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CHINA INVESTMENTS HOLDINGS LIMITED
中國興業控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 132)

INTERIM RESULTS FOR 2012

UNAUDITED CONSOLIDATED RESULTS

The Board of Directors (the "Board") of China Investments Holdings Limited (the "Company") announces the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2012 as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 30 June 2012

	Notes	Six months ended 30 June 2012 HK$'000 (unaudited)	2011 HK$'000 (unaudited) (restated)
Continuing operations			
Turnover	4	**15,889**	14,379
Cost of sales and services		**(6,848)**	(7,420)
Gross profit		**9,041**	6,959
Other operating income	5	**274**	5,424
Selling and distribution costs		**(309)**	(247)
Administrative expenses		**(14,854)**	(13,206)
Loss before taxation		**(5,848)**	(1,070)
Income tax credit/(expense)	6	**61**	(698)
Loss for the period from continuing operations	7	**(5,787)**	(1,768)
Discontinued operations			
Loss for the period from discontinued operations	10	**(7,110)**	(17,046)
Loss for the period and attributable to owners of the Company		**(12,897)**	(18,814)
Other comprehensive income/(expense)			
Exchange differences arising on translation of foreign operations		**333**	(118)
Other comprehensive income/(expense) for the period		**333**	(118)
Total comprehensive expense for the period and attributable to the owners of the Company		**(12,564)**	(18,932)

* *For identification purposes only*

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME *(continued)*
For the six months ended 30 June 2012

	Notes	**Six months ended 30 June** **2012** **(unaudited)**	2011 (unaudited) (restated)
Loss per share	*9*		
From continuing and discontinued operations			
Basic		**(HK1.09 cents)**	(HK1.58 cents)
Diluted		**N/A**	N/A
From continuing operations			
Basic		**(HK0.49 cents)**	(HK0.15 cents)
Diluted		**N/A**	N/A

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2012

	Notes	30.6.2012 *HK$'000* (unaudited)	31.12.2011 *HK$'000* (audited)
Non-current assets			
Investment properties		**11,801**	11,801
Property, plant and equipment		**108,911**	111,669
		120,712	123,470
Current assets			
Properties held for sale		**63,429**	63,429
Inventories		**1,800**	1,927
Trade and other receivables	*12*	**4,121**	3,997
Financial assets at fair value through profit or loss		**1**	1
Bank balances and cash		**142,732**	62,708
		212,083	132,062
Assets classified as held for sale	*11*	**277,179**	381,207
		489,262	513,269
Current liabilities			
Trade and other payables	*13*	**88,822**	92,710
Tax payable		**–**	2,087
		88,822	94,797
Liabilities directly associated with assets classified as held for sale	*11*	**56,691**	64,917
		145,513	159,714
Net current assets		**343,749**	353,555
Total assets less current liabilities		**464,461**	477,025
Capital and reserves			
Share capital		**118,833**	118,833
Reserves		**345,628**	358,192
Equity attributable to owners of the Company		**464,461**	477,025

Notes:

1. BASIS OF PREPARATION

The interim condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited ("the Listing Rules") and with Hong Kong Accounting Standard 34 ("HKAS 34") Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The interim condensed consolidated financial statements have not been audited by the Company's auditors but have been reviewed by the Company's audit committee and auditors.

2. PRINCIPAL ACCOUNTING POLICIES AND APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRS")

The interim condensed consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments, which are measured at fair value or revalued amounts, as appropriate.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statement for the year ended 31 December 2011.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2012 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2011.

HKFRS 1 (Amendment)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
HKFRS 7 (Amendments)	Disclosures – Transfers of Financial Assets
HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Asset

The application of the above amendments to HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements. Accordingly, no prior period adjustments has been required.

The Group has not early applied the following new HKFRSs that have been issued but are not yet effective. The directors of the Company anticipate that the application of these new HKFRSs will have no material impact on the results and the financial position of the Group.

HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income[1]
HKFRS 7 and HKFRS 9 (Amendments)	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[4]
HKFRS 9	Financial Instruments[4]
HKFRS 10	Consolidated Financial Statements[2]
HKFRS 11	Joint Arrangements[2]
HKFRS 12	Disclosure of Interests in Other Entities[2]
HKFRS 13	Fair Value Measurement[2]
HKFRS 7 (Amendments)	Disclosures – Offsetting Financial Assets and Financial Liabilities[2]

HKAS 32 (Amendments)	Presentation – Offsetting Financial Assets and Financial Liabilities[3]
HKAS 19 (as revised in 2011)	Employee Benefits[2]
HKAS 27 (as revised in 2011)	Separate Financial Statements[2]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[2]
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine[2]

[1] Effective for annual periods beginning on or after 1 July 2012
[2] Effective for annual periods beginning on or after 1 January 2013
[3] Effective for annual periods beginning on or after 1 January 2014
[4] Effective for annual periods beginning on or after 1 January 2015

3. FINANCIAL RISK MANAGEMENT

All aspects of the Group's financial risk management objectives and policies are consistent with those disclosed in the annual financial statements for the year ended 31 December 2011.

In 2012, there were no significant changes in the business or economic circumstances that affect the fair value of the group's financial assets and financial liabilities.

In 2012, there were no reclassifications of financial assets.

4. SEGMENT INFORMATION

Business segments-revenue and results
For the six months ended 30 June 2012

	Hotel operations *HK$'000* (unaudited)	Property investment *HK$'000* (unaudited)	Unallocated *HK$'000* (unaudited)	Consolidated *HK$'000* (unaudited)
Turnover	**14,801**	**1,088**	**–**	**15,889**
Depreciation	**(3,564)**	**–**	**(128)**	**(3,692)**
Segment results	**(290)**	**862**	**–**	**572**
Interest income	**37**	**–**	**237**	**274**
Net other unallocated corporate expense	**–**	**–**	**(6,694)**	**(6,694)**
Loss before taxation				**(5,848)**
Income tax credit				**61**
Loss for the period from continuing operation				**(5,787)**

Segment Assets and Liabilities
As at 30 June 2012

	Hotel operations *HK$'000* (unaudited)	Property investment *HK$'000* (unaudited)	Unallocated *HK$'000* (unaudited)	Total segment asset *HK$'000* (unaudited)	Assets relating to Fibreboards (now discontinued) *HK$'000* (unaudited)	Consolidated *HK$'000* (unaudited)
ASSETS						
Segment assets	113,656	75,636	–	189,292	187,299	376,591
Goodwill	–	–	–	–	89,880	89,880
Financial assets at fair value through profit or loss	–	–	1	1	–	1
Bank balances and cash	–	–	142,732	142,732	–	142,732
Other unallocated corporate assets	–	–	770	770	–	770
Consolidated total assets	113,656	75,636	143,503	332,795	277,179	609,974
LIABILITIES						
Segment liabilities	6,016	634	–	6,650	56,691	63,341
Other unallocated corporate liabilities	–	–	82,172	82,172	–	82,172
Consolidated total liabilities	6,016	634	82,172	88,822	56,691	145,513

OTHER INFORMATION
For the six months ended 30 June 2012

	Hotel operations *HK$'000* (unaudited)	Property investment *HK$'000* (unaudited)	Unallocated *HK$'000* (unaudited)	Consolidated *HK$'000* (unaudited)
Additions to non-current assets	1,006	–	–	1,006
Depreciation	3,564	–	128	3,692

Business segments-revenue and results
For the six months ended 30 June 2011 (restated)

	Hotel operations *HK$'000* (unaudited)	Property investment *HK$'000* (unaudited)	Unallocated *HK$'000* (unaudited) (restated)	Consolidated *HK$'000* (unaudited) (restated)
Turnover	13,475	904	–	14,379
Depreciation	(4,351)	–	(178)	(4,529)
Segment results	(1,886)	1,143	–	(743)
Interest income	24	–	167	191
Net other unallocated corporate expense	–	–	(518)	(518)
Loss before taxation				(1,070)
Income tax				(698)
Loss for the period from continuing operation				(1,768)

