# 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 2013

## 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 2013 as follows:

| | Notes | **2013** | 2012 |
|---|---|---|---|
| | | ***HK$'000*** | *HK$'000* |
| **Continuing operations** | | | |
| Turnover | *3* | **29,616** | 35,738 |
| Cost of sales and services | | **(15,421)** | (15,026) |
| Gross profit | | **14,195** | 20,712 |
| Other operating income | *5* | **22,827** | 6,686 |
| Selling and distribution costs | | **(982)** | (690) |
| Administrative expenses | | **(31,291)** | (28,690) |
| (Decrease)/increase in fair value of investment properties | | **(538)** | 159 |
| Impairment loss on properties held for sale | | **(1,962)** | (3,889) |
| Profit/(loss) before taxation | | **2,249** | (5,712) |
| Income tax expense | *6* | **(2,260)** | (624) |
| Loss for the year from continuing operations | *7* | **(11)** | (6,336) |
| **Discontinued operations** | | | |
| (Loss)/profit from discontinued operation and compensation | | **(5,360)** | 69,918 |
| Gain on written back of unclaimed liabilities and payable legally time barred and lapsed, net of income tax | | **3,952** | 41,947 |
| Net (loss)/profit for the year from discontinued operations | *8* | **(1,408)** | 111,865 |
| (Loss)/profit for the year and attributable to owners of the Company | | **(1,419)** | 105,529 |
| Other comprehensive income, net of income tax | | | |
| Items that will not be reclassified to profit or loss: | | | |
| Surplus on revaluation of hotel properties | | **597** | 2,973 |
| Items that may be reclassified subsequently to profit or loss: | | | |
| Exchange differences arising on translation of foreign operations | | **5,100** | 2,253 |
| Other comprehensive income for the year, net of income tax | | **5,697** | 5,226 |
| Total comprehensive income for the year and attributable to owners of the Company | | **4,278** | 110,755 |

* *For identification purposes only*

| | *Note* | **2013** | 2012 |
|---|---|---|---|
| **(Loss)/earnings per share** | *9* | | |
| From continuing and discontinued operations | | | |
| Basic | | **(HK0.12 cents)** | HK8.88 cents |
| Diluted | | **(HK0.12 cents)** | HK8.88 cents |
| From continuing operations | | | |
| Basic | | **HK0 cent** | (HK0.53 cents) |
| Diluted | | **HK0 cent** | (HK0.53 cents) |

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 31 December 2013*

| | Notes | 2013<br>HK$'000 | 2012<br>HK$'000 |
|---|---|---|---|
| **Non-current assets** | | | |
| Investment properties | | **11,422** | 11,960 |
| Property, plant and equipment | | **128,349** | 111,620 |
| | | **139,771** | 123,580 |
| **Current assets** | | | |
| Properties held for sale | | **57,578** | 59,540 |
| Inventories | | **1,590** | 1,592 |
| Trade and other receivables | *10* | **137,584** | 153,614 |
| Financial assets at fair value through profit or loss | | **1** | 1 |
| Bank balances and cash | | **378,888** | 375,422 |
| | | **575,641** | 590,169 |
| Assets classified as held for sale | *11* | **–** | 13,617 |
| | | **575,641** | 603,786 |
| **Current liabilities** | | | |
| Trade and other payables | *12* | **104,683** | 116,653 |
| Tax payable | | **18,671** | 22,933 |
| | | **123,354** | 139,586 |
| **Net current assets** | | **452,287** | 464,200 |
| Total assets less current liabilities | | **592,058** | 587,780 |
| **Capital and reserves** | | | |
| Share capital | | **118,833** | 118,833 |
| Reserves | | **473,225** | 468,947 |
| Equity attributable to owners of the Company | | **592,058** | 587,780 |

*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 2013.

| | |
|---|---|
| HKFRS 1 (Amendments) | Government Loans |
| HKFRSs (Amendments) | Annual Improvements to HKFRS 2009-2011 cycle |
| HKFRS 7 (Amendments) | Disclosures – Offsetting Financial Assets and Financial Liabilities |
| HKFRS 10, HKFRS 11 and HKFRS 12 (Amendments) | Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance |
| HKFRS 10 | Consolidated Financial Statements |
| HKFRS 11 | Joint Arrangements |
| HKFRS 12 | Disclosure of Interests in Other Entities |
| HKFRS 13 | Fair Value Measurement |
| HKAS 1 (Amendments) | Presentation of Items of Other Comprehensive Income |
| HKAS 19 (as revised in 2011) | Employee Benefits |
| HKAS 27 (as revised in 2011) | Separate Financial Statements |
| HKAS 28 (as revised in 2011) | Investments in Associates and Joint Ventures |
| HK(IFRIC) – Int 20 | Stripping Costs in the Production Phase of a Surface Mine |

