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 2015

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 2015 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2015

	Notes	**2015** ***HK$'000***	2014 *HK$'000*
Revenue	*3*	**39,275**	32,448
Cost of sales and services		**(22,446)**	(19,523)
Gross profit		**16,829**	12,925
Other operating income	*5*	**5,843**	7,662
Selling and distribution costs		**(1,484)**	(1,646)
Administrative expenses		**(54,574)**	(54,355)
Increase in fair value of investment properties		**–**	7,895
Impairment loss on property, plant and equipment		**(1,440)**	–
Impairment loss on available for sale financial asset		**(73)**	–
Gain on bargain purchase		**–**	86,388
Share of profits of associates		**71,642**	22,034
Finance costs	*6*	**(23,159)**	(5,229)

* *For identification purpose only*

	Notes	2015 HK$'000	2014 HK$'000
Profit before taxation	*8*	**13,584**	75,674
Income tax (expense)/credit	*7*	**(7,811)**	5,364
Profit for the year and attributable to owners of the Company		**5,773**	81,038
Other comprehensive expense, net of income tax			
Items that will not be reclassified to profit or loss:			
Surplus on revaluation of hotel properties		**3,930**	2,897
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**(2,076)**	(4,123)
Share of exchange difference of associates		**(28,790)**	(4,428)
Other comprehensive expense for the year, net of income tax		**(26,936)**	(5,654)
Total comprehensive (expense)/income for the year and attributable to owners of the Company		**(21,163)**	75,384
Earnings per share	*10*		
Basic		**HK0.34 cent**	HK6.22 cent
Diluted		**HK0.34 cent**	HK6.22 cent

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2015

	Notes	2015 HK$'000	2014 HK$'000
Non-current assets			
Investment properties		**322,263**	291,304
Property, plant and equipment		**176,253**	137,177
Interests in associates	*11*	**624,951**	694,625
Available for sale financial asset	*12*	**9,117**	–
		1,132,584	1,123,106
Current assets			
Properties held for sale		**55,028**	57,454
Inventories		**1,063**	1,284
Trade and other receivables	*13*	**4,614**	9,064
Pledged bank deposit		**–**	122,467
Bank balances and cash		**158,952**	145,359
		219,657	335,628
Current liabilities			
Trade and other payables	*14*	**104,462**	105,267
Tax payables		**8,250**	19,141
Bank loans	*15*	**30,661**	116,444
		143,373	240,852
Net current assets		**76,284**	94,776
Total assets less current liabilities		**1,208,868**	1,217,882
Capital and reserves			
Share capital		**171,233**	171,233
Reserves		**803,186**	824,349
Total equity		**974,419**	995,582
Non-current liabilities			
Bank loans	*15*	**116,873**	122,424
Convertible notes	*16*	**108,467**	97,469
Deferred tax liabilities		**9,109**	2,407
		234,449	222,300
		1,208,868	1,217,882

Notes:

1. BASIS OF PREPARATION

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 HKICPA, which are or have become effective for the Group's financial year beginning on 1 January 2015.

HKFRSs (Amendments)	Annual Improvements to HKFRSs 2010-2012 Cycle
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2011-2013 Cycle
HKAS 19 (Amendments)	Defined benefit plans: Employee Contributions

The adoption of the new or revised HKFRSs has no material effect on the Group's financial performance and positions for the current or prior accounting period. Accordingly, no prior period adjustment is 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 9	Financial Instruments[2]
HKFRS 14	Regulatory Deferral Accounts[1]
HKFRS 15	Revenue from Contracts with Customers[2]
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2012 – 2014 Cycle[1]
HKFRS 10, HKFRS 12 and HKAS 28 (Amendments)	Investment Entities: Applying the Consolidation Exception[1]
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
HKFRS 11 (Amendments)	Accounting for Acquisition of Interests in Joint Operations[1]
HKAS 1 (Amendments)	Disclosure Initiative[1]
HKAS 16 and HKAS 41 (Amendments)	Agriculture: Bearer Plants[1]
HKAS 16 and HKAS 38 (Amendments)	Clarification of Acceptable Methods of Depreciation and Amortisation[1]
HKAS 27 (Amendments)	Equity Method in Separate Financial Statements[1]

[1] *Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted*
[2] *Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted*
[3] *Effective for annual periods beginning on or after a date to be determined*

The Group is in the process of making an assessment of what the impact of these new and revised HKFRSs is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements of the Group.