Segment Assets and Liabilities
As at 31 December 2011

	Hotel operations *HK$'000* (audited)	Property investment *HK$'000* (audited)	Unallocated *HK$'000* (audited)	Total segment asset *HK$'000* (audited)	Assets relating to Fibreboards (now discontinued) *HK$'000* (audited)	Consolidated *HK$'000* (audited)
ASSETS						
Segment assets	116,045	75,565	–	191,610	237,026	428,636
Goodwill	–	–	–	–	89,880	89,880
Financial assets at fair value through profit or loss	–	–	1	1	–	1
Bank balances and cash	–	–	62,708	62,708	54,301	117,009
Other unallocated corporate assets	–	–	1,213	1,213	–	1,213
Consolidated total assets	116,045	75,565	63,922	255,532	381,207	636,739
LIABILITIES						
Segment liabilities	10,937	688	–	11,625	64,917	76,542
Other unallocated corporate liabilities	–	–	83,172	83,172	–	83,172
Consolidated total liabilities	10,937	688	83,172	94,797	64,917	159,714

OTHER INFORMATION
For the six months ended 30 June 2011 (restated)

	Hotel operations *HK$'000* (unaudited)	Property investment *HK$'000* (unaudited)	Unallocated *HK$'000* (unaudited)	Consolidated *HK$'000* (unaudited)
Additions to non-current assets	1,848	–	4	1,852
Depreciation	4,351	–	178	4,529

Geographic segments – revenue and results
For the six months ended 30 June 2012

	Sales revenue from external customers by geographical market		Contribution to profit for the period	
	2012	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(unaudited)	(unaudited) (restated)	**(unaudited)**	(unaudited) (restated)
The PRC	**15,586**	14,084	**331**	(1,428)
Hong Kong	**303**	295	**241**	682
	15,889	14,379	**572**	(746)
Interest income			**274**	194
Net other unallocated corporate expenses			**(6,694)**	(518)
Loss before taxation			**(5,848)**	(1,070)
Income tax credit/(expense)			**61**	(698)
Loss for the period from continuing operation			**(5,787)**	(1,768)

The following is an analysis of the carrying amount of segment assets and additions to property, plant and equipment analysed by the geographical area in which the assets are located:

	Carrying amount of segment assets		Additions to property, plant and equipment for the six months ended 30 June	
	30.6.2012	31.12.2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(unaudited)	(audited)	**(unaudited)**	(unaudited) (restated)
The PRC	**265,001**	178,685	**1,006**	1,848
Hong Kong	**67,794**	76,847	**–**	4
	332,795	255,532	**1,006**	1,852

All of the segment turnover reported above is from external customers.

Segment result represents the profit earned by each segment without allocation of investment income, central administration costs and directors' salaries, other gains and losses, and change in fair value of investment properties. This is the measure reported to the Group's management for the purposes of resource allocation and performance assessment.

The total assets of the Group as at the interim report date do not differ significantly since the latest annual report date.

5. OTHER OPERATING INCOME

Other operating income for the period has been arrived at after crediting:

	Six months ended 30 June	
	2012	2011
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
		(restated)
Continuing operations		
Interest income	**274**	191
Exchange gain	**–**	4,665
Gain on disposal of land use rights	**–**	540

6. TAXATION

	Six months ended 30 June	
	2012	2011
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
		(restated)
Continuing operations		
Current tax – Provision for PRC enterprises income tax	**–**	–
Prior year (over)/under provision for PRC enterprises income tax	**(61)**	698
	(61)	698

No provision for Hong Kong Profits Tax has been made in the financial statements as the Company and its subsidiaries in Hong Kong have no assessable profits for both periods.