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.

| | |
|---|---|
| HKFRSs (Amendments) | Annual Improvements to HKFRSs 2010-2012 cycle[2] |
| HKFRSs (Amendments) | Annual Improvements to HKFRSs 2011-2013 cycle[2] |
| HKFRS 9 | Financial Instruments[4] |
| HKFRS 7 and HKFRS 9 and HKAS 39 (Amendments) | Hedge Accounting and amendments to HKFRS 7, HKFRS 9 and HKAS 39[4] |
| HKFRS 10, HKFRS 12 and HKAS 27(Amendments) | Investment Entities[1] |
| HKFRS 14 | Regulatory Deferral Accounts[3] |
| HKAS 19 (Amendments) | Employee Benefit[2] |
| HKAS 32 (Amendments) | Presentation-offsetting Financial Assets and Financial Liabilities[1] |
| HKAS 36 (Amendments) | Recoverable Amount Disclosures for Non-Financial Assets[1] |
| HKAS 39 (Amendments) | Financial Instruments: Recognition and measurement-Novation of Derivatives and Continuation of Hedge Accounting[1] |
| HK(IFRIC) – Int 21 | Levies[1] |

1 Effective for annual periods beginning on or after 1 January 2014
2 Effective for annual periods beginning on or after 1 July 2014
3 Effective for annual periods beginning on or after 1 January 2016
4 No mandatory effective date yet determined but is available for adoption

## 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.

## 4. SEGMENT INFORMATION

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 2011. The segment information reported on this note does not include any amounts for these discontinued operations, which are described in more detail in note 8.

Segment information about these continuing operations is presented below:

| | Segment Revenue | | Segment Result | |
|---|---|---|---|---|
| | **2013** | 2012 | **2013** | 2012 |
| | ***HK$'000*** | *HK$'000* | ***HK$'000*** | *HK$'000* |
| Hotel operations | **25,714** | 33,420 | **(1,994)** | 1,599 |
| Property investment | **2,329** | 2,245 | **1,968** | 1,907 |
| Other operating segment | **1,573** | 73 | **(775)** | – |
| Total for continuing operations | **29,616** | 35,738 | **(801)** | 3,506 |
| Interest income | | | **12,472** | 549 |
| (Decrease)/increase in fair value of investment properties | | | **(538)** | 159 |
| Impairment loss on properties held for sale | | | **(1,962)** | (3,889) |
| Net central administration costs | | | **(6,922)** | (6,037) |
| Profit/(loss) before taxation | | | **2,249** | (5,712) |
| Income tax expense | | | **(2,260)** | (624) |
| Loss for the year (continuing operations) | | | **(11)** | (6,336) |

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the current year (2012: nil).

Segment result represents the (loss)/profit generated by each segment without allocation of investment income, central administration costs and Directors' salaries, other gains and losses, finance costs 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.

**SEGMENTS ASSETS AND LIABILITIES**

| | **2013** | 2012 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| **Segment Assets** | | |
| Hotel operations | **129,199** | 110,095 |
| Property investment | **197,332** | 75,636 |
| Other operating segment | **2,908** | – |
| Total segment assets | **329,439** | 185,731 |
| Assets relating to Fibreboards (now discontinued operations) | **–** | 13,617 |
| Bank balances and cash | **378,888** | 375,422 |
| Unallocated assets | **7,085** | 152,596 |
| Consolidated assets | **715,412** | 727,366 |
| **Segment Liabilities** | | |
| Hotel operations | **4,122** | 7,334 |
| Property investment | **405** | 807 |
| Other operating segment | **882** | – |
| Total segment liabilities | **5,409** | 8,141 |
| Convertible notes | **78,908** | 78,908 |
| Unallocated liabilities | **39,037** | 52,537 |
| Consolidated liabilities | **123,354** | 139,586 |

