CHINA INVESTMENTS HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 132)

ANNOUNCEMENT OF RESULTS 2008

AUDITED CONSOLIDATED RESULTS

The Board of Directors (the "Directors") of China Investments Holdings Limited (the "Company") announce that the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2008 as follows:

	Notes	**2008** *HK$'000*	**2007** *HK$'000*
Turnover	3	472,503	497,834
Cost of sales and services		(452,462)	(382,714)
Gross profit		20,041	115,120
Other operating income	4	53,785	40,193
Selling and distribution costs		(614)	(590)
Administrative expenses		(50,079)	(46,397)
(Decrease)/Increase in fair value on investment properties		(39)	2,190
Impairment loss in respect of property held for sale		(4,661)	(12,890)
Finance costs	5	(492)	(3,429)
Profit before taxation		17,941	94,197
Income tax expense	6	(826)	(6,945)
Profit for the year	7	17,115	87,252
Earnings per share	8		
Basic		1.44 cents	8.01 cents
Diluted		N/A	N/A

Consolidated Balance Sheet
At 31 December 2008

	Notes	2008 HK$'000	2007 HK$'000
Non-current assets			
Investment properties		10,051	10,090
Property, plant and equipment		287,150	253,001
Land use rights		52,952	13,959
Goodwill		89,880	89,880
		440,033	366,930
Current assets			
Properties held for sale		87,049	91,710
Inventories		77,259	91,444
Trade and other receivables	9	52,301	22,318
Financial assets at fair value through profit or loss		242	434
Bank balances and cash		110,993	223,932
		327,844	429,838
Current liabilities			
Trade and other payables	10	162,657	195,623
Provision for loss in litigation		—	38,000
Tax payable		2,180	6,162
Secured bank loan		22,727	—
		187,564	239,785
Net current assets		140,280	190,053
Total assets less current liabilities		580,313	556,983
Capital and reserves			
Share capital		118,833	118,833
Reserves		461,480	438,150
		580,313	556,983

Notes:

1 **Basis of Presentation of Financial Statements**

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and by the Hong Kong Companies Ordinance.

2 **Application of Hong Kong Financial Reporting Standards**

In the current year, the Group has applied the following amendments and interpretations ("new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") which are or have become effective for the Group's financial year beginning on 1 January 2008.

HKAS 39 & HKFRS 7 (Amendments)	Reclassification of Financial Assets
HK (IFRIC) — Int 11	HKFRS 2: Group and Treasury Share Transactions
HK (IFRIC) — Int 12	Service Concession Arrangements
HK (IFRIC) — Int 14	HKAS 19 — The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The application of the new HKFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

3 **Turnover**

Turnover represents the gross amounts received and receivable for revenue arising on hotel operations, goods sold by the Group to outside customers, less return and allowances and gross rental income during the year.

Business and Geographical Segments

Business segments

For management purposes, the Group is currently organised into three operating divisions — fibreboards, hotel operations, and property investment. These divisions are the basis on which the Group reports its primary segment information.

Principal activities are as follows:

Fibreboards	—	manufacture and trading of fibreboards
Hotel operations	—	hotel ownership and management
Property investment	—	holding investment properties, properties held for development and properties held for sale

Segment information about these businesses is presented below:

For the year ended 31 December 2008:

	Fibreboards	Hotel operations	Property investment	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
TURNOVER	447,283	24,159	1,061	472,503
RESULTS				
Segment results	14,030	3,330	32	17,392
Interest income				2,961
Net unrealised holding loss on financial assets at fair value through profit or loss				(192)
Unallocated corporate expenses				(1,728)
Finance costs				(492)
Profit before taxation				17,941
Income tax expense				(826)
Profit for the year				17,115

BALANCE SHEET

	Fibreboards	Hotel operations	Property investment	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
ASSETS				
Segment assets	332,013	135,602	97,371	564,986
Goodwill	89,880			89,880
Financial assets at fair value through profit or loss				242
Bank balances and cash				110,993
Other unallocated corporate assets				1,776
Consolidated total assets				767,877
LIABILITIES				
Segment liabilities	98,377	7,256	348	105,981
Unallocated corporate liabilities				81,583
Consolidated total liabilities				187,564

Other information

	Fibreboards	Hotel operations	Property investment	Unallocated	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Capital additions	73,395	1,627	—	3	75,025
Depreciation and amortisation	9,991	7,569	—	518	18,078
Decrease in fair value on investment properties	—	—	39	—	39
Impairment loss in respect of properties held for sale	—	—	4,661	—	4,661

