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## CHINA INVESTMENTS HOLDINGS LIMITED

中國興業控股有限公司\*

*(Incorporated in Bermuda with limited liability)*

**(Stock code: 132)**

### RESULTS FOR THE YEAR ENDED 31 DECEMBER 2017

#### 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 2017 as follows:

#### CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*For the year ended 31 December 2017*

	<i>Notes</i>	<b>2017</b> <i>HK\$'000</i>	2016 <i>HK\$'000</i>
<b>Continuing operations</b>			
Revenue	3	<b>29,846</b>	24,554
Cost of sales and services		<u>(22,551)</u>	<u>(11,403)</u>
Gross profit		<b>7,295</b>	13,151
Other operating income	5	<b>12,741</b>	3,982
Selling and distribution costs		<b>(123)</b>	(701)
Administrative expenses		<b>(53,623)</b>	(60,564)
Net gain on disposal of investment property		<b>14,472</b>	–
Share of profit of associates		<b>75,494</b>	67,747
Increase in fair value of investment properties		<b>1,094</b>	–
Finance costs	6	<u>(25,449)</u>	<u>(22,362)</u>

\* *For identification purpose only*

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

*For the year ended 31 December 2017*

	<i>Notes</i>	<b>2017</b> <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Profit before taxation		<b>31,901</b>	1,253
Income tax expenses	7	<u>(4,271)</u>	<u>(3,956)</u>
Profit/(loss) for the year from continuing operations	8	<b>27,630</b>	(2,703)
<b>Discontinued operation</b>	9		
Loss for the year from discontinued operation		<u>–</u>	<u>(1,628)</u>
<b>Profit/(loss) for the year</b>		<b>27,630</b>	(4,331)
<b>Other comprehensive income/(expense), net of income tax</b>			
<i>Items that will not be reclassified to profit or loss:</i>			
Surplus on revaluation of hotel properties		<u>2,818</u>	<u>4,072</u>
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		<b>6,544</b>	(1,598)
Share of exchange difference of associates		<u>49,690</u>	<u>(41,275)</u>
Other comprehensive income/(expense) for the year, net of income tax		<u>59,052</u>	<u>(38,801)</u>
Total comprehensive income/(expense) for the year		<u><b>86,682</b></u>	<u>(43,132)</u>

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

*For the year ended 31 December 2017*

	<i>Notes</i>	<b>2017</b> <b><i>HK\$'000</i></b>	2016 <i>HK\$'000</i>
<b>Profit/(loss) for the year attributable to:</b>			
Owners of the Company	<i>11</i>	<b>31,266</b>	(4,331)
Non-controlling interests		<u><b>(3,636)</b></u>	<u>–</u>
		<u><b>27,630</b></u>	<u><b>(4,331)</b></u>
<b>Total comprehensive income/(expense)</b>			
<b>attributable to:</b>			
Owners of the Company		<b>88,947</b>	(43,132)
Non-controlling interests	<i>17</i>	<u><b>(2,265)</b></u>	<u>–</u>
		<u><b>86,682</b></u>	<u><b>(43,132)</b></u>
<b>Earnings/(loss) per share</b>			
<i>11</i>			
From continuing and discontinued operations			
Basic		<u><b>HK1.83 cents</b></u>	<u><b>(HK0.25 cent)</b></u>
Diluted		<u><b>HK1.83 cents</b></u>	<u><b>(HK0.25 cent)</b></u>
From continuing operations			
Basic		<u><b>HK1.83 cents</b></u>	<u><b>(HK0.16 cent)</b></u>
Diluted		<u><b>HK1.83 cents</b></u>	<u><b>(HK0.16 cent)</b></u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 31 December 2017*