**Other segment information**

**2013**

| | **Hotel operations** *HK$'000* | **Property investment** *HK$'000* | **Other operating segment** *HK$'000* | **Total** *HK$'000* |
|---|---|---|---|---|
| **Continuing operations** | | | | |
| Depreciation | **7,823** | **–** | **600** | **8,423** |
| Additions to non-current assets | **24,082** | **–** | **–** | **24,082** |
| Interest income | **1,575** | **–** | **–** | **1,575** |
| Impairment loss on properties held for sale | **–** | **1,962** | **–** | **1,962** |
| Loss on disposal of property, plant and equipment | **28** | **–** | **–** | **28** |

**2012**

| | Hotel operations *HK$'000* | Property investment *HK$'000* | Other operating segment *HK$'000* | Total *HK$'000* |
|---|---|---|---|---|
| **Continuing operations** | | | | |
| Depreciation | 7,200 | – | – | 7,200 |
| Additions to non-current assets | 1,697 | – | – | 1,697 |
| Interest income | 85 | – | – | 85 |
| Impairment loss on properties held for sale | – | 3,889 | – | 3,889 |
| Income tax expenses | 622 | – | – | 622 |
| Loss on disposal of property, plant and equipment | 16 | – | – | 16 |

***Geographical information***

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 by geographical market** | | **Non-current asset*** | |
|---|---|---|---|---|
| | **2013** | 2012 | **2013** | 2012 |
| | ***HK$'000*** | *HK$'000* | ***HK$'000*** | *HK$'000* |
| The PRC | **28,903** | 35,015 | **128,425** | 111,924 |
| Hong Kong | **713** | 723 | **11,000** | 11,500 |
| | **29,616** | 35,738 | **139,425** | 123,424 |

* *Non-current assets exclude those relating to Fibreboard operations*

***Information about major customers***

For the year ended 31 December 2013 and 31 December 2012, no single external customers accounted for 10% or more of the Group's total revenue from continuing operations.

## 5. OTHER OPERATING INCOME

Other operating income included the following items:

| | **2013** | 2012 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| **Continuing operations** | | |
| Interest income | **12,472** | 549 |
| Net exchange gain | **8,948** | 2,538 |
| Provision for loss in litigation written back | **288** | 3,599 |

## 6. INCOME TAX EXPENSE

| | **2013** | 2012 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| **Continuing operations** | | |
| Tax charges comprises: | | |
| Current tax – Provision for PRC enterprises income tax | **2,260** | 685 |
| Over provision for PRC enterprises income tax | **–** | (61) |
| | **2,260** | 624 |

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 2013 (2012: Nil). PRC subsidiaries are subject to PRC Enterprise Income Tax at 25% for both years.

## 7. LOSS FOR THE YEAR FROM CONTINUING OPERATIONS

| | **2013** | 2012 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Continuing operations | | |
| Loss for the year has been arrived at after charging/(crediting): | | |
| Depreciation of property, plant and equipment | **8,593** | 7,610 |
| Auditor's remuneration | **700** | 700 |
| Staff costs (including Directors' remuneration and retirement benefit scheme contribution) | **15,069** | 15,707 |
| Loss on disposal of property, plant and equipment | **28** | 16 |
| Gross rental income from investment properties | **(2,329)** | (2,245) |
| Less: | | |
| Direct operating expenses from investment properties that generated rental income during the year | **22** | 18 |
| Direct operating expenses from investment properties that did not generated rental income during the year | **229** | 297 |
| | **(2,078)** | (1,930) |

## 8 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 which was leased to Kang Sheng and Jia Shun ("the property") before 31 December 2011, in order to reducing the emission of pollutants and improving the environment in the region.

The Company signed 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 resumed the property situated at Foshan City that was leased to Kang Sheng and Jia Shun, and a lump sum payment was made to the Group as compensation for the cessation of fibreboard business. Details of this transaction and terms of compensations have been set out in the Company's announcement dated at 20 December 2011.