The provisions of the new Hong Kong Companies Ordinance (Cap 622) regarding preparation of accounts and directors' reports and audits became effective for the Company for the financial year ended 31 December 2015. Further, the disclosure requirements set out in the Listing Rules regarding annual accounts have been amended with reference to the new Companies Ordinance and to streamline with HKFRSs. Accordingly the presentation and disclosure of information in the consolidated financial statements for the financial year ended 31 December 2015 have been changed to comply with these new requirements. Comparative information in respect of the financial year ended 31 December 2014 are presented or disclosed in the consolidated financial statements based on the new requirements. Information previously required to be disclosed under the predecessor Companies Ordinance or Listing Rules but not under the new Companies Ordinance or amended Listing Rules are not disclosed in these consolidated financial statements.

3. REVENUE

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

4. SEGMENT INFORMATION

For management purposes, the Group is currently organised into three operating divisions – hotel operations, property investment and other operating segment. 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
Other operating segment	–	wood processing

Segment information is presented below:

	Segment Revenue		Segment result	
	2015	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hotel operations	**22,655**	23,669	**(6,354)**	(5,832)
Property investment	**12,927**	3,604	**1,780**	925
Other operating segment	**3,693**	5,175	**(1,584)**	(1,500)
Total	**39,275**	32,448	**(6,158)**	(6,407)
Interest income			**5,637**	6,980
Increase in fair value of investment properties			**–**	7,895
Impairment loss on property, plant and equipment			**(1,440)**	–
Impairment loss on available for sale financial asset			**(73)**	–
Professional fee			**(1,637)**	(7,557)
Net central administration cost			**(20,718)**	(19,510)
Net exchange loss			**(10,510)**	(8,920)
Gain on bargain purchase			**–**	86,388
Share of profits of associates			**71,642**	22,034
Finance costs			**(23,159)**	(5,229)
Profit before taxation			**13,584**	75,674
Income tax (expense)/credit			**(7,811)**	5,364
Profit for the year			**5,773**	81,038

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the current year (2014: nil).

Segment result represents the profit/(loss) generated by each segment without allocation of interest income, change in fair value of investment properties, impairment loss on property, plant and equipment, professional fee, net central administration costs, net exchange loss, gain on bargain purchase, share of profits of associates and finance costs. This is the measure reported to the Group's management for the purposes of resource allocation and performance assessment.

Segment assets and liabilities

	2015	2014
	HK$'000	*HK$'000*
Segment assets		
Hotel operations	**122,304**	125,736
Property investment	**393,368**	365,134
Other operating segment	**521**	1,368
Total segment assets	**516,193**	492,238
Pledged bank deposit	**–**	122,467
Bank balances and cash	**158,952**	145,359
Interests in associates	**624,951**	694,625
Available for sale financial asset	**9,117**	–
Unallocated assets	**43,028**	4,045
Consolidated assets	**1,352,241**	1,458,734
Segment liabilities		
Hotel operations	**3,759**	3,927
Property investment	**122,300**	127,555
Other operating segment	**176**	522
Total segment liabilities	**126,235**	132,004
Convertible notes	**187,287**	176,377
Bank loans	**28,274**	113,944
Unallocated liabilities	**36,026**	40,827
Consolidated liabilities	**377,822**	463,152

