>18,333</u>
Unconvertible bonds	<u><u>20,000</u></u>	<u><u>28,333</u></u>

The amount represented two unconvertible bonds of total HK\$20,000,000 (31 March 2020: eight, HK\$28,333,000) with HK\$10,000,000 each. As at 30 September 2020, accrued interest of HK\$884,000 (31 March 2020: HK\$382,000) was included in other payables and accruals. The unconvertible bonds bear interest at 5% per annum on the outstanding aggregate principal amount. The interest is payable in arrears annually on the anniversary of issue date or redemption date. The company may redeem principal amounts of outstanding bonds in whole or in part at any time before the maturity date. The maturity date of the unconvertible bonds are 7 years from their issue date i.e. 7 February 2020 and 4 December 2020 respectively.

19. SHARE CAPITAL

	Number of ordinary shares '000	Per share HK\$	HK\$'000
Authorised:			
At 1 April 2019 (Audited)	30,000,000	0.01	300,000
Shares consolidation	<u>(29,250,000)</u>		<u>–</u>
At 31 March 2020 (Audited) and 30 September 2020 (Unaudited)	<u>750,000</u>	<u>0.40</u>	<u>300,000</u>
			HK\$'000
Issued and fully paid:			
At 1 April 2019 (Audited)	4,857,582	0.01	48,576
Shares issued under share option scheme	485,750	0.01	4,857
Shares consolidation	<u>(5,209,748)</u>		<u>–</u>
At 31 March 2020 (Audited) and 30 September 2020 (Unaudited)	<u>133,584</u>	<u>0.40</u>	<u>53,433</u>

20. EQUITY SETTLED SHARE-BASED TRANSACTIONS

The company has a share option scheme which was adopted on 16 December 2011 whereby the directors of the company are authorised, at their discretion, to invite the company's employees, company's director (including independent non-executive directors), other employees and director of the group, suppliers of goods or services to the group, customers of the group, persons or entities that provided research, development or other technological support to the group, any shareholder of the group (collectively "Participant") and any company wholly owned by one or more persons belonging to any of the Participant, to take up options at a nominal consideration to subscribe for ordinary shares of the company. The exercise price of options should be the highest of the nominal value of the shares, the closing price of the shares on the SEHK on the date of grant and the average closing price of the shares on the SEHK for the five business days immediately preceding the date of grant. The share option scheme shall be valid and effective for a period of ten years ending on 15 December 2021, after which no further options will be granted.

The option vest immediately from the date of grant and then exercisable within a period of 5 years (i) from 11 July 2017 to 10 July 2022, (ii) from 10 October 2017 to 9 October 2022 or (iii) from 25 March 2019 to 24 March 2024. Each option gives the holder the right to subscribe for one ordinary share in the company and is settled gross in shares.

a) The terms and condition of the grant are as follows:

<u>Date of grant</u>	<u>Exercisable period</u>	<u>Adjusted Exercise price (before share consolidation exercise price)</u>	<u>Number of share options (before share consolidation)</u>
i) Options granted to directors			
10 October 2017	10 October 2017 to 9 October 2022	HK\$2 (HK\$0.05)	2,428,750 (97,150,000)
ii) Options granted to employees			
11 July 2017	11 July 2017 to 10 July 2022	HK\$2.32 (HK\$0.058)	2,022,500 (80,900,000)
10 October 2017	10 October 2017 to 9 October 2022	HK\$2 (HK\$0.05)	9,715,000 (388,600,000)
iii) Options granted to service providers			
25 March 2019	25 March 2019 to 24 March 2024	N/A (HK\$0.0304)	N/A (485,750,000)
			<u>14,166,250</u> <u>(1,052,400,000)</u>

20. EQUITY SETTLED SHARE-BASED TRANSACTIONS (continued)

a) The terms and condition of the grant are as follows: (continued)

For the period ended 30 September 2020

	Number of share options			Date of grant of share options*	Exercisable period of share options	Exercise price of share options** HK\$
	Outstanding at 1 April 2020	Exercised during the period	Outstanding at 30 September 2020			
Directors						
Mr Xu Dong (resigned on 12 December 2017)	1,214,375	-	1,214,375	10-10-2017	10-10-2017 to 9-10-2022	2
Mr Han Wei	1,214,375	-	1,214,375	10-10-2017	10-10-2017 to 9-10-2022	2
	<u>2,428,750</u>	<u>-</u>	<u>2,428,750</u>			
Employees						
Other employees	2,022,500	-	2,022,500	11-7-2017	11-7-2017 to 10-7-2022	2.32
Other employees	9,715,000	-	9,715,000	10-10-2017	10-10-2017 to 9-10-2022	2
	<u>11,737,500</u>	<u>-</u>	<u>11,737,500</u>			
Total number of share options	<u>14,166,250</u>	<u>-</u>	<u>14,166,250</u>			

* The share options vested immediately from the date of the grant.