The result of the discontinued operation included in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows are set out below.

| | **2013** | 2012 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| *(Loss)/profit for the year from discontinued operations* | | |
| Turnover | **2,443** | 31,985 |
| Cost of sales | **(1,995)** | (33,343) |
| Gross profit/(loss) | **448** | (1,358) |
| Other operating income | **118** | 662 |
| Selling and distribution costs | **–** | (91) |
| Administrative expenses | **(3,326)** | (12,253) |
| Share of impairment loss of an associate company | **–** | (2,698) |
| Impairment loss on inventories | **–** | (3,765) |
| Impairment loss on properties, plant and equipment | **–** | (11,426) |
| Net compensation from cessation of fibreboard business | **–** | 122,346 |
| Net profit/(loss) on disposal of fibreboard business asset | **4,364** | (1,204) |
| Profit before taxation from discontinued operation | **1,604** | 90,213 |
| Attributable income tax expense | **(6,964)** | (20,295) |
| (Loss)/profit from discontinued operation and compensation | **(5,360)** | 69,918 |
| Gain on written back of unclaimed liabilities and payable legally time barred and lapsed, net of income tax *(Note)* | **3,952** | 41,947 |
| Net (loss)/profit for the year from discontinued operations attributable to owners of the Company | **(1,408)** | 111,865 |

*Note:* The unclaimed liabilities and payables were generated from fibreboard business. The Company announced the cessation of fibreboard business on 20 December 2011. Up to the reporting date, no recourse of the unclaimed liabilities and payables was received by the Group. According to the legal opinion, the unclaimed liabilities and payables had been legally time barred and lapsed. Thus, the Directors decided to write back the unclaimed liabilities and payables.

(Loss)/profit for the year from discontinued operations include the following:

| | 2013<br>*HK$'000* | 2012<br>*HK$'000* |
|---|---|---|
| Depreciation and amortization | **–** | – |
| Auditor's remuneration | **–** | – |

*Cash flows from discontinued operations*

| | 2013<br>*HK$'000* | 2012<br>*HK$'000* |
|---|---|---|
| Net cash (outflows)/inflows from operating activities | **(1,317)** | 11,824 |
| Net cash inflows from investing activities | **10,386** | 186,334 |
| Net cash inflows | **9,069** | 198,158 |

## 9. (LOSS)/EARNINGS PER SHARE

**From continuing and discontinued operations**

The calculation of basic and diluted (loss)/earnings per share is based on the loss attributable to the owners of the Company of approximately HK$1,419,000 (2012: profit of HK$105,529,000) and on the number of 1,188,329,142 ordinary shares (2012: 1,188,329,142 ordinary shares) in issue during the year.

**From continuing operations**

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

Loss figures are calculated as follows:

| | 2013<br>*HK$'000* | 2012<br>*HK$'000* |
|---|---|---|
| (Loss)/profit for the year attributable to owners of the Company | **(1,419)** | 105,529 |
| Less: | | |
| (Loss)/profit for the year from discontinued operations | **(1,408)** | 111,865 |
| Loss for the purpose of basic/diluted loss per share from continuing operations | **(11)** | (6,336) |

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

**From discontinued operations**

Basic/diluted (loss)/earnings per share for the discontinued operation is HK0.12 cents loss per share (2012: HK9.41 cents earnings per share), based on the loss for the year from the discontinued operations of HK$1,408,000 (2012: profit of HK$111,865,000) and the denominators detailed above for the both basic and diluted loss per share.

## 10. 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:

| | **2013** | 2012 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| 0–60 days | **1,266** | 1,151 |
| 61–90 days | **148** | 446 |
| 91–120 days | **123** | 69 |
| over 120 days | **88** | 386 |
| Trade receivables | **1,625** | 2,052 |
| Other receivables | **135,959** | 151,562 |
| | **137,584** | 153,614 |

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

Other receivables included the following items:

| | **2013** | 2012 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Prepayment for the acquisition of the property *(Note b)* | **130,657** | – |
| Interest receivable | **3,743** | 25 |
| Compensation receivable from cessation of the fibreboard business *(Note a)* | **–** | 149,315 |
| Utility deposit, prepayment and other receivables | **1,559** | 2,222 |
| | **135,959** | 151,562 |

*Notes:*

(a) The compensation receivable of HK$149,315,000 in relation to discontinued operations stated in note 10 has been received in the current year.

(b) The other receivable is deposit paid by the Group to purchase a property which comprises 98 office units situated at Block 1 of Guangdong-Hongkong Finance and Technology Park, 6 Jinke Road, Guicheng Street, Nanhai District, Foshan city, Guangdong province, the PRC, by way of pre-sale prior to the completion of the construction of the property.

## 11. ASSETS CLASSIFIED AS HELD FOR SALE

| | **2013** | 2012 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Assets related to fibreboard business *(Note 1)* | **–** | 13,617 |

*Note:*

(1) All assets classified as held for sale were disposed off during the year. The gain on disposal was recognised in the consolidated statement of profit or loss and other comprehensive income.