Other segment information

2015

	Hotel operations *HK$'000*	**Property investment** *HK$'000*	**Other operating segment** *HK$'000*	**Total** *HK$'000*
Depreciation	**7,695**	**209**	**572**	**8,476**
Additions to property, plant and equipment	**551**	**9,717**	**–**	**10,268**
Additions to investment property	**–**	**79,097**	**–**	**79,097**
Loss on disposal of property, plant and equipment	**18**	**–**	**–**	**18**

2014

	Hotel operations *HK$'000*	Property investment *HK$'000*	Other operating segment *HK$'000*	Total *HK$'000*
Depreciation	7,886	131	584	8,601
Additions to property, plant and equipment	1,557	–	–	1,557
Additions to investment property	–	252,612	–	252,612
Loss/(gain) on disposal of property, plant and equipment	28	–	(14)	14

Geographical segments

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

Property investment is located in both PRC and Hong Kong.

The Group's revenue from continuing operations from external customers by location of operation and information about its non-current assets by location of assets are detailed below:

	Revenue from external customer		**Non-current assets***	
	2015	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
The PRC	**36,437**	31,570	**328,205**	376,856
Hong Kong	**2,838**	878	**128,616**	51,413
	39,275	32,448	**456,821**	428,269

* *Non-current assets exclude interest in associates and available for sale financial asset.*

Information about major customers

For the year ended 31 December 2015, no single customer accounted for 10% or more of the Group's total revenue.

For the year ended 31 December 2014, included in revenue arising from the sales of wood chips of HK$5,175,000 are revenue of approximately HK$5,175,000 which arose from sales to the Group's largest customer (the other operating segments). No other single customer accounted for 10% or more of the Gorup's total revenue.

5. OTHER OPERATING INCOME

Other operating income included the following items:

	2015	2014
	HK$'000	*HK$'000*
Bank interest income	**5,637**	6,980
Gain on disposal of financial assets through profit or loss	**–**	1

6. FINANCE COSTS

	2015	2014
	HK$'000	*HK$'000*
Interest on:		
Bank loans		
– wholly repayable within five years	**897**	1,543
– not wholly repayable within five years	**7,939**	787
Interest on convertible notes	**14,323**	2,899
	23,159	5,229

7. INCOME TAX (EXPENSE)/CREDIT

	2015	2014
	HK$'000	*HK$'000*
Tax (charges)/credit comprise:		
Current tax – Provision for PRC Enterprise Income Tax	**(1,196)**	(10,801)
Over-provision for PRC Enterprise Income Tax	**432**	5,424
Deferred tax		
Temporary differences arising in current year	**(7,047)**	10,741
	(7,811)	5,364

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 2015 (2014: nil). PRC subsidiaries are subject to PRC Enterprise Income Tax at 25% for both years.

8. PROFIT FOR THE YEAR

	2015	2014
	HK$'000	*HK$'000*
Profit for the year has been arrived at after (charging)/crediting		
Depreciation of property, plant and equipment	**(9,649)**	(8,758)
Auditor's remuneration	**(1,100)**	(1,000)
Staff costs (including Directors' remuneration and retirement benefit scheme contribution)	**(19,916)**	(19,875)
Loss on disposal of property, plant and equipment	**(18)**	(14)
Net gain on disposal of proporties held for sale	**3,852**	206
Net (loss)/gain on disposal of investment property	**(630)**	352
Impairment loss on trade and other receivables	**(11)**	(10)
Net exchange loss	**(10,510)**	(8,920)
Gross rental income from investment properties	**4,871**	2,677
Less:		
Direct operating expenses from investment properties that generated rental income during the year	**(22)**	(26)
Direct operating expenses from investment properties that did not generate rental income during the year	**(1,865)**	(287)
	2,984	2,364

9. DIVIDENDS

The Directors do not recommend the payment of a dividend for the year ended 31 December 2015 and 2014.