** The exercise price of the share option is subject of adjustment in the case of rights issues, or other relevant changes in the company's share capital.

20. EQUITY SETTLED SHARE-BASED TRANSACTIONS (continued)

- b) The number and weighted average exercise price of share options under the scheme are as follows:

	30 September 2020		March 2020	
	Weighted average exercise price HK\$	Number of shares issuable under options	Weighted average exercise price HK\$	Number of shares issuable under options
Outstanding at 1 April	2.046	14,166,250	0.042	1,052,400,000
Exercised during the period	-	-	0.0304	(485,750,000)
Share consolidation	-	-	-	(52,483,750)
Outstanding at the end of period/year	<u>2.046</u>	<u>14,166,250</u>	<u>2.046</u>	<u>14,166,250</u>
Exercisable at the end of the period/year	<u>2.046</u>	<u>14,166,250</u>	<u>2.046</u>	<u>14,166,250</u>

The share option scheme is governed by chapter 17 of the Listing Rules. No option has been granted for the period ended 30 September 2020.

The share options outstanding at 30 September 2020 had an exercise price of HK\$2 or HK\$2.32 and a weighted average remaining contractual life of 1.99 years.

21. RELATED PARTY TRANSACTIONS

The group had the following transactions with related parties during the six months ended 30 September 2019.

a) Key management personnel emoluments

Emoluments for key management personnel, including amounts paid to the company's directors and certain of the highest paid employees during the six months ended 30 September 2020 are as follows:

	Six months ended 30 September 2020 (Unaudited) HK\$'000	Six months ended 30 September 2019 (Unaudited) HK\$'000
Short-term employee benefits	3,725	3,663
Post-employment benefits	<u>76</u>	<u>47</u>
	<u>3,801</u>	<u>3,710</u>

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

21. RELATED PARTY TRANSACTIONS (continued)

b) Outstanding balances with related parties

	At 30 September 2020 (Unaudited) HK\$'000	At 31 March 2020 (Audited) HK\$'000
Amounts due to a director	–	219
Amounts due to related parties	<u>32</u>	<u>32</u>

The amounts due to related parties represented the advance from directors of company's subsidiaries. The balances with these related parties and the amounts due to directors are unsecured, interest-free and repayable on demand.

22. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENT

i) Fair value measurement

a) Financial assets and liabilities measured at fair value

Fair value hierarchy

The following table presents the fair value of the group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13 "Fair Value Measurement". The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuations: Fair value measured using significant unobservable inputs.

The group has a team headed by the chief financial officer performing valuations for the financial instruments, including unlisted investments fund under financial assets at fair value through profit or loss which are categorised into Level 3 of the fair value hierarchy. The team reports directly to the directors and the audit committee. A valuation report with analysis of changes in fair value measurement is prepared by the team at each interim and annual reporting date, and is reviewed and approved by the directors. Discussion of the valuation process and results with the directors and the audit committee is held twice a year, to coincide with the reporting dates.

22. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENT (continued)

i) Fair value measurement (continued)

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

	Fair value measurements as at 30 September 2020 (Unaudited) categorised into				Fair value measurements as at 31 March 2020 (Audited) categorised into			
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Fair value at 30 September 2020 HK\$'000	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Fair value at 31 March 2020 HK\$'000
Recurring fair value measurements assets:								
Financial assets at fair value through profit or loss:								
– Unlisted investments fund (note 1 & 2)	-	-	-	-	-	1,296	42,717	1,296
– Trading securities	<u>28,500</u>	-	-	<u>28,500</u>	<u>31,331</u>	-	-	<u>31,331</u>

During the period ended 30 September 2020 and year ended 31 March 2020, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

Note:

- 1 The valuation techniques and key inputs used on financial assets at fair value through profit or loss for level 2 fair value measurement are as follows:

The fair value of financial assets at fair value through profit or loss is assessed to approximate the net asset values indicated on the net asset value statements issued by investment fund managers, which take into consideration the fair value of the assets held under the investments.