	<i>Notes</i>	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
<b>Non-current assets</b>			
Investment properties		232,525	229,917
Property, plant and equipment		283,080	244,354
Interests in associates	12	745,571	620,387
Available for sale financial asset		9,172	8,527
		<b>1,270,348</b>	1,103,185
<b>Current assets</b>			
Properties held for sale		47,820	55,028
Inventories		494	781
Trade and other receivables	13	7,926	6,487
Pledged bank deposit		63,963	–
Cash and cash equivalents		886,861	151,097
		<b>1,007,064</b>	213,393
<b>Current liabilities</b>			
Trade and other payables	14	130,852	110,704
Tax payables		7,137	6,634
Borrowings	15	624,298	36,004
		<b>762,287</b>	153,342
<b>Net current assets</b>		<b>244,777</b>	60,051
<b>Total assets less current liabilities</b>		<b>1,515,125</b>	1,163,236

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
(CONTINUED)**

*As at 31 December 2017*

	<i>Notes</i>	<b>2017</b> <b>HK\$'000</b>	2016 <i>HK\$'000</i>
<b>Capital and reserves</b>			
Share capital		<b>171,233</b>	171,233
Reserves		<b>849,001</b>	760,054
<b>Equity attributable to owners of the Company</b>		<b>1,020,234</b>	931,287
<b>Non-controlling interests</b>	<i>17</i>	<b>157,625</b>	–
<b>Total Equity</b>		<b>1,177,859</b>	931,287
<b>Non-current liabilities</b>			
Borrowings	<i>15</i>	<b>185,965</b>	100,379
Convertible notes	<i>16</i>	<b>135,586</b>	121,092
Deferred tax liabilities		<b>15,715</b>	10,478
		<b>337,266</b>	231,949
		<b>1,515,125</b>	1,163,236

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 31 December 2017*

## 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 the Hong Kong Companies Ordinance.

## 2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

In the current year, the Group has applied the following amendments to HKFRSs issued by the HKICPA which are or have become effective for the Group’s financial year beginning on 1 January 2017:

HKAS 7 (Amendments)	Disclosure Initiative
HKAS 12 (Amendments)	Recognition of Deferred Tax Assets for Unrealised Losses
HKFRS 12 (Amendments)	As part of the Annual Improvements to HKFRSs 2014-2016 Cycle

The adoption of new and 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.

## 2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

The Group has not early applied the following new and amendments to 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 2 (Amendments)	Classification and Measurement of Share-based Payment Transactions <sup>1</sup>
HKFRS 4 (Amendments)	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts <sup>1</sup>
HKFRS 9	Financial Instrument <sup>1</sup>
HKFRS 9 (Amendments)	Prepayment Features with Negative Compensation <sup>2</sup>
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>4</sup>
HKFRS 15	Revenue from Contracts with Customers and the related Amendments <sup>1</sup>
HKFRS 16	Lease <sup>2</sup>
HKFRS 17	Insurance Contracts <sup>3</sup>
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2015-2017 Cycle <sup>2</sup>
HKAS 28 (Amendments)	As part of the Annual Improvements HKFRSs 2014-2016 Cycle <sup>1</sup>
HKAS 28 (Amendments)	Long-term Interest in Associates and Joint Ventures <sup>2</sup>
HKAS 40 (Amendments)	Transfers of Investment Property <sup>1</sup>
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration <sup>1</sup>
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2019, with earlier application permitted.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2021, with earlier application permitted.

<sup>4</sup> Effective for annual periods beginning on or after a date to be determined.

### 3. REVENUE

Revenue represents the gross amounts received and receivable for revenue arising on hotel operation and wellness elderly care business, sale of properties, 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 three operating divisions – hotel operation, property investments and wellness elderly care business. These divisions are the basis on which the Group reports its primary segment information.

Principal activities are as follows:

Hotel operation	–	hotel ownership and management
Property investments	–	holding investment properties and properties held for sale
Wellness elderly care business	–	comprehensive elderly care services

For the property investment operations, the management reviews the financial information of each property investment, hence each property investment constitutes a separate operating segment. However, the properties investment possess similar economic characteristics, and are with similar development and selling activities as well as similar customer bases. Therefore, all properties investment are aggregated into one reportable segment for segment reporting purposes.