10. EARNINGS PER SHARE

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

	2015	2014
	HK$'000	*HK$'000*
Profit for the year attributable to owners of the Company	**5,773**	81,038

	2015	2014
	'000	*'000*
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	**1,712,329**	1,303,178

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

For the year ended 31 December 2015, no dilutive earnings per share has been presented as the outstanding convertible notes for the year had no dilutive effect on the basic earnings per share as the conversion price was higher than the average market price of the Company's ordinary shares, and the conversion of the Company's outstanding convertible notes could only be converted into shares at any time following the third anniversary of the issue date (i.e. 13 October 2017) up to the maturity date on 13 October 2019.

11. INTERESTS IN ASSOCIATES

Details of the Group's interests in associates are as follows:

	Guangdong Financial Leasing Co., Ltd 2015	**Nanhai Changhai Power Company Limited 2015**	**Total 2015**	Total 2014
	HK$'000	***HK$'000***	***HK$'000***	*HK$'000*
Initial cost of investments in associates				
Unlisted	**191,977**	**485,042**	**677,019**	677,019
Less: Distribution from pre-acquisition profit	**–**	**(112,526)**	**(112,526)**	–
	191,977	**372,516**	**564,493**	677,019
Share of post-acquisition profits	**22,741**	**70,935**	**93,676**	22,034
Share of other comprehensive expense	**(7,897)**	**(25,321)**	**(33,218)**	(4,428)
	206,821	**418,130**	**624,951**	694,625

Details of each the Group's material associates at the end of the reporting period are as follows:

Entity Name	Form of the entity	Place of incorporation	Principal place of operation	Class of shares held	Proportion of ownership interest held by the Group	Proportion of voting rights held by the Group	Principal activities
Guangdong Financial Leasing Co., Ltd	Incorporated	The People's Republic of China	The People's Republic of China	Ordinary	25%	25%	Finance leasing business and related advisory and guarantee services
Nanhai Changhai Power Company Limited	Incorporated	The People's Republic of China	The People's Republic of China	Ordinary	32.636%	32.636%	Generation and sale of electricity and heated steam

Summarised financial information in respect of each of the Group's material associates is set out below. The summarised financial information below represents amounts shown in the associate's financial statements prepared in accordance with HKFRSs.

All of these associates are accounted for using the equity method in these consolidated financial statements.

Guangdong Financial Leasing Co., Ltd

	2015	2014
	HK$'000	*HK$'000*
Current assets	**1,959,359**	519,646
Non-current assets	**1,893,684**	600,748
Current liabilities	**(1,483,861)**	(25,188)
Non-current liabilities	**(1,541,898)**	(292,529)
Net asset value	**827,284**	802,677

	2015	2014
	HK$'000	*HK$'000*
Revenue	**179,953**	31,286
Profit for the year	**63,114**	27,852
Other comprehensive (expense)/income for the year	**(38,507)**	6,919
Total comprehensive income for the year	**24,607**	34,771

Reconciliation of the above summarised financial information to the carrying amount of the interest in the associate recognised in the consolidated financial statements:

	2015	2014
	HK$'000	*HK$'000*
Net assets of the associate	**827,284**	802,677
Proportion of the Group's ownership interest in Guangdong Financial Leasing Co.,Ltd	**25%**	25%
Carrying amount of the Group's interest in Guangdong Financial Leasing Co.,Ltd	**206,821**	200,669

Nanhai Changhai Power Company Limited

	2015	2014
	HK$'000	*HK$'000*
Current assets	**531,767**	602,987
Non-current assets	**1,117,853**	1,021,957
Current liabilities	**(368,427)**	(456,205)
Net asset value	**1,281,193**	1,168,739

	2015	2014
	HK$'000	*HK$'000*
Revenue	**1,006,713**	279,797
Profit for the year	**171,173**	46,179
Other comprehensive expense for the year	**(58,719)**	(18,866)
Total comprehensive income for the year	**112,454**	27,313

Reconciliation of the above summarised financial information to the carrying amount of the interest in the associate recognised in the consolidated financial statements:

	2015	2014
	HK$'000	*HK$'000*
Net assets of the associate	**1,281,193**	1,168,739
Proportion of the Group's ownership interest in Nanhai Changhai Power Company Limited	**32.636%**	32.636%
Carrying amount of the Group's interest in Nanhai Changhai Power Company Limited *(Note)*	**418,130**	493,956

Note:

For the year ended 2014, there was undistributed profit due to Southern Limited included in the carrying value of the Nanhai Changhai Power Company Limited which had been acquired by the Group through the acquisition of Southern Limited, therefore the carrying amount of the Group's interest in Nanhai Changhai Power Company Limited as at 31 December 2014 cannot be directly calculated by multiplying its net assets with the proportion of the Group's ownership interest.

12. AVAILABLE FOR SALE FINANCIAL ASSET

	2015	2014
	HK$'000	*HK$'000*
Unlisted investment, at cost	**9,117**	–

On 23 October 2015, the Group acquired 5% equity interest in Guangdong Certificate Authority Company Limited at the consideration of RMB4,030,000. The Group also entered into the capital injection agreement for the injection of additional capital of RMB3,500,000.

The above unlisted equity investments represent investments in unlisted equity securities issued by private entities in the PRC. It is measured at cost less impairment at the end of the reporting period because the range of reasonable fair value estimates is so significant that the Directors of the Company are of the opinion that its fair values cannot be measured reliably.

13. 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 after deducting the allowance for doubtful debts presented based on invoice date at the end of the reporting period:

	2015	2014
	HK$'000	*HK$'000*
0-60 days	**702**	683
61-90 days	**198**	202
91-120 days	**256**	181
Over 120 days	**114**	86
Trade receivables	**1,270**	1,152
Other receivables	**3,344**	7,912
	4,614	9,064

Other receivables included the following items:

	2015	2014
	HK$'000	*HK$'000*
Deposit for the acquisition of property *(Note)*	**–**	2,000
Interest receivable	**482**	2,264
Utility deposit, prepayment and other receivables	**2,862**	3,648
	3,344	7,912

Note:

The Group does not hold any collateral or other credit enhancements over these balances.

Of the trade receivables balance at the end of the year, HK$207,000 (2014: HK$253,000) was due from the Group's largest customer. There were six (2014: eight) other customers who, in aggregate, represented more than 5% of the total balance of trade receivables amounted to HK$663,000 (2014: HK$874,000)

As at 31 December 2015, trade receivable over 90 days amounted to HK$370,000 (2014: HK$267,000) were past due but not impaired as the balance were related to debtors with sound repayment history and no recent history of default.

14. TRADE AND OTHER PAYABLES

The credit period granted by the Group's suppliers ranges from 30 days to 90 days.

The following is an aging analysis of the Group's trade payables by age based on the invoice date at the end of the reporting period:

	2015	2014
	HK$'000	*HK$'000*
0-60 days	**1,057**	941
61-90 days	**102**	126
91-120 days	**126**	113
Over 120 days	**119**	183
Trade payables	**1,404**	1,363
Other payables	**103,058**	103,904
	104,462	105,267

Other payables included the following items:

	2015	2014
	HK$'000	*HK$'000*
Other tax payable	**9,438**	9,832
Payable on convertible notes and interest payable *(Note 1)*	**78,819**	78,908
Others *(Note 2)*	**14,801**	15,164
	103,058	103,904

Notes:

1 On 9 May 2002, the Group issued HK$230,000,000 convertible notes (the "2002 CB") 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 2015 and 2014, the balance of HK$75,000,000 2002 CB were due but not converted. Such principal monies together with all interest accrued thereon up to Maturity Date, amounting to HK$3,819,000 (2014: 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.