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

| | **2013** | 2012 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Property, plant and equipment | **–** | 10,656 |
| Inventories | **–** | 2,961 |
| Assets classified as held for sale | **–** | 13,617 |

## 12. TRADE AND OTHER PAYABLES

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

| | 2013 | 2012 |
|---|---|---|
| | *HK$'000* | *HK$'000* |
| 0–60 days | **1,247** | 1,341 |
| 61–90 days | **133** | 180 |
| 91–120 days | **121** | 83 |
| over 120 days | **196** | 4,137 |
| Trade payables | **1,697** | 5,741 |
| Other payables | **102,986** | 110,912 |
| | **104,683** | 116,653 |

Other payables included the following items:

| | The Group | |
|---|---|---|
| | 2013 | 2012 |
| | *HK$'000* | *HK$'000* |
| Other tax payable | **10,111** | 17,449 |
| Payable on convertible notes interest payable *(Note 1)* | **78,908** | 78,908 |
| Others *(Note 2)* | **13,967** | 14,555 |
| | **102,986** | 110,912 |

The Directors considered that the carrying amount of trade and other payable approximates to their fair value.

*Notes:*

(1) 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 2013 and 2012, 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, were reclassified as other payables and become repayable on demand.

(2) Others include accrued staff salaries and welfare, deposit received from hotel customers and other temporary receipt.

## 13. EVENT AFTER THE REPORTING PERIOD

On 17 January 2014, CIH Finance Investments Holdings Limited ("CIH Finance"), a wholly-owned subsidiary of the Group, entered into the JV Documentation with 廣東省粵科金融集團有限公司 (*Guangdong Technology Financial Group Co., Ltd.) ("Guangdong Tech-Finance"), 廣東群興玩具股份有限公司 (*Guangdong Qunxing Toys Joint-Stock Co., Ltd.) ("Guangdong Qunxing") and 中南恒展集團有限公司 (*Centenio Group Co., Ltd.) ("Centenio Group Company") for the establishment of the 廣東粵科融資租賃有限公司 (Guangdong Financial Leasing Co., Ltd.) (the "JV Company") to engage in finance leasing business in Guangdong, the PRC. The initial registered capital of the JV Company will be RMB620,000,000 and it will be contributed as to 35% by Guangdong Tech-Finance, 25% by CIH Finance, 20% by Guangdong Qunxing and 20% by Centenio Group Company.

## CHAIRMAN'S STATEMENT

## BUSINESS REVIEW

Over the past year, the Group's business was under transformation. The Group's revenue decreased substantially as the disposal of the Group's main business, medium density fibreboard business, and related assets had been basically completed, while new acquisitions have not yet been concluded. For the year ended 31 December 2013, the Group recorded aggregate turnover of HK$32,059,000, representing a decrease of 52.7% as compared to that of the same period last year, and operating loss of HK$1,419,000.

### Hotel Business

Due to external factors such as continued Renminbi appreciation and heavy-handed crackdowns on use of public funds for hospitality purposes, the hotel business in China was given a heavy blow, not only resulting in reduced tourist arrivals and business activities, but also imposing high pressure on room rates and catering consumption. Under such unfavourable conditions in the tourism industry, Guilin Plaza restructured its mix of targeted customers, focusing more on promotions for individual tourists in order to bring up the occupancy of the hotel. Meanwhile, Guilin Plaza adopted more prudent cost control measures, so as to reduce the operating costs of the hotel. For the year ended 31 December 2013, Guilin Plaza recorded turnover of HK$25,714,000, representing a decrease of 23.1% as compared to that of last year, and operating loss of HK$1,994,000, turning profit to loss.

**Property Investment**

The Group's annual property rental income for 2013 amounted to HK$2,329,000, an increase of 3.7% over that of last year. Property occupancy rate was 71.8%, representing an improvement of 2.2% over that of the same period last year.