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

7. LOSS FOR THE PERIOD FROM CONTINUING OPERATION

	Six months ended 30 June	
	2012	2011
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
		(restated)
Continuing operations		
Loss for the period has been arrived at after charging/(crediting):		
Depreciation of property, plant and equipment	**3,692**	4,530
Auditors' remuneration	**290**	373
Staff cost (including directors remuneration and retirement benefit scheme)	**6,827**	6,640
(Gain)/loss on disposal of property, plant and equipment	**(10)**	42
Exchange loss/(gain)	**1,641**	(4,665)
Gross rental income from investment properties	**(1,088)**	(904)
Less: Direct operating expenses from investment properties that generated rental income during the period	**11**	312
Direct operating expenses from investment properties that did not generated rental income during the period	**152**	108
	(925)	(484)

8. DIVIDEND

The Board does not declare any interim dividend for the six months ended 30 June 2012 (six months ended 30 June 2011: Nil).

9. LOSS PER SHARE

From continuing and discontinued operations

The calculation of the basic and diluted loss per share is based on the loss attributable to the owners of the Company of approximately HK$12,897,000 (six month ended 30 June 2011: loss of HK$18,814,000) and on the number of 1,188,329,142 ordinary shares (30 June 2011: 1,188,329,142 ordinary shares) in issue during the period.

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

From continuing operations

The calculation of the basic and diluted loss per share from continuing operations attributable to owners of the Company is based on the following data:

Loss figures are calculated as follows:

	Six months ended 30 June	
	2012	2011
	HK$'000	*HK$'000*
	(unaudited)	(unaudited) (restated)
Loss for the period attributable to owners of the Company	**(12,897)**	(18,814)
Less: Loss for the period from discontinued operations	**(7,110)**	(17,046)
Loss for the purpose of basic/diluted loss per share from continuing operations	**(5,787)**	(1,768)

The denominators used are the same as those detailed above for both basis and diluted loss per share.

From discontinued operations

Basic/diluted loss per share for the discontinued operation is HK0.6 cent per share (30 June 2011: HK1.43 cents loss per share), based on the loss for the period from the discontinued operations of HK$7,110,000 (six months ended 30 June 2011: loss of HK$17,046,000) and the denominators detailed above for the both basic and diluted loss per share.

10. DISCONTINUED OPERATIONS

On 20 December 2011, the Foshan City Nanhai District Environment, Transport and City Management Authority「佛山市南海區環境運輸和城市管理局」("Foshan Environment Authority") issued a notice to Foshan City Nanhai Kang Sheng Timber Company Limited ("Kang Sheng") and Foshan City Nanhai Jia Shun Timber Company Limited ("Jia Shun"), the wholly-owned subsidiaries of the Group and the Associate, Foshan Nanhai Kangyao Board Co. Ltd ("Kangyao") the Group's 42%-owned associate which carried out all of the Group's fibreboards operations, requiring them to cease their operations at the landed property (including land use rights and the buildings and structures thereon) situated at Foshan City which was currently leased to Kang Sheng and Jia Shun ("the property") before 31 December 2011, with a view to reducing the emission of pollutants and improving the environment in the region.

On the same date, the company (on behalf of Kang Sheng, Jia Shun and Kangyao) entered into the Compensation Memorandum with the Foshan City Nanhai District People's Government「佛山市南海區人民政府」("Foshan Nanhai Government"). Pursuant to the compensation Memorandum, Foshan Nanhai Government shall resume the property situated at Foshan City that was leased to Kang Sheng and Jia Shun, and a lump sum payment amounting to not less than RMB300 million will be offered to the Group and Associate as compensation for the cessation of fibreboard business. Kang Sheng, Jia Shun and Kangyao had ceased its production. Details of this transaction and terms of compensations have been set out in the Company's announcement dated 20 December 2011.

In this regard, the Board ceased the Group's fibreboard manufacturing and trading business on 20 December 2011. The Group is actively seeking buyer for its fibreboard manufacturing and trading business and expected to complete the sales by 31 October 2012.