The Directors considered that the carrying amount of trade and other payable approximates to their fair value. The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

15. BANK LOANS

	2015	2014
	HK$'000	*HK$'000*
Secured	**147,534**	238,868
Carrying amount repayable:		
Within one year	**30,661**	116,444
More than one year, but not exceeding two years	**9,547**	10,000
More than two years, but not more than five years	**35,800**	37,500
More than five years	**71,526**	74,924
	147,534	238,868
Less: Amounts shown under current liabilities	**30,661**	116,444
	116,873	122,424

During the year, the Group obtained a new short-term loan amounting to HK$29,160,000 (2014: HK$113,944,000). It is secured by the Group's investment property of approximately HK$79,097,000 that is situated at unit No. 1, 14 & 15 on 5th Floor, Wing On Plaza, No. 62 Mody Road, Kowloon.

According to HK Int 5 which requires the classification of whole instalment loans containing the repayment on demand clause as current liabilities, the aggregate carrying amounts of HK$28,274,000 (2014: Nil) have been reclassified from non-current liabilities to current liabilities as at 31 December 2015.

The long-term bank loans of HK$119,259,000 (2014: HK$124,924,000) are secured by the Group's investment property and property, plant and equipment of approximately HK$241,050,000 (2014: HK$252,500,000) that is situated at Block 1 of Guangdong-Hongkong Finance & Technology Park, 6 Jinke Road, Guicheng Street, Nanhai District, Foshan City, Guangdong Province, the PRC. The long-term loans carry floating interest rate of the People's Bank of China. The weighted average effective rate on the bank loan is 6.15% (2014: 6.15%) per annum and repayable within ten years. The proceeds were used to finance the purchase of that investment property.

16. CONVERTIBLE NOTES

On 9 May 2002, the Group issued HK$230,000,000 convertible notes (the “2002 CB”) 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 2015 and 2014, the balance of HK$75,000,000 2002 CB were due but not converted. Such principal monies together with all interest accrued thereon up to maturity, amounting to HK$3,819,000 (2014: HK$3,908,000), were reclassified as other payables and become repayable on demand.

On 13 October 2014, the Company issued convertible notes in the principal amount of HK$166,232,000 (the “2014 CB”) (of which its fair value at the issuance date is approximately HK$129,270,000) as part of the consideration for the acquisition of Southern Limited. The 2014 CB bears coupon rate of 2% per annum and are convertible into shares of the Company at a conversion price of HK$0.76 per share at any time following the third anniversary of the issue date up to the maturity date on 13 October 2019. At any time prior to the maturity date of the 2014 CB, the Company is entitled to redeem in whole or in part of the 2014 CB at the principal amount then outstanding or such parts of the principal amount then outstanding together with the relevant accrued and unpaid interest. Unless previously redeemed, converted or purchased and cancelled, the 2014 CB will be redeemed on the maturity date on 13 October 2019. The 2014 CB carries interest at a rate of 2% per annum, which is payable annually in arrears or upon the conversion or redemption of the bonds.

	Liability component *HK$'000*	**Equity component** *HK$'000*	**Total** *HK$'000*
At 1 January 2014	–	–	–
Issue of convertible notes on 13 October 2014 (the “2014 CB”)	94,570	34,700	129,270
Interest charged calculated at an effective interest rate of 14.16%	2,899	–	2,899
At 31 December 2014	97,469	34,700	132,169
At 1 January 2015	97,469	34,700	132,169
Interest charged calculated at an effective interest rate of 14.16%	14,323	–	14,323
Interest paid	(3,325)	–	(3,325)
At 31 December 2015	108,467	34,700	143,167

CHAIRMAN'S STATEMENT

Business Review

For the year ended 31 December 2015, the Group recorded total revenue of HK$39,275,000, representing a year-on-year increase of 21%, and a profit of HK$5,773,000, representing a decrease of 92.9% as compared to that of last year. This was attributable to the fact that special one-off gain of HK$86,388,000 arising from acquisition, including the revaluation gain from issue of consideration shares, was recorded in the previous year.