For the year ended 31 December 2007:

	Fibreboards	Hotel operations	Property investment	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
TURNOVER	467,490	29,073	1,271	497,834
RESULTS				
Segment results	103,168	8,282	(9,421)	102,029
Interest income				5,643
Net unrealised holding gain on financial assets at fair value through profit or loss				431
Unallocated corporate expenses				(10,477)
Finance costs				(3,429)
Profit before taxation				94,197
Income tax expense				(6,945)
Profit for the year				87,252

BALANCE SHEET

	Fibreboards	Hotel operations	Property investment	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
ASSETS				
Segment assets	161,859	135,299	102,119	399,277
Goodwill	89,880			89,880
Financial assets at fair value through profit or loss				434
Bank balances and cash				223,932
Other unallocated corporate assets				83,245
Consolidated total assets				796,768
LIABILITIES				
Segment liabilities	106,828	8,119	1,661	116,608
Unallocated corporate liabilities				123,177
Consolidated total liabilities				239,785

Other information

	Fibreboards	Hotel operations	Property investment	Unallocated	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Capital additions	22,867	392	—	1,342	24,601
Depreciation and amortisation	7,665	8,020	—	517	16,202
Increase in fair value on investment properties	—	2,190	—	—	2,190
Impairment loss in respect of properties held for sale	—	—	(12,890)	—	(12,890)

Geographical segments

The Group's fibreboards and hotel operations are located in the People's Republic of China, other than Hong Kong (the "PRC").

Property investment, operations are located in both PRC and Hong Kong.

The following table provides an analysis of the Group's sales by geographical market, irrespective of the origin of the goods/services:

	Sales revenue by geographical market		**Contribution to profit for the year**	
	2008	**2007**	**2008**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
The PRC	471,942	497,033	16,835	101,619
Hong Kong	561	801	557	410
	472,503	497,834	17,392	102,029
Interest income			2,961	5,643
Net unrealised holding (loss)/gain on financial assets at fair value through profit or loss			(192)	431
Unallocated corporate expenses			(1,728)	(10,477)
Finance costs			(492)	(3,429)
Profit before taxation			17,941	94,197
Income tax expense			(826)	(6,945)
Profit for the year			17,115	87,252

4 **Other operating income**

Other operating income included the following items:

	2008	**2007**
	HK$'000	*HK$'000*
Valued added tax refunded	22,454	20,431
Interest income	2,961	5,643
Exchange gain	16,122	11,501
Provision for loss in litigation written back	10,260	—

5 **Finance cost**

	2008	**2007**
	HK$'000	*HK$'000*
Interest on bank borrowing wholly repayable within five years	492	—
Interest on convertible notes	—	3,429
	492	3,429

6 Taxation

	2008	2007
	HK$'000	*HK$'000*
The charges comprises:		
Current tax - Provision for PRC enterprises income tax	1,804	6,945
Under-provision for PRC enterprises income tax	1,568	—
Over-provision for income tax outside Hong Kong other than PRC	(2,546)	—
	826	6,945

No provision for Hong Kong profits tax has been made as the Group has no assessable profits in Hong Kong for the year ended 31st December 2008 (2007: Nil). PRC enterprises income tax is computed according to the relevant laws and regulations in the PRC. The applicable PRC enterprises income tax rate is 25% (2007: 33%).

Taxation of subsidiaries in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

One of the Group's PRC subsidiaries operating in the PRC are eligible for certain tax holidays and concessions. Pursuant to the relevant laws and regulations in the PRC, the Group's PRC subsidiary is exempted from PRC income tax for two years starting from their first profit-making year, followed by a 50% reduction for the next three years.

7 Profit for the year

	2008	2007
	HK$'000	*HK$'000*
Profit for the year has been arrived at after charging/(crediting):		
Amortisation of land use rights	531	319
Depreciation of property, plant and equipment	17,547	15,883
Total depreciation and amortization	18,078	16,202
Auditors' remuneration	1,100	1,100
Staff cost (including directors' remuneration and retirement benefit scheme contribution)	40,021	39,377
Unrealised holding loss/(gain) on financial assets at fair value through profit or loss	192	(431)
Gain on disposal of property, plant and equipment	(22)	(7)
Net foreign exchange gains	(16,122)	(11,501)
Gross rental income from investment properties	(1,061)	(1,271)
Less:		
Direct operating expenses from investment properties that generated rental income during the year	67	154
Direct operating expenses from investment properties that did not generated rental income during the year	1,029	466
	35	(651)

8 **Earnings per share**

The calculation of basic earnings per share is based on the profit for the year of HK$17,115,000 (2007: profit of HK$87,252,000) and the number of 1,188,329,142 ordinary shares (2007: 1,089,471,712 weighted average number of ordinary shares) in issue during the year.