The property, plant and equipment and inventories owned by Kang Sheng and Jia Shun were valued on the basis of their open market value as at 30 June 2012 by Associated Surveyors & Auctioneers Ltd, an independent professional valuers firm. The valuation amount is lower than the carrying amount of the related assets and, accordingly, impairment losses were recognized when the operation was reclassified as held for sale at the end of the reporting period.

The result of the discontinued operation included in the condensed consolidated statement of comprehensive income and condensed consolidated statement of cash flow are set out below. The comparative result and cash flows from discontinued operations have been re-presented to include those operations classified as discontinued as the current year.

	Six months ended 30 June	
	2012	2011
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Loss for the period from discontinued operations		(restated)
Turnover	**26,163**	169,067
Cost of sales	**(26,377)**	(167,852)
Gross (loss)/profit	**(214)**	1,215
Other operating income	**4,039**	2,623
Selling and distribution cost	**(75)**	(120)
Administrative expenses	**(9,500)**	(15,810)
Share of loss of an associate	**(107)**	(2,107)
Impairment loss on inventories	**(1,253)**	(3,154)
Loss before taxation from discontinued operation	**(7,110)**	(17,353)
Income tax credit	**–**	307
Loss for the period from discontinued operation and attributable to owners of the Company	**(7,110)**	(17,046)

Loss for the period from discontinued operations includes the following:

	Six months ended 30 June	
	2012	2011
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
		(restated)
Depreciation and amortization	**–**	11,651
Auditors' remuneration	**60**	77

Cash flows from discontinued operations

	Six months ended 30 June	
	2012	2011
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Net cash inflows/(outflows) from operating activities	**7,085**	(7,889)
Net cash inflows/(outflows) from investing activities	**431**	(15,976)
Net cash inflows/(outflows)	**7,516**	(23,865)

11. ASSETS CLASSIFIED AS HELD FOR SALE

	30.6.2012	31.12.2011
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Assets related to fibreboard business *(Note A)*	**277,179**	381,207
Liabilities directly associated with assets classified as held for sale *(Note A)*	**56,691**	64,917

Note A:

As described in the note 10, the fibreboard business of the Company was ceased on 20 December 2011. The major classes of assets and liabilities of the fibreboard business at the end of the reporting period are as follows:

	30.6.2012	31.12.2011
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Property, plant and equipment	**98,607**	99,752
Land and rights	**53,757**	54,220
Goodwill	**89,880**	89,880
Investment in an associate	**2,643**	2,773
Inventories	**12,664**	44,165
Trade and other receivables	**19,628**	36,116
Bank balances and cash	**–**	54,301
Assets of fibreboard business classified as held for sale	**277,179**	381,207
Trade and other payables	**(55,004)**	(63,215)
Tax payable	**(1,687)**	(1,702)
Liabilities of fibreboard business associated with assets classified as held for sale	**(56,691)**	(64,917)
Net assets of fibreboard business classified as held for sale	**220,488**	316,290

12. TRADE AND OTHER RECEIVABLES

The Group allows an average credit period of 90 days to its trade customers. The following is an ageing analysis of the Group's trade receivables at the reporting date:

	30.6.2012	31.12.2011
	HK$'000	*HK$'000*
	(unaudited)	(audited)
0 – 60 days	**2,203**	1,071
61 – 90 days	**94**	339
91 – 120 days	**39**	322
Over 120 days	**320**	414
Trade receivables	**2,656**	2,146
Other receivables	**1,465**	1,851
	4,121	3,997

The fair value of the Group's trade receivables and other receivables as at 30 June 2012 equal approximately to the corresponding carrying amounts.