Hotel Business

In recent years, the domestic hotel industry was continuously affected by the tightening national policy, which has led to a sluggish market overall and fierce competition in room rates. The hotel management devoted to stabilizing the existing number of customers and stepped up sales efforts on corporate meetings and online customers, which made the average occupancy rate to increase slightly by 1% to 51% during the year. However, as the room rates continued to be under pressure, average room rate declined by 4.5%. On the back of surging operating costs, gross profit margin declined from 45% to 43.6% of last year. As a result, through the year, Guilin Plaza recorded a year-on-year decline of 4.3% in revenue to HK$22,655,000, and operating loss of HK$6,354,000, representing an increase of 9.0% as compared to that of last year.

Property Investment

During the year, the Group continued efforts to adjust and optimize its property assets and to dispose of its non-core properties. During the period, the Group completed the sale of a total of 12 units of Shantou Commercial Plaza, recording a revenue of HK$8,056,000, up by 7.7 times as compared to that of the same period last year. After the year ended date, the Group signed a sale and purchase agreement in respect of the sale of Unit 1401 of President Commercial Centre in Mongkok, Kowloon, Hong Kong, at a price of HK$5,100,000. The transaction is expected to be completed on or before 23 June 2016.

The overall rental income from properties held was HK$4,871,000, representing an increase of 82% as compared to last year. The ancillary facilities enhancement works at 中控大廈 (Zhongkong Tower*) in Foshan were completed and consequently the building's overall image and quality have been upgraded. Leasing promotions of the building are now in full swing and it is expected that rental income will be generated for the Group in the coming year. However, as the Group commenced leasing promotion of 中控大廈 (Zhongkong Tower*) in August, after adjustments the overall occupancy rate fell from 70.2% to 64.9% of last year.

On 18 March 2015, the Group completed the acquisition of premises of Unit No. 1, 14 and 15, 5th floor, Wing On Plaza, Tsim Sha Tsui, Kowloon, Hong Kong, which are leased back to the vendor for a term of 12 months at an annual rent of HK$1,900,000. The above leasing agreement has expired earlier and the Company has recovered such premises which will be used as the Group's headquarters in Hong Kong.

Gains on Investments in Associates

As coal prices continued to linger at low levels, Nanhai Changhai Power Company Limited ("Changhai Power"), a company in which the Group is interested in 32.636% of its equity interest, performed well in achieving operational efficiency through the year. As at 31 December 2015, Changhai Power recorded operating profit of HK$171,173,000, contributing a profit of HK$55,864,000 to the Group.

Guangdong Financial Leasing Co., Ltd. ("Guangdong Financial Leasing"), a 25%-owned associate of the Group, continued to achieve stable growth in business. As at 31 December 2015, Guangdong Financial Leasing recorded net operating profit of HK$63,114,000, contributing a profit of HK$15,778,000 to the Group, representing an increase of 1.3 times as compared to that of last year.

On 23 October 2015, Zhong Chuang Xing Ke (Shenzhen) Investments Company Limited, a wholly-owned subsidiary of the Group, acquired 5% equity interest in Guangdong Certificate Authority Company Limited through the listing-for-sale process at a consideration of RMB4,038,033 and, on 28 October 2015, injected additional capital of RMB3,500,000 into Guangdong Certificate Authority Company Limited in proportion to its stake in accordance with the provisions of the shareholders' capital injection agreement.

* *For identification purpose only*

Financial Position and Analysis

As at 31 December 2015, the Group had total assets of HK$1,352,241,000 (2014: HK$1,458,734,000). The Group had bank loans and other long-term liabilities of HK$256,001,000 (2014: HK$336,337,000). Net assets amounted to HK$974,419,000 (2014: HK$995,582,000). Gearing ratio (being bank loans and long-term borrowings divided by total assets) was 18.9% (2014: 23.1%). Net assets per share amounted to HK56.91 cents (2014: HK58.14 cents).