No diluted earnings per share has been presented as there were no diluting events existing for both years.

9 **Trade and other receivables**

The Group allows an average credit period of 90 days to its trade customers.

The following is an aging analysis of the Group's trade receivables at the balance sheet date:

	2008	**2007**
	HK$'000	*HK$'000*
0-60 days	1,435	2,133
61-90 days	315	542
91-120 days	145	318
over 120 days	530	1,421
Trade receivables	2,425	4,414
Other receivables	49,876	17,904
	52,301	22,318

The directors consider that the carrying amount of trade and other receivables approximates their fair value.

The Group's other receivables under current assets as at 31 December 2008 included debt assignments, rental deposit and prepayments. The debt assignment is approximate HK$35,235,000 (net of impairment).

10 **Trade and other payables**

The following is an aging analysis of the Group's trade payables at the balance sheet date:

	2008	**2007**
	HK$'000	*HK$'000*
0-60 days	9,926	19,572
61-90 days	2,130	1,475
91-120 days	199	212
over 120 days	4,457	4,418
Trade payables	16,712	25,677
Other payables	145,945	169,946
	162,657	195,623

The directors consider that the carrying amount of trade and other payable approximates their fair value.

On 9 May 2002, the Group issued HK$230,000,000 convertible notes (the "Notes") which were due on 9 May 2007 (the "Maturity Date"), bear interest at 1% per annum and in units of HK$1,000,000 each. As at 31 December 2008 and 2007, the balance of HK$75,000,000 notes were due but not converted. Such principal money together with all interest accrued thereon up to and including the maturity was transferred to other payables and is repayable on demand.

DIVIDEND

The Directors do not recommend payment of a dividend for the year (2007: Nil).

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SHARES

During the year, neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the Company's listed shares.

CORPORATE GOVERNANCE

The Company placed great emphasis in corporate governance, and reviewed and strengthened measures in corporate governance from time to time. The Company has adopted all the code provisions under the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 to the Listing Rules of the Stock Exchange of Hong Kong Limited as its own code on corporate governance practices. The Company has been in compliance with all the code provisions under the Code during the year.

The audit committee comprising the three independent non-executive directors of the Company has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including a general review of the audited consolidated financial statements for the year ended 31 December 2008.

Code for securities transactions by Directors

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules of the Stock Exchange of Hong Kong Limited as the code of conduct regarding securities transactions by directors. On specific enquiries made, all directors have confirmed that, in respect of the year ended 31 December 2008, they have complied with the required standard as set out in the Model Code.

BUSINESS REVIEW

The Group's business was affected inevitably by the global financial tsunami. For the year ended 31 December 2008, the Group's turnover was HK$472,503,000, a decrease of 5% over last year. Operating profit of the Group for the year was HK$17,115,000, a decrease of 80% over last year.

FIBREBOARD BUSINESS

In 2008, the Group's fibreboard business encountered a variety of challenges in operation. The snowstorm in South China and the Sichuan earthquake in the first half of the year caused tight supply and surges in the price of raw materials; and the sharp deterioration of the global economy in the second half of the year resulted in dwindling demand and severe oversupply. All these had material adverse impact on the Group's fibreboard business. For the year ended 31 December 2008, the total production and total sales of medium density fibreboards were 334,840 cubic metres and 330,074 cubic metres, down 8% and 8% from last year respectively. The total sales for the year decreased by 4% to HK$447,283,000. The operating profit for the year was HK$13,333,303, representing a decrease of 86.19% over last year.

HOTEL BUSINESS

Significant decrease in the number of local customers and visitors from abroad due to the natural disasters happened early this year in the PRC, the Tibet Incident and the Beijing Olympics, together with the global economic turmoil, imposed adverse impacts on the tourism market. The average occupancy rate of the Guilin Plaza in 2008 was 58.92%, a decrease of 17.88% over last year. In view of the significant decrease in the number of customers and the intensifying price competition, Guilin Plaza adopted flexible promotion strategies and made efforts to reduce costs and expenses to minimize loss. Guilin Plaza's turnover for the year amounted to HK$24,159,000, a decrease of 16.90% over last year. The operating loss for the year was HK$1,459,561.