Wood processing operation was discontinued in the year ended 31 December 2016. The segment information reported below does not include any amount for this discontinued operation, which is described in more details in note 9.



#### 4. SEGMENT INFORMATION (Continued)

Segment information about these continuing operations is presented below:

	Segment Revenue		Segment Result	
	2017	2016	2017	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Hotel operation	<b>4,423</b>	19,988	<b>(17,133)</b>	(5,196)
Property investments	<b>22,317</b>	4,566	<b>20,547</b>	(2,421)
Wellness elderly care business	<b>3,106</b>	–	<b>(5,561)</b>	–
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total	<b><u>29,846</u></b>	<b><u>24,554</u></b>	<b>(2,147)</b>	(7,617)
Interest income			<b>3,015</b>	3,343
Professional fee			<b>(2,574)</b>	(1,027)
Net central administration cost			<b>(25,213)</b>	(22,253)
Net exchange gain/(loss)			<b>8,775</b>	(16,578)
Share of profit of associates			<b>75,494</b>	67,747
Finance costs			<b>(25,449)</b>	(22,362)
			<u>          </u>	<u>          </u>
Profit before taxation			<b>31,901</b>	1,253
Income tax expenses			<b>(4,271)</b>	(3,956)
			<u>          </u>	<u>          </u>
Profit/(loss) for the year			<b><u>27,630</u></b>	<b><u>(2,703)</u></b>

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the current year (2016: Nil).

Segment result represents the profit/(loss) generated by each segment without allocation of interest income, professional fee, net central administration cost, net exchange gain or loss, share of profit of associates and finance costs. This is the measure reported to the Group's management for the purposes of resource allocation and performance assessment.

#### 4. SEGMENT INFORMATION (Continued)

##### *Segment assets and liabilities*

*As at 31 December 2017*

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
<b>Segment Assets</b>		
<b>Continuing operations</b>		
Hotel operation	160,802	122,243
Property investments	292,463	296,241
Wellness elderly care business	550	–
Total segment assets	453,815	418,484
Assets relating to discontinued operation	–	391
Pledged bank deposit	63,963	–
Cash and cash equivalents	886,861	151,097
Interests in associates	745,571	620,387
Available for sale financial asset	9,172	8,527
Unallocated assets	118,030	117,692
Consolidated assets	<u>2,277,412</u>	<u>1,316,578</u>
<b>Segment Liabilities</b>		
<b>Continuing operations</b>		
Hotel operation	14,837	3,919
Property investments	108,475	115,710
Wellness elderly care business	2,380	–
Total segment liabilities	125,692	119,629
Liabilities relating to discontinued operation	–	1,028
Convertible notes	214,407	199,911
Borrowings	702,293	27,075
Unallocated liabilities	57,161	37,648
Consolidated liabilities	<u>1,099,553</u>	<u>385,291</u>

4. SEGMENT INFORMATION (Continued)

*Other Information*

2017

Continuing operations

	Hotel operation <i>HK\$'000</i>	Property investments <i>HK\$'000</i>	Wellness elderly care business <i>HK\$'000</i>	Total <i>HK\$'000</i>
Depreciation	5,416	2,180	5	7,601
Addition to investment property	–	5,991	–	5,991
Additions to property, plant and equipment	37,825	4,770	38	42,633
Net gain on disposal of investment property	–	14,472	–	14,472
Loss on disposal of property, plant and equipment	(1,031)	–	–	(1,031)

2016

Continuing operations

	Hotel operation <i>HK\$'000</i>	Property investments <i>HK\$'000</i>	Wellness elderly care business <i>HK\$'000</i>	Total <i>HK\$'000</i>
Depreciation	5,876	1,913	–	7,789
Additions to property, plant and equipment	2,445	5,493	–	7,938
(Loss)/gain on disposal of property, plant and equipment	(5)	446	–	441