13. TRADE AND OTHER PAYABLES

The following is an ageing analysis of the Group's trade payables at the reporting date:

	30.6.2012	31.12.2011
	HK$'000	*HK$'000*
	(unaudited)	(audited)
0 – 60 days	**982**	1,705
61 – 90 days	**119**	122
91 – 120 days	**114**	203
Over 120 days	**251**	369
Trade payables	**1,466**	2,399
Other payables	**87,356**	90,311
	88,822	92,710

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”), bearing interest at 1% per annum and in units of HK$1,000,000 each. As at 30 June 2012 and 31 March 2011, the balance of HK$75,000,000 notes were due but not converted. Such principal monies together with all interest accrued thereon up to maturity, amounting to HK$3,908,000, is now classified as other payables and become repayable on demand.

The fair value of the Group’s trade and other payables as at 30 June 2012 equal approximately to the corresponding carrying amounts.

14. CONTINGENT LIABILITIES

The Group had a maximum contingent consideration of HK$48,000,000 in respect of the acquisition of the entire issued share capital of Can Manage Trading Limited (“Can manage”). This amount would become payable, among others, if the consolidated net profit of Can Manage and its subsidiary, Foshan City Nanhai JiaShun Timber Company Limited (“Jia Shun”), achieved an amount of HK$70,000,000 for the year ended 31 December 2002 and HK$80,000,000 for the year ended 31 December 2003.

However, the operation of Jia Shun was suspended during the period from 17 August 2003 to 10 October 2003 due to a failure in the supply of electricity and steam from the power plant operated under the power supply agreement and a court order dated 19 August 2003 to freeze Jia Shun’s assets in relation to an alleged claim from the Shenzhen Development Bank Foshan Branch. In addition, the production facilities were substantially different from those prior to the suspension. In view of all the above incidences, and as the consolidated net profit of Can Manage and Jia Shun for the year ended 31 December 2003 did not reach HK$80,000,000, the Board consider that the Group is not liable to pay any contingent consideration.

However, as the vender is not contactable up to the date of this report, the Board decide to reflect this amount as a contingent liability.

RESULTS

For the six months ended 30 June 2012, the Group's turnover was HK$42,052,000, representing a decrease of 77.1% as compared to the same period last year. The dramatic decrease was due to the halting production of the Group's fibreboard business as a result of the overall environmental planning in Nanhai District, Foshan City in late December 2011. For the six months ended 30 June 2012, the Group's operating results recorded a loss of HK$12,897,000, representing an decrease of 31.4% as compared to the same period last year.

BUSINESS REVIEW

Hotel Business

In the first half of 2012, by capitalizing on the advantage of replacement and renovation of the facilities, Guilin Plaza timely adjusted its room price, pushing up the average room price by 12.5% for the first half of 2012 as compared to the same period last year, and increasing the total turnover by 9.8% to HK$14,801,000 as compared to the same period last year. Although certain demands from low-end customers weakened as a result of higher room price, the occupancy rate, standing at 61.7%, was on a par with the same period last year due to the vigorous exploring of new costumers by the management. In respect of the cost, despite the rising food price was reined in somewhat during the period, the cost from energy and salary kept escalating. With the continued austerity measures applied to each operation process by the management, the gross profit ratio during the period ticked up by 6.5%, and the operating results recorded a loss of HK$290,000, representing a substantial drop of 84.6% as compared to the same period last year.

Fibreboard Business

Due to the halting production of fibreboard business in late December 2011, the Group dealt with the disposal of fibreboard business assets by tender in the first half of this year. As at 30 June 2012, the total amount of assets being dealt with reached HK$33,427,000, and the operating loss amounted to HK$7,110,000, representing a decrease of 58.3% as compared to the same period last year.

The compensation for the halting production is under corresponding asset valuation by appointed valuation organisation. At the same time, specific negotiation for the terms of the compensation agreement with related Government Authorities is conducted. It is expected to execute a related compensation agreement by late 2012, while the related compensation payment will be booked upon the execution of the agreement.

Property Investment

As at 30 June 2012, the Group's rental income amounted to HK$1,088,000, which was an increase of 20.4% over the same period last year. The property occupancy rate was 69.1%, representing an increase of 1.7% as compared to the same period last year.