PROPERTY INVESTMENT

The Group's rental income for 2008 amounted to HK$1,061,000, a decrease of 16.52% over last year.

MAJOR EVENTS

On 17 July 2008, Nanhai Kang Sheng Timber Company Limited ("Kang Sheng"), a wholly-owned subsidiary of the Company, acquired land and properties of a total site area of 124.11 acres (equivalent to approximate 82,742.62 square metres) in Huan Qiu Industrial Estate, Shatou, Nanhai District, Foshan City together with the structures thereon of a total gross floor area of 43,172.16 square metres at a consideration of approximate HK$59,650,455. As part of the land together with the buildings and structures thereon among the properties mentioned above were originally leased by Kang Sheng for the production of fiberboards, the Group would save approximate HK$4,090,000 in rental income upon completion of the acquisition and would increase its land reserve for future development.

On 24 September 2008, Kang Sheng acquired debts amounted to approximate HK$246,590,909 in total from Shenzhen Development Bank Company Limited Foshan Branch ("Shenzhen Development Bank") at a consideration of approximate HK$90,909,091, including the four claims made by Shenzhen Development Bank against the Group. As at the date of this annual report, Kang Sheng has recovered debts amounting to approximate HK$44,603,409 and expects to recover at least approximate HK$19,406,818 and application had been made to the relevant court to withdraw the four claims made by Shenzhen Development Bank against the Group and the court has approved the withdrawal of claims in October 2008.

FINANCIAL POSITION AND ANALYSIS

As at 31 December 2008, the Group had total assets of HK$767,877,000 (31 December 2007: HK$796,768,000) and bank loans of HK$22,727,000 (31 December 2007: 0) and had no other long-term debts (31 December 2007: 0). Net assets of the Group amounted to HK$580,313,000 (31 December 2007: HK$556,983,000). The gearing ratio was 2.96% (31 December 2007: 0). Net assets per Share amounted to HK48.83 cents (31 December 2007: HK46.87 cents).

The Group's net current assets amounted to HK$140,280,000 (31 December 2007: HK$190,053,000), current ratio (being current assets divided by current liabilities) was approximately 1.75 times (31 December 2007: 1.79 times), while bank deposits and cash amounted to HK$110,993,000 (31 December 2007: HK$223,932,000), which is sufficient to meet the capital requirements of the Group's operations and development in the near future.

PLEDGE OF ASSETS

The land use rights of the Group are as security for a bank loan which amounted to approximately HK$22,727,000 (2007: nil).

FOREIGN EXCHANGE EXPOSURE

The Group mainly earned revenue and incurred cost in Renminbi and Hong Kong Dollar. The effect of exchange rate fluctuation on earned revenue and incurred cost would be offset each other in the business operation of the Group. In past several years, the exchange rate of Renminbi to Hong Kong Dollars kept on increasing till the second half of 2008 when it became stable. The directors expect that the exchange rate of Renminbi will remain stable and will not cause material adverse foreign exchange risk on the Group. Therefore, the Group currently does not have any specific foreign exchange risk hedging need for this matter.

OUTLOOK

In light of the uncertainties of the global economy, the Group will adopt prudent operating strategies, strengthen cost control and internal management, improve processes and technologies, increase added-value of products, expand sales network and upgrade hotel facilities so as to further enhance its capability and competitiveness and prepare for growth when the economic situation returns to normal.

EMPLOYEES

The total number of employees of the Group is approximately 1,060. The remuneration of each employee of the Group is determined on the basis of his or her performance and responsibility. The Group provides education allowances to the employees.

BOARD OF DIRECTORS

As at the date of this announcement, the board of directors of the Company comprised three executive directors, namely Mr. You Guang Wu, Mr. Su Wen Zhao and Mr. Wang Jin Yuan and three independent non-executive directors, namely Mr. Chan Kwok Wai, Mr. Chen Da Cheng and Mr. Deng Hong Ping.

I would like to take this opportunity to express my heartfelt thanks to all directors and all staff for their continued efforts, enthusiasm and contribution to the Group.

By Order of the Board
You Guang Wu
Chairman of the Board

Hong Kong, 19 March 2009