中國興業控股有限公司

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

(Incorporated in Bermuda with limited liability)

(Stock Code: 132)

RESULTS FOR THE YEAR ENDED 31 DECEMBER 2012

AUDITED CONSOLIDATED RESULTS

The Board of Directors (the "Directors") of China Investments Holdings Limited (the "Company") announces that the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2012 as follows:

	Notes	2012 HK$'000	2011 HK$'000
Continuing operations			
Turnover	3	**35,738**	36,560
Cost of sales and services		**(15,026)**	(17,123)
Gross profit		**20,712**	19,437
Other operating income	4	**6,686**	12,835
Selling and distribution costs		**(690)**	(572)
Administrative expenses		**(28,690)**	(27,102)
Increase in fair value of investment properties		**159**	–
Impairment loss on properties held for sale		**(3,889)**	–
(Loss)/profit before taxation		**(5,712)**	4,598
Income tax expense	5	**(624)**	(2,748)
(Loss)/profit for the year from continuing operations	6	**(6,336)**	1,850
Discontinued operations			
Net profit/(loss) from discontinued operation and compensation		**69,918**	(62,806)
Gain on written back of unclaimed liabilities and payable legally time barred and lapsed		**41,947**	–
Net profit/(loss) for the year from discontinued operations	7	**111,865**	(62,806)
Profit/(loss) for the year and attributable to owners of the Company		**105,529**	(60,956)
Other comprehensive income			
Exchange differences arising on translation of foreign operations		**2,253**	555
Surplus on revaluation of hotel properties		**2,973**	1,886
Other comprehensive income for the year		**5,226**	2,441
Total comprehensive income/(expense) for the year and attributable to the owners of the Company		**110,755**	(58,515)

* *For identification purposes only*

	Notes	2012 *HK*	2011 *HK*
Earnings/(loss) per share	*8*		
From continuing and discontinued operations			
Basic		**8.88 cents**	(5.13 cents)
Diluted		**N/A**	N/A
From continuing operations			
Basic		(**0.53 cents**)	0.16 cents
Diluted		**N/A**	N/A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2012

	Notes	2012 HK$'000	2011 HK$'000
Non-current assets			
Investment properties		**11,960**	11,801
Property, plant and equipment		**111,620**	111,669
		123,580	123,470
Current assets			
Properties held for sale		**59,540**	63,429
Inventories		**1,592**	1,927
Trade and other receivables	*9*	**153,614**	3,997
Financial assets at fair value through profit or loss		**1**	1
Bank balances and cash		**375,422**	62,708
		590,169	132,062
Assets classified as held for sale	*10*	**13,617**	381,207
		603,786	513,269
Current liabilities			
Trade and other payables	*11*	**116,653**	92,710
Tax payable		**22,933**	2,087
		139,586	94,797
Liabilities directly associated with assets classified as held for sale	*10*	**–**	64,917
		139,586	159,714
Net current assets		**464,200**	353,555
Total assets less current liabilities		**587,780**	477,025
Capital and reserves			
Share capital		**118,833**	118,833
Reserves		**468,947**	358,192
Equity attributable to owners of the Company		**587,780**	477,025

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 NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has adopted 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 2012.

HKFRS 1 (Amendments)	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 adoption of the new HKFRSs has had no material effect on the consolidated financial statements of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment 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.

HKFRS 1 (Amendments)	Government Loans[2]
HKFRSs (Amendments)	Annual Improvements to HKFRS 2009-2011[2]
HKFRS 7 (Amendments)	Disclosures – Offsetting Financial Assets and Financial Liabilities[2]
HKFRS 7 and HKFRS 9 (Amendments)	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[4]
HKFRS 10, HKFRS 12 and HKAS 27 (Amendments)	Investment Entities[3]
HKFRS 10, HKFRS 11 and HKFRS 12 (Amendments)	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance[2]
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]
HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income[1]
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. 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 two operating divisions – hotel operations and property investment. These divisions are the basis on which the Group reports its primary segment information.

Principal activities are as follows:

Hotel operations – hotel ownership and management
Property investment – holding investment properties and properties held for sale

Fibreboard operations was discontinued in last year. The segment information reported on this note does not include any amounts for these discontinued operations, which are described in more detail in note 7.