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

i) Fair value measurement *(continued)*

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

Note: *(continued)*

The movements during the period ended 30 September 2020 and the year ended 31 March 2020 in the balance of these Level 3 fair value measurements are as follows:

Financial assets at fair value through profit or loss:

	Unlisted investments fund HK\$'000	Financial product HK\$'000
Balance at 1 April 2019 (Audited)	42,717	–
Compulsory redemption	(33,446)	–
Loss on disposal	(9,271)	–
	<hr/>	<hr/>
Balance at 31 March 2020 (Audited) and 30 September 2020 (Unaudited)	<hr/> <hr/> –	<hr/> <hr/> –

b) **Fair value of financial assets and liabilities carried at other than fair value**

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate to their fair values. The fair value is estimated at the present value of future cash flows, discounted at current market interest rates for similar financial instruments.

23. COMMITMENTS**Operating lease commitments****i) The group as lessor:**

The group leases its investment properties under operating lease arrangements to tenants, with leases negotiated for terms ranging from four to ten years. The terms of the leases generally require the tenants to pay security deposits. At the end of the reporting period, the group had total future minimum lease payments receivable under non-cancellable operating leases from its tenants falling due as follows:

	At 30 September 2020 (Unaudited) HK\$'000	At 31 March 2020 (Audited) HK\$'000
Within one year	23,187	10,464
In the second to fifth year, inclusive	89,738	48,362
Over five years	35,665	23,445
	148,590	82,271

24. LITIGATION

In 1998, the company brought up legal proceedings against ASG Capital Limited and ASG Brokerage Limited (the "Defendants") for breach of the placing and underwriting agreement dated 9 December 1997 in that the Defendants failed to fulfill their underwriting obligations thereunder and for the recovery of HK\$40 million being the economic loss suffered by the company together with interest and legal costs. The proceedings are now in pre-trial stage of discovery of documents of the parties and the date of the trial has not been fixed. The last action of the parties to the proceedings took place in middle of 2005 when solicitors acting for the company in the legal proceedings served a notice to inspect documents to those acting for the Defendants.

25. APPROVAL OF INTERIM FINANCIAL REPORT

The interim financial report was approved and authorised for issue by the board on 30 November 2020.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

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

For the properties investment, as at 30 September 2020, 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. On 1 June 2020, 上海祥宸行置業有限公司 (“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 six months ended 30 September 2020, approximately 4,759 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 six months ended 30 September 2020, the rental incomes of approximately HK\$7.55 million were recorded.

The money lending business generated steady interest income during the period. For the six months ended 30 September 2020, the group had a loan portfolio amounted to approximately HK\$479.42 million with the average interest rate of 10.92%. The interest income generated from the money lending business was approximately HK\$24.99 million for the six months ended 30 September 2020.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Financial Review

For the period under review, the group's turnover from continuing operation was approximately HK\$32.54 million (2019: approximately HK\$27.04 million), representing an increase of approximately 20.34% compared with the corresponding period last year. The increase in turnover was mainly due to increase in rental income generated from the leased properties and increase in the interest income. The unaudited net profit for the period under review was approximately HK\$15.33 million (2019: net loss approximately HK\$28.01 million) and the basic earning per share for was HK\$11.48 cents (2019: loss HK\$21.05 cents).

The improvement of the interim result of the group was mainly attributable to i) increase in revenues in properties investment business and money lending business amounted to approximately HK\$2.39 million and HK\$3.11 million respectively; ii) decrease in administrative expenses amounted to approximately HK\$6.41 million; iii) decrease in loss on dealing of financial assets at fair value through profit or loss amounted to approximately HK\$9.02 million; and iv) foreign exchange gain on assets denominated in Renminbi amounted to approximately HK\$16.62 million for the six months ended 30 September 2020 as compared to those for the corresponding period in 2019.

The administrative expenses of the group for the period amounted to approximately HK\$18.86 million, representing a decrease of approximately 25.4% compared with the corresponding period last year, which was resulted from stringent cost control of the group. The finance cost of the group amounted to approximately HK\$5.29 million which was mainly incurred for the bank loan under the security of investment properties in Shanghai and the unconvertible bonds issued by the company.