The Group's net current assets amounted to HK$76,284,000 (2014: HK$94,776,000). Current ratio (being current assets divided by current liabilities) was approximately 1.53 times (2014: 1.39 times), while bank balances and cash amounted to HK$158,952,000 (2014: HK$267,826,000). 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

For the year ended 31 December 2015, self-occupied and investment properties of the Group with a carrying amount of approximately HK$320,147,000 were pledged to bank as the security for the bank borrowings granted to the Group (2014: certain bank deposits of the Group with a carrying amount of approximately HK$122,467,000 and investment property with a consideration of approximately HK$252,500,000 were pledged to bank).

Foreign Exchange Exposure

The Group's main operating income and costs are denominated in Renminbi ("RMB"). During the Group's operating process, the foreign exchange fluctuation of the income and costs can be mutually offset. However, due to the Hong Kong based Group putting a great deal of business loans into wholly-owned subsidiaries and the great amount of RMB-denominated monetary assets owned by the Group, the RMB appreciation or depreciation should bring exchange gain and loss respectively. It is expected that, when the exchange rate of Renminbi to HK dollar appreciates or depreciates by 5%, it will cause an increase or decrease of approximately HK$12,956,000 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 and still maintained upward momentum. But the exchange rate of RMB started to trend downward to a limited extent last year, resulting in an exchange loss of approximately HK$10,510,000 by the Group. The Board believes that the chance of significant Renminbi depreciation will not be high and will not bring material adverse foreign exchange exposure to the Group in the long run. Accordingly, it is unnecessary for the Group to hedge against any foreign exchange risk.

Outlook

Looking ahead into the next year, the Group will continue to make full use of existing resources, explore new room for business expansion as well as improve assets' value and operational efficiency. At the same time, the Group will uphold its stable principle in its efforts on surveying and identifying projects with potentials for long-term development and stable income prospects so as to achieve the goals of continued development of the Group and improving returns for shareholders.

EMPLOYEES

The total number of employees of the Group is approximately 191 (2014: 193). The remuneration of the employees of the Group is determined on the basis of performance and responsibility of the employees. The Group provides education allowances to the employees.

DIVIDEND

The Directors do not recommend payment of a dividend for the year ended 31 December 2015 (2014: Nil).

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

During the year ended 31 December 2015, neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the Company's listed shares.

Principal Risks and Uncertainties

The Group's financial condition, results of operations, businesses and prospects would be affected by a number of risks and uncertainties including business risks, operational risks and financial management risks.

The financial risk management policies and practices of the Group will be shown in the financial statements of the annual report 2015.

There may be other risks and uncertainties in addition to those mentioned above which are not known to the Group or which may not be material now but could turn out to be material in the future.

Relationship with Suppliers, Customers and other Stakeholders

The Group understands the importance of maintaining a good relationship with its suppliers and customers to meet its immediate and long-term goals. The hotel management will implement a membership program to enhance relationships with individual and corporate customers. During the year, there were no material and significant dispute between the Group and its suppliers and/or customers.

Environmental Policies and Performance

The Group is committed to the long term sustainability of the environment and communities in which it operates. Acting in an environmentally responsible manner, the Group endeavours to comply with laws and regulations regarding environmental protection and adopt effective measures to achieve efficient use of resources, energy saving and waste reduction. Green initiatives and measures have been adopted in the Group's managed hotels. Such initiatives include recycling of used papers, energy saving measures and water saving practices.

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 to 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 2015, the Company has complied with all the 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, risk management, internal control and financial reporting matters including a general review of the audited consolidated financial statements for the year ended 31 December 2015.

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 2015, 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 2015 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
He Xiangming
Chairman

Hong Kong, 23 March 2016

As at the date of this announcement, the Board consists of five executive directors, namely Mr. HE Xiangming (Chairman), Mr. LIN Pingwu (Managing Director), Mr. YOU Guang Wu (Director), Mr. HUANG Zhihe (Deputy Managing Director) and Ms. WANG Xin (Deputy Managing Director) and three independent non-executive directors, namely Mr. CHAN Kwok Wai, Mr. CHEN Da Cheng and Mr. DENG Hong Ping.