Segment information about these continuing operations is presented below:

2012

	Hotel operations *HK$'000*	Property investment *HK$'000*	Unallocated *HK$'000*	Consolidated *HK$'000*
TURNOVER	**33,420**	**2,245**	**73**	**35,738**
RESULTS				
Depreciation	**7,200**	**–**	**410**	**7,610**
Segment results	**1,599**	**1,907**	**–**	**3,506**
Interest income	**85**	**–**	**464**	**549**
Increase in fair value of investment properties	**–**	**159**	**–**	**159**
Impairment loss on properties held for sale	**–**	**(3,889)**	**–**	**(3,889)**
Net other unallocated corporate income	**–**	**–**	**(6,037)**	**(6,037)**
Loss before taxation				**(5,712)**
Income tax expense				**(624)**
Loss for the year from continuing operations				**(6,336)**

SEGMENTS ASSETS AND LIABILITIES

	Hotel operations *HK$'000*	Property investment *HK$'000*	Unallocated *HK$'000*	Total segment assets *HK$'000*	Assets relating to Fibreboards (now discontinued) *HK$'000*	Consolidated *HK$'000*
ASSETS						
Segment assets	110,095	75,636	–	185,731	13,617	199,348
Financial assets at fair value through profit or loss	–	–	1	1	–	1
Bank balances and cash	–	–	375,422	375,422	–	375,422
Other unallocated corporate assets	–	–	152,595	152,595	–	152,595
Consolidated total assets	110,095	75,636	528,018	713,749	13,617	727,366
LIABILITIES						
Segment liabilities	7,334	807	–	8,141	–	8,141
Other unallocated corporate liabilities	–	–	136,587	136,587	–	136,587
Consolidated total liabilities	7,334	807	136,587	144,728	–	144,728

Other information

	Hotel operations *HK$'000*	Property investment *HK$'000*	Unallocated *HK$'000*	Consolidated *HK$'000*
Additions to non-current assets	1,697	–	12	1,709
Depreciation	7,200	–	410	7,610

2011

	Hotel operations *HK$'000*	Property investment *HK$'000*	Unallocated *HK$'000*	Consolidated *HK$'000*
TURNOVER	34,594	1,966	–	36,560
RESULTS				
Depreciation and amortization	6,317	–	357	6,674
Segment results	1,893	4,306	–	6,199
Interest income	56	160	317	533
Net unrealized holding loss on financial assets at fair value through profit or loss	–	–	(1)	(1)
Net other unallocated corporate expense	–	–	(2,133)	(2,133)
Profit before taxation				4,598
Income tax expense				(2,748)
Profit for the year from continuing operations				1,850

SEGMENTS ASSETS AND LIABILITIES

	Hotel operations *HK$'000*	Property investment *HK$'000*	Unallocated *HK$'000*	Total segment assets *HK$'000*	Assets relating to Fibreboards (now discontinued) *HK$'000*	Consolidated *HK$'000*
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

	Hotel operations *HK$'000*	Property investment *HK$'000*	Unallocated *HK$'000*	Consolidated *HK$'000*
Additions to non-current assets (other than goodwill)	4,023	–	5	4,028
Depreciation and amortisation	6,317	–	357	6,674

Geographical segments

The Group's hotel operations is 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 from external customers by geographical market		**Contribution to (loss)/profit for the year**	
	2012	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
The PRC	**35,015**	35,967	**2,931**	5,955
Hong Kong	**723**	593	**575**	244
	35,738	36,560	**3,506**	6,199
Interest income			**549**	533
Increase in fair value of investment properties			**159**	–
Impairment loss on properties held for sale			**(3,889)**	–
Net unrealised holding loss on financial assets at fair value through profit or loss			–	(1)
Net other unallocated corporate expenses			**(6,037)**	(2,133)
Loss/profit before taxation			**(5,712)**	4,598
Income tax expense			**(624)**	(2,748)
Loss/profit for the year			**(6,336)**	1,850

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**	
	2012	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
The PRC	**519,317**	178,685	**1,697**	4,023
Hong Kong	**195,819**	76,847	**12**	5
	715,216	255,532	**1,709**	4,028

4. OTHER OPERATING INCOME

Other operating income included the following items:

	2012	2011
	HK$'000	*HK$'000*
Continuing operations		
Interest income	**549**	533
Net exchange gain	**2,538**	9,294
Provision for loss in litigation written back	**3,599**	–
Gain on disposal of land use rights	**–**	2,980

5. INCOME TAX EXPENSE

	2012	2011
	HK$'000	*HK$'000*
Continuing operations		
Tax charges comprises:		
Current tax – Provision for PRC enterprises income tax	**685**	2,042
(Over)/under-provision for PRC enterprises income tax	**(61)**	706
	624	2,748

No provision for Hong Kong profits tax has been made as the Group has no assessable profits in Hong Kong for the year ended 31 December 2012 (2011: Nil). PRC subsidiaries are subject to PRC Enterprise Income Tax at 25% for both years.

6. (LOSS)/PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS

	2012	2011
	HK$'000	*HK$'000*
Continuing operations		
Loss for the year has been arrived at after charging/(crediting):		
Depreciation of property, plant and equipment	**7,610**	6,674
Auditor's remuneration	**700**	828
Staff costs (including directors' remuneration and retirement benefit scheme contribution)	**15,707**	15,685
Gain/(loss) on disposal of property, plant and equipment	**16**	(2,905)
Gross rental income from investment properties	**(2,245)**	(1,966)
Less:		
Direct operating expenses from investment properties that generated rental income during the year	**18**	160
Direct operating expenses from investment properties that did not generated rental income during the year	**297**	535
	(1,930)	(1,271)

7 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 Environmental Authority") issued a notice to Foshan City Nanhai Kang Sheng Timber Company Limited ("Kang Sheng") and Forshan City Nanhai Jia Shun Timber Company Limited ("Jia Shun"), the wholly-owned subsidiaries of the Company and the Joint Venture Company, the Company'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 that is 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 the Joint Venture Company) 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 is currently 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 as compensation for the cessation of fibreboard business. Kang Sheng, Jia Shun and the Joint Venture Company ceased its existing production. Details of this transaction and terms of compensations have been set out in the Company's announcement dated at 20 December 2011.

In this regard, the Board ceased the Group's fibreboard manufacturing and trading business on 20 December 2011. The Group was actively seeking buyer for its fibreboard manufacturing and trading business.

The property, plant and equipment and inventories owned by Kang Sheng and Jia Shun were valued on the basis of their open market value on 31 December 2012 by Associated Surveyors & Auctioneers Ltd., an independent firm of professional valuers. The valuation amount is lower than the carrying amount of the related assets and, accordingly, impairment losses were recognized in the consolidated statement of comprehensive income.

The result of the discontinued operation included in the consolidated statement of comprehensive income and consolidated statement of cash flow are set out below.

	2012	2011
	HK$'000	*HK$'000*
Profit/(loss) for the year from discontinued operations		
Turnover	**31,985**	452,791
Cost of sales	**(33,343)**	(458,726)
Gross loss	**(1,358)**	(5,935)
Other operating income	**662**	16,230
Selling and distribution costs	**(91)**	(661)
Administrative expenses	**(12,253)**	(34,041)
Share of loss of an associate company	**(2,698)**	(7,407)
Impairment loss on inventories	**(3,765)**	(9,865)
Impairment loss on properties, plant and equipment	**(11,426)**	(21,438)
Net compensation income for cessation of fibreboard business	**122,346**	–
Net loss on disposal of fibreboard business asset	**(1,204)**	–
Profit/(loss) before taxation from discontinued operation	**90,213**	(63,117)
Income tax (expense)/credit	**(20,295)**	311
Profit/(loss) from discontinued operation and compensation	**69,918**	(62,806)
Gain on written back of unclaimed liabilities and payable legally time barred and lapsed	**41,947**	–
Net profit/(loss) for the year from discontinued operation attributable to owners of the Company	**111,865**	(62,806)

Profit/(loss) for the year from discontinued operations include the following:

	2012	2011
	HK$'000	*HK$'000*
Depreciation and amortization	**–**	23,198
Auditor's remuneration	**–**	172

Cash flows from discontinued operations

	2012	2011
	HK$'000	*HK$'000*
Net cash inflows from operating activities	**11,824**	35,152
Net cash inflows/(outflows) from investing activities	**186,334**	(13,992)
Net cash inflows	**198,158**	21,160

8. EARNINGS/(LOSS) PER SHARE

From continuing and discontinued operations

The calculation of basic and diluted earnings/(loss) per share is based on the profit attributable to the owners of the Company of approximately HK$105,529,000 (2011: loss of HK$60,956,000) and on the number of 1,188,329,142 ordinary shares (2011: 1,188,329,142 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.