Financial Position and Analysis

As at 30 June 2012, the Group had total assets of HK$609,974,000 (31 December 2011: HK$636,739,000). There were no bank loan and other long-term debts (31 December 2011: Nil). The net asset value amounted to HK$464,461,000 (31 December 2011: HK$477,025,000). Gearing ratio (being bank loans and long-term debts divided by total assets) was 0% (31 December 2011: 0%). Net assets per share was HK39.09 cents (31 December 2011: HK40.14 cents).

The Group's net current assets amounted to HK$343,749,000 (31 December 2011: HK$353,555,000). Current ratio (being current assets divided by current liabilities) was approximately 2.36 times (31 December 2011: 3.21 times), while bank deposits and cash amounted to HK$142,732,000, (31 December 2011: HK$117,009,000). Together with the compensation amounting to not less than RMB300,000,000 to be received by the Group pursuant to the Compensation Memorandum entered with the Foshan Nanhai Government, the Group expected there would be sufficient funds to meet the capital requirements for the Group's operations and new projects or business development in the future.

Pledge of Assets

The Group's land use rights with net carrying value of HK$14,795,000 (2011: HK$14,923,000), pledged for application of standby banking facilities, has been released on 31 March 2012. There were no mortgage borrowings during the period (2011: Nil).

Foreign Exchange Exposure

The Group's main operating income and costs are denominated in Renminbi. During the Group's operating process, the foreign exchange fluctuation of the income and costs can be mutually offset. Meanwhile, the Group also had currency assets and liabilities denominated in Renminbi, which can be mutually offset. However, due to the Hong Kong based Group putting a great deal of business loans into domestic wholly-owned subsidiaries, the RMB appreciation and depreciation should bring exchange gain and loss respectively. It is expected that, when the exchange rate of Renminbi to HK dollar appreciate or depreciate 5%, it will cause an increase or decrease of approximately HK$14,707,000 in the profit of this year. In retrospect of the past few years, Renminbi was always in the trend of appreciation, and gradually became stable until the second half of 2008. Despite an exchange loss of HK$2,601,000 during the period due to several minor downward adjustments of Renminbi exchange rate, the Board believed that the stable of Renminbi would last in the long run and would not bring material adverse foreign exchange exposure to the Group. Accordingly, it is unnecessary for the Group to hedge against any foreign exchange risk.

Outlook

Aside from completing the disposal of fibreboard business assets and finalizing the compensation for the halting production, the Group will focus on enhancing the existing hotel business to foster and strengthen the profitability of the hotel, and seeking for high-quality real estate projects for tertiary industry to better prepare the Group for the official commencement of transformation next year.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares.

EMPLOYEES

The total number of employees of the Group is approximately 270 (31 December 2011: 300). The remuneration of each employee of the Group is determined on the basis of his or her responsibility and performance. The Group provides education allowances to the employees.

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 (effective until 31 March 2012) and the Corporate Governance Code (effective from 1 April 2012) (the "Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited as its own code on corporate governance practices. The Company has complied with all the code provisions under the Code during the six months ended 30 June 2012.

CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by the directors. On specific enquiries made, all directors have confirmed that, in respect of the six months ended 30 June 2012, they have complied with the required standard as set out in the Model Code.

AUDIT COMMITTEE

The audit committee comprising the three independent non-executive directors of the Company has reviewed with the management the accounting principles and practices adopted by the Group, and discussed auditing, internal control and financial reporting matters, including review of the unaudited interim results for the six months ended 30 June 2012.

By Order of the Board
China Investments Holdings Limited
You Guang Wu
Chairman

Hong Kong, 3 August 2012

As at the date of this announcement, the Board consists of three executive directors, Mr. YOU Guang Wu (Chairman), Mr. SU Wenzhao (Managing Director) and Mr. WU Yongqing (Deputy Managing Director) and three independent non-executive directors, Mr. CHAN Kwok Wai, Mr. CHEN Da Cheng and Mr. DENG Hong Ping.