#### 4. SEGMENT INFORMATION (Continued)

##### *Geographic Segments*

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

Property investments are located in both the 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*	
	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
The PRC	28,475	22,798	378,902	319,805
Hong Kong	1,371	1,756	19,512	38,516
	<u>29,846</u>	<u>24,554</u>	<u>398,414</u>	<u>358,321</u>

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

#### 5. OTHER OPERATING INCOME

Other operating income included the following items:

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
<b>Continuing operations</b>		
Bank interest income	3,015	3,343
Net exchange gain	8,775	–
	<u>11,790</u>	<u>3,343</u>

## 6. FINANCE COSTS

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
<b>Continuing operations</b>		
Interest on:		
Convertible notes	17,819	15,950
Bank loans	6,686	6,412
Loan from immediate holding company	249	–
Loan from an associate	695	–
	<u>25,449</u>	<u>22,362</u>

## 7. INCOME TAX EXPENSES

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
<b>Continuing operations</b>		
Tax charges comprise:		
Current tax		
Provision for PRC Enterprise Income tax	–	(1,906)
Provision for HK Profits tax	(6)	–
Deferred tax:		
Temporary differences arising in current year	<u>(4,265)</u>	<u>(2,050)</u>
	<u>(4,271)</u>	<u>(3,956)</u>

Hong Kong Profits Tax has been made at 16.5% (2016: Nil) as the Group has assessable profits in Hong Kong for the year ended 31 December 2017. PRC subsidiaries are subject to PRC Enterprise Income Tax at 25% for the year ended 31 December 2016.

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

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Profit/(loss) for the year has been arrived at after crediting/(charging):		
Depreciation of property, plant and equipment	(10,556)	(10,722)
Auditor's remuneration		
Audit service	(1,200)	(1,150)
Non-audit service	(106)	(4)
(Loss)/gain on disposal of property, plant and equipment	(928)	328
Net gain on disposal of investment property	14,472	–
Net gain on disposal of property held for sale	6,199	–
Impairment loss on trade and other receivables	(240)	(2)
Net exchange gain/(loss)	8,775	(16,578)
 Total staff costs		
Directors' emoluments	(8,149)	(6,105)
Other staff cost	(12,394)	(13,771)
Retirement benefit schemes contributions for other staffs	(929)	(1,300)
Termination benefits	(3,555)	–
	<u>(25,027)</u>	<u>(21,176)</u>
 Gross rental income from investment properties	 6,373	 4,566
<i>Less:</i>		
Direct operating expenses from investment properties that generated rental income during the year	(21)	(29)
Direct operating expenses from investment properties that did not generated rental income during the year	(2,037)	(2,585)
	<u>4,315</u>	<u>1,952</u>

## 9. DISCONTINUED OPERATION

In prior year, Foshan City Nanhai District Safety Supervision Authority, Jiujiang Division (“Safety Supervision Authority”) issued a notice to Foshan City Nanhai Kang Sheng Timber Company Limited (“Kang Sheng”), a wholly-owned subsidiary, requiring it to upgrade its production facilities to a higher level of environmental protection standard.

In this regard, the Board resolved to cease the Group’s wood processing business (“discontinued operation”) on 31 December 2016 after considering the cost of upgrading the existing machineries.

The results of the discontinued operation included in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows for the year ended 31 December 2016 are set out below.

	2016 <i>HK\$’000</i>
Revenue	2,278
Cost of sales	<u>(2,842)</u>
Gross loss	(564)
Other operating income	–
Selling and distribution costs	(495)
Administrative expenses	<u>(569)</u>
Loss before taxation from discontinued operation	(1,628)
Income tax expense	<u>–</u>
Loss for the year from discontinued operation and attributable to owners of the Company	<u><u>(1,628)</u></u>

## 9. DISCONTINUED OPERATION (Continued)

Loss from discontinued operation for the year ended 31 December 2016 include the following:

	2016 <i>HK\$'000</i>
Auditor's remuneration	–
Depreciation	235
	<u>235</u>

### *Cash flows from discontinued operation*

	2016 <i>HK\$'000</i>
Net cash outflows from operating activities	<u>(411)</u>
Net cash outflows	<u>(411)</u>

None of the assets or liabilities related to the disposal group was classified as held for sale.