From continuing operations

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

Earnings/(loss) figures are calculated as follows:

	2012	2011
	HK$'000	*HK$'000*
Profit/(loss) for the year attributable to owners of the Company	**105,529**	(60,956)
Less:		
Profit/(loss) for the year from discontinued operations	**111,865**	(62,806)
(Loss)/earnings for the purpose of basic/diluted earnings per share from continuing operations	**(6,336)**	1,850

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

From discontinued operations

Basic/diluted earnings per share for the discontinued operation is HK9.41 cents per share (2011: HK5.29 cents loss per share), based on the profit for the year from the discontinued operations of HK$111,865,000 (2011: loss of HK$62,806,000) and the denominators detailed above for the both basic and diluted earnings per share.

9. TRADE AND OTHER RECEIVABLES

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The Group allows an average credit period of 90 days to its customers.

The following is an aging analysis of the Group's trade receivables at the end of the reporting period:

	2012	2011
	HK$'000	*HK$'000*
0–60 days	**1,151**	1,071
61–90 days	**446**	339
91–120 days	**69**	322
over 120 days	**386**	414
Trade receivables	**2,052**	2,146
Other receivables	**151,562**	1,851
	153,614	3,997

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

The Group's other receivables under current assets as at 31 December 2012 include compensation amounts receivable of HK$149,315,000 in relation to discontinued operation stated in note 7.

10. ASSETS CLASSIFIED AS HELD FOR SALE

	2012	2011
	HK$'000	*HK$'000*
Assets related to fibreboard business *(Note 1)*	**13,617**	381,207
Liabilities directly associated with assets classified as held for sale *(Note 1)*	**–**	64,917

Note:

1) As described in note 7, the fibreboard business of the Company was ceased on 20 December 2011. Properties, plant and equipment amounting to HK$2,770,000 had ceased to be classified as held for sale and was transferred to correspondent assets at revalued amount. The loss on revaluation was recognised in the consolidated statement of comprehensive income.

The major classes of assets and liabilities of the fibreboard business at the end of the reporting period are as follows:

	2012	2011
	HK$'000	*HK$'000*
Property, plant and equipment	**10,656**	**99,752**
Land use rights	**–**	**54,220**
Goodwill	**–**	**89,880**
Investment in an associate	**–**	**2,773**
Inventories	**2,961**	**44,165**
Trade and other receivables	**–**	**36,116**
Bank balances and cash	**–**	**54,301**
Assets of fibreboard business classified as held for sale	**13,617**	**381,207**
Trade and other payables	**–**	**(63,215)**
Tax payable	**–**	**(1,702)**
Liabilities of fibreboard business associated with assets classified as held for sale	**–**	**(64,917)**
Net assets of fibreboard business classified as held for sale	**13,617**	**316,290**

11. TRADE AND OTHER PAYABLES

The following is an aging analysis of the Group's trade payables at the end of the reporting period:

	2012	2011
	HK\$'000	*HK\$'000*
0–60 days	**1,341**	1,705
61–90 days	**180**	122
91–120 days	**83**	203
over 120 days	**4,137**	369
Trade payables	**5,741**	2,399
Other payables	**110,912**	90,311
	116,653	92,710

The directors consider that the carrying amount of trade and other payable approximates to 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"), bearing interest at 1% per annum and in units of HK$1,000,000 each. As at 31 December 2012 and 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, was reclassified as other payables and become repayable on demand.

12. EVENT AFTER THE REPORTING PERIOD

On 31 January 2013, the company disposed equipment of discontinued business with a consideration of RMB11,800,000 (approximately HK$14,715,000) to an independent third party through an auction process.

CHAIRMAN'S STATEMENT

BUSINESS REVIEW

For the year ended 31 December 2012, the Group's turnover amounted to HK$67,723,000, representing a decrease of 86.2% as compared to the same period last year. The decrease was due to the halting production of the Group's medium density fibreboard business as a result of the overall environmental planning in Nanhai District, Foshan City in late December 2011. The Group successfully turned loss to profit, recording profit of HK$105,529,000 for the year, which was due to the full recognition of the related compensation payment and gain on reversal of payable without recourse in nature accrued during the period.