Liquidity and Financial Resources

As at 30 September 2020, the group's net current assets were approximately HK\$187.43 million (at 31 March 2020: approximately HK\$409.60 million), including cash and bank balance of approximately HK\$7.95 million (at 31 March 2020: approximately HK\$19.59 million).

The group had borrowing of approximately HK\$101.93 million as at 30 September 2020 (at 31 March 2020: approximately HK\$87.58 million) of which 2.59% and 97.41%, were due within 1 year and after 1 year respectively from balance sheet date. The gearing ratio, defined as the percentage of net debts to the total equity of the company, was approximately 19.44% (at 31 March 2020: 19.16%).

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

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 30 September 2020.

Foreign Exchange Exposure

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

Capital Structure and Share Capital

There was no change in the share capital and capital structure of the company for the six months ended 30 September 2020.

Charges on the Group's Assets

As at 30 September 2020, the group's investment properties with a value of approximately HK\$212.31 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 30 September 2020, the group did not have any material contingent liability (2019: Nil).

Acquisition and Disposal of Subsidiaries

There was no acquisition and disposal of subsidiaries of the group during the six months ended 30 September 2020.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Employees

As at 30 September 2020, the group has 38 employees. The remuneration was determined with reference to statutory minimum wages, market terms as well as the performance, qualification and experience of individual employees. The group provides contributory provident fund and insurance scheme to the employees. Share option schemes and incentive schemes are adopted to encourage personal commitment of employees.

Outlook

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.

DIVIDEND

The directors of the company do not recommend payment of any interim dividend for the six months ended 30 September 2020 (2019: Nil).

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

There was no purchase, redemption or sale of any of the company's listed securities by the company or any of the company's subsidiaries during the six months ended 30 September 2020.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES

As at 30 September 2020, no directors has registered an interest or short position in the share capital (the "Shares") of the company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the company pursuant to Section 352 of the SFO, or as otherwise notified to the company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules.

The interests of directors in the share options of the company are separately disclosed in the note 20 to this condensed consolidated financial statements.

SHARE OPTION SCHEME

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

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

At 30 September 2020, the company may grant share options entitling holders thereof to subscribe for up to a maximum number of 14,166,250 shares, representing approximately 10.6% of the shares of the company in issue at that date.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES

As at 30 September 2020, so far as known to the Directors, there was no other person who had an interest or short position in the shares of the company and underlying shares which would require disclosure to the company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who was, directly or indirectly, beneficially interested in 5% or more of the issued share capital of the Company.

SECURITIES TRANSACTIONS BY DIRECTORS

The company has adopted the Model Code as its own code of conduct regarding securities transactions by the directors. The company had also made specific enquiry of the directors and the company was not aware of any non-compliance with the required standard as set out in the Model Code.

CORPORATE GOVERNANCE

The company has complied with the code provisions as set out in the Corporate Governance Code and Corporate Governance Report (the “CG Code”) in Appendix 14 of the Listing Rules throughout the six months ended 30 September 2020, except for the deviation from the requirement of code provision A.2.1 and E.1.2 of the CG Code explained as follows.

The provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. The chairman of the company also acted as chief executive officer of the company during the period under review, deviating from the requirement of the code provision A.2.1. The board considered that this structure was conducive with strong and consistent leadership, enabling the company to respond promptly and efficiently to business opportunities and issues.

Provision E.1.2 of the CG Code stipulates that the chairman of the board should attend annual general meetings. The chairman was unable to attend the company’s annual general meeting held on 9 September 2020 due to his other work commitments.

AUDIT COMMITTEE

The audit committee of the company (the "Audit Committee") comprises three independent non-executive directors, namely Mr. Lai Wai Yin Wilson, Ms. Cao Jie Min and Mr. Liang Kuo-Chieh. The written terms of reference which describe the authority and duties of the Audit Committee were prepared and adopted with reference to "A Guide for The Formation of An Audit Committee" published by the Hong Kong Institute of Certified Public Accountants. The principal duties of the Audit Committee include the review and supervision of the group's financial reporting process and internal controls.

The Audit Committee has regularly reviewed with the management the accounting principles and policies adopted by the group. The results of the group for the six months ended 30 September 2020 was reviewed by the Audit Committee which is of the opinion that such statements comply with the applicable accounting standards and that adequate disclosures have been made.

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

Hong Kong, 30 November 2020