## 10. DIVIDEND

The Directors do not recommend the payment of any dividend for the year ended 31 December 2017 (31 December 2016: Nil).

## 11. EARNINGS/(LOSS) PER SHARE

### *From continuing and discontinued operations*

The calculation of the basic and diluted earnings/(loss) per share is based on the profit attributable to the owners of the Company of approximately HK\$31,266,000 (2016: loss of HK\$4,331,000) and on the number of 1,712,329,142 ordinary shares (2016: 1,712,329,142 ordinary shares) in issue during the year.

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



## 11. EARNINGS/(LOSS) PER SHARE (Continued)

### *From continuing and discontinued operations*

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

Earnings/(loss) figures are calculated as follows:

	<b>2017</b>	2016
	<b>HK\$'000</b>	HK\$'000
Profit/(loss) for the year attributable to owners of the Company	<b>31,266</b>	(4,331)
<i>Add:</i>		
Loss for the year from discontinued operation	<u>          –</u>	<u>          1,628</u>
Earning/(loss) for the purpose of basic and diluted earnings per share from continuing operations	<u><b>31,266</b></u>	<u>          (2,703)</u>
<i>Number of shares</i>		
	<b>2017</b>	2016
	<b>'000</b>	'000
Number of ordinary shares for the purpose of basic earnings per share	<u><b>1,712,329</b></u>	<u>          1,712,329</u>

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

For the year ended 31 December 2017 and 2016, no dilutive earnings per share has been presented as the exercise would have an anti-dilutive effect.

## 12. INTERESTS IN ASSOCIATES

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

	<b>Guangdong Financial Leasing Co., Ltd 2017 HK\$'000</b>	<b>Nanhai Changhai Power Company Limited 2017 HK\$'000</b>	<b>Total 2017 HK\$'000</b>	<b>Total 2016 HK\$'000</b>
Initial cost of investment in associates				
Unlisted	191,977	485,042	677,019	677,019
Less: Distribution from pre-acquisition profits	—	(143,562)	(143,562)	(143,562)
	<b>191,977</b>	<b>341,480</b>	<b>533,457</b>	533,457
Share of post-acquisition profits	55,044	181,873	236,917	161,423
Share of exchange differences	(5,718)	(19,085)	(24,803)	(74,493)
	<b>241,303</b>	<b>504,268</b>	<b>745,571</b>	<b>620,387</b>

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

Company name	Place 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	PRC	PRC	Ordinary	25%	25%	Finance leasing business and related advisory and guarantee services
Nanhai Changhai Power Company Limited	Incorporated	PRC	PRC	Ordinary	32.636%	32.636%	Generation and sale of electricity and heated steam

## 12. INTERESTS IN ASSOCIATES (Continued)

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 associates' financial statements prepared in accordance with HKFRSs.

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

### *Guangdong Financial Leasing Co., Ltd*

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Current assets	2,078,057	1,185,626
Non-current assets	2,739,712	2,395,519
Current liabilities	(1,201,146)	(699,069)
Non-current liabilities	<u>(2,478,007)</u>	<u>(1,893,538)</u>
Net asset value	<u><u>1,138,616</u></u>	<u><u>988,538</u></u>
	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Revenue	265,965	209,826
Profit for the year	66,537	62,670
Exchange differences for the year	<u>64,295</u>	<u>(55,574)</u>
Total comprehensive income for the year	<u><u>130,832</u></u>	<u><u>7,096</u></u>