Hotel Business

Leverage on the continuous improvement in domestic consumption and capitalizing on the advantage of replacement and renovation of the facilities, the management vigorously explored new domestic customers and raised room price in a flexible manner, pushing up the average room price by 7.6% for the year as compared to last year. Meanwhile, the management continued to implement strict measures to minimize operating costs, resulting in only a slight increase of 1.5% in the average costs rate for the year. As affected by a number of objective factors such as the uncertainty in the global economy and the continuous appreciation of RMB, the annual average occupancy rate of Guilin Plaza decreased by 5.5% to 63.8% in 2012. The total turnover amounted to HK$33,420,000, representing a decrease of 3.4% as compared to last year, with an operating profit of HK$1,599,000, dropped by 15.5% as compared to last year.

Fibreboard Business

Due to the halting production of medium density fibreboard business in late December 2011, the Group mainly dealt with the sale of assets and compensation for the cessation of fibreboard business during the year. As at the date of this announcement, the disposal of assets was generally completed with the total amount of assets sold amounting to approximately HK$43,136,000. In respect of the compensation for the halting production, the Group entered into compensation agreements with related Government Authorities in late 2012 with reference to the corresponding asset valuation by professional valuation organization. The compensation payment amounted to RMB300,397,000 (equivalent to approximately HK$373,628,000) which has been booked upon the receipt of full amount, resulting in the net profit from discontinued operation and compensation reaching HK$69,918,000. Net of the impairment losses of assets of HK$31,303,000 provided in 2011, the actual net profit arising from discontinuing the medium density fibreboard business amounted to approximately HK$38,615,000. For the year ended 31 December 2012, the overall fibreboard business recorded a profit of HK$111,865,000, including reversal of trade payables of HK$41,947,000.

Property Investment

The Group's annual rental income for 2012 amounted to HK$2,245,000, which was an increase of 14.2% over last year. Property occupancy rate was 69.6%, representing an improvement of 2.2% over last year.

FINANCIAL POSITION AND ANALYSIS

As at 31 December 2012, the Group had total assets of HK$727,366,000 (31 December 2011: HK$636,739,000). The Group had no bank loan and other long-term debts (31 December 2011: Nil). Net assets was HK$587,780,000 (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 amounted to HK49.46 cents (31 December 2011: HK40.14 cents).

The Group's net current assets amounted to HK$464,200,000 (31 December 2011: HK$353,555,000). Current ratio (being current assets divided by current liabilities) was approximately 4.33 times (31 December 2011: 3.21 times), while bank balances and cash amounted to HK$375,422,000 (31 December 2011: HK$117,009,000). Together with all the remaining compensation amounting to RMB120,049,000 received from the Foshan Nanhai Government in January 2013, we expect there will 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$15,071,000 (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: No mortgage borrowings).

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$14,375,000 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. The Board believed that the stable Renminbi appreciation 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

The strategy of the Group for the coming year will focus on development of the hotel business, leveraging on the existing resource advantage to expand the scale of the hotel business while enhancing the operating profitability of the hotel business to achieve sustainable profit growth. Meanwhile, the Group will speed up its transformation to focus on research and development of project development, with an aim to paving the way for the sustainable development of the Group.

EMPLOYEES

The total number of employees of the Group is approximately 300 (31 December 2011: 300). 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.

DIVIDEND

The Directors do not recommend payment of a dividend for the year ended 31 December 2012 (2011: Nil).

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

During the year ended 31 December 2012, neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the Company's listed shares.

CORPORATE GOVERNANCE

The Company puts great emphasis on corporate governance which is reviewed and strengthened on a continued basis. 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 practice. For the year ended 31 December 2012, the Company has complied with all code provisions under the Code.

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 2012.

CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuer ("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 enquiry made, all directors have confirmed that, in respect of the year ended 31 December 2012, they have complied with the required standard as set out in the Model Code.

SCOPE OF WORK OF HLM CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2012 as set out in this announcement have been agreed by the Group's auditor, HLM CPA Limited to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by HLM CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by HLM CPA Limited on this announcement.

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

Hong Kong, 7 March 2013

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.