To enhance the return on property investment, the Group reviewed its existing property portfolio, adjusted the regional structure of its properties, and focused on investing in high quality properties in the core regions of the Pearl River Delta and in Hong Kong. In December 2013, 佛山市南海康美投資有限公司 (*"Foshan City Nanhai Canmanage Investments Holdings Limited"), a wholly-owned subsidiary of the Company, and 佛山市南海承業投資開發管理有限公司 (*"Foshan City Nanhai Chengye Investment Development and Management Co., Ltd.") entered into formal sale and purchase agreements for commodity housing in relation to the 98 office units situated at Block 1 of Guangdong-Hongkong Finance & Technology Park (粵港金融科技園), 6 Jinke Road, Guicheng Street, Nanhai District, Foshan City, Guangdong Province, the People's Republic of China. The Group expects gradual increase in rental income as the property becomes available upon delivery by the end of July this year.

## FINANCIAL POSITION AND ANALYSIS

As at 31 December 2013, the Group had total assets of HK$715,412,000 (31 December 2012: HK$727,366,000). The Group had no bank loans and other long-term debts (31 December 2012: Nil). Net assets amounted to HK$592,058,000 (31 December 2012: HK$587,780,000). Gearing ratio (being bank loans and long-term debts divided by total assets) was 0% (31 December 2012: 0%). Net assets per share amounted to HK49.82 cents (31 December 2012: HK49.46 cents).

The Group's net current assets amounted to HK$452,287,000 (31 December 2012: HK$464,200,000). Current ratio (being current assets divided by current liabilities) was approximately 4.67 times (31 December 2012: 4.33 times), while bank balances and cash amounted to HK$378,888,000 (31 December 2012: HK$375,422,000). 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 had no mortgage borrowings during the period (2012: No mortgage borrowings).

## FOREIGN EXCHANGE EXPOSURE

The Group's main operating income and costs are denominated in Renminbi. For the Group's operation, the impacts of foreign exchange fluctuation on income and costs can be mutually offset. Meanwhile, the Group also has currency assets and liabilities denominated in Renminbi, which can be mutually offset. However, as the Group is based in Hong Kong, it has a large amount of business loans granted to wholly-owned subsidiaries in Mainland China, Renminbi appreciation and depreciation will bring exchange gain or loss. It is expected that a 5% appreciation or depreciation in the exchange rate of Renminbi to HK dollar will lead to an increase or decrease of approximately HK$17,602,000 in the profit for this year. In the past few years, Renminbi had been in a rising trend and gradually stabilised towards the second half of 2008. The Board believes that Renminbi would remain stable and sound in the long run and would not bring material adverse foreign exchange exposure to the Group. Accordingly, it is currently unnecessary for the Group to hedge against any foreign exchange risk.

## EVENTS AFTER THE REPORTING PERIOD

On 17 January 2014, CIH Finance, a wholly-owned subsidiary of the Company, entered into a joint venture agreement and articles of association with Guangdong Tech-Finance, Guangdong Qunxing and Centenio Group Company for the establishment of the JV Company as a platform for engaging in finance leasing business in Guangdong. The initial registered capital of the JV Company is RMB620,000,000, with the Group contributing RMB155,000,000, representing 25% of the total registered capital. The project had been approved at the special general meeting of the Company convened on 27 February 2014. The Group expects that the JV Company will complete all relevant approval procedures and commence finance leasing business by the middle of this year.

## OUTLOOK

The Group will continue to carry out its plan on business transformation and upgrading at a stable pace, and gradually optimize its existing assets structure, so as to enhance the return on assets. Meanwhile, the Group will continue to identify investment projects with good prospects and high potentials for creating additional value, so as to fulfill the Group's objective of transforming into an enterprise with comprehensive development in a range of businesses including commercial real estate, modern service industries and emerging industries. The Group believes that its profitability will gradually be boosted upon the successive completion of the transactions and preparation in relation to the new investment projects, achieving the goals of continued growth in the Group's business and creating returns for shareholders.

## EMPLOYEES

The total number of employees of the Group is approximately 212 (31 December 2012: 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 2013 (2012: Nil).

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

During the year ended 31 December 2013, 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 Corporate Governance Code ("the Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") as its own code on corporate governance practice. For the year ended 31 December 2013, 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 2013.

## 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 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 2013, 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 profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2013 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, 13 March 2014

*As at the date of this announcement, the board of Directors consists of three executive Directors, namely Mr. YOU Guang Wu (Chairman), Mr. SU Wenzhao (Managing Director) and Mr. HUANG Zhihe (Deputy Managing Director), and three independent non-executive Directors, namely Mr. CHAN Kwok Wai, Mr. CHEN Da Cheng and Mr. DENG Hong Ping.*