## 12. INTERESTS IN ASSOCIATES (Continued)

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

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Net assets of the associate	1,138,616	988,538
Non-controlling interest of the associate's subsidiary	<u>(173,404)</u>	<u>(154,158)</u>
	965,212	834,380
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	<u>241,303</u>	<u>208,595</u>

### *Nanhai Changhai Power Company Limited*

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Current assets	978,943	669,576
Non-current assets	879,475	903,480
Current liabilities	<u>(313,290)</u>	<u>(311,285)</u>
Net asset value	<u>1,545,128</u>	<u>1,261,771</u>

## 12. INTERESTS IN ASSOCIATES (Continued)

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Revenue	1,275,128	1,022,321
Profit for the year	180,351	159,577
Exchange differences for the year	<u>103,006</u>	<u>(83,903)</u>
Total comprehensive income for the year	<u><u>283,357</u></u>	<u><u>75,674</u></u>

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

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Net assets of the associate	1,545,128	1,261,771
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	<u><u>504,268</u></u>	<u><u>411,792</u></u>

### 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:

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
0 – 60 days	799	1,160
61 – 90 days	163	140
91 – 120 days	51	128
Over 120 days	<u>79</u>	<u>180</u>
Trade receivables	1,092	1,608
Other receivables and prepayments	<u>6,834</u>	<u>4,879</u>
	<u><b>7,926</b></u>	<u><b>6,487</b></u>

Other receivables included the following items:

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Interest receivable	168	484
Utility deposit	168	200
Prepayment	574	475
Others	<u>5,924</u>	<u>3,720</u>
	<u><b>6,834</b></u>	<u><b>4,879</b></u>

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

#### 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:

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
0 – 60 days	615	1,177
61 – 90 days	302	120
91 – 120 days	–	101
Over 120 days	89	168
Trade payables	1,006	1,566
Other payables	129,846	109,138
	<u>130,852</u>	<u>110,704</u>

Other payables included the following items:

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Other tax payable	11,412	8,946
Convertible notes payable and interest thereon ( <i>Note 1</i> )	78,819	78,819
Others ( <i>Note 2</i> )	39,615	21,373
	<u>129,846</u>	<u>109,138</u>

*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 2017 and 2016, 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 (2016: HK\$3,819,000), were reclassified as other payables and are repayable on demand.
2. Others include accrued staff salaries and welfare, interest payable, deposit received from hotel customers and other temporary receipts.

The Directors considered that the carrying amount of trade and other payables 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. BORROWINGS

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Bank loans	680,647	136,383
Loan from an associate	39,616	–
Loan from immediate holding company	90,000	–
	<u>810,263</u>	<u>136,383</u>
Secured	680,647	136,383
Unsecured	129,616	–
	<u>810,263</u>	<u>136,383</u>
Carrying amount of the above borrowings are repayable:		
Within one year*	624,298	36,004
More than one year, but not exceeding two years	24,010	22,322
More than two years, but not more than five years	126,014	27,902
More than five years	35,941	50,155
	<u>810,263</u>	136,383
<i>Less: Amounts shown under current liabilities</i>	<u>624,298</u>	36,004
	<u>185,965</u>	<u>100,379</u>

On 12 April 2017, the Group obtained a one-year short-term loan amounting to RMB33,000,000 from the Group's associate, Nanhai Changhai Power Company Limited, is unsecured with a fixed interest rate at 2.6% per annum.

On 5 December 2017, the Group obtained a three-year loan amounting to HK\$90,000,000 from the Group's immediate holding company, Prize Rich Inc. is unsecured with a fixed interest rate at 3% per annum.

On 6 December 2017, the Group's has obtained a loan facility from a bank of approximately USD110,090,000 which a controlling shareholder has provided the necessary corporate guarantee. As at 31 December 2017, the Group has utilised the loan facility of USD70,000,000. The proceeds were used to finance the formation of subsidiary.

\* 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\$572,677,000 (31 December 2016: HK\$27,075,000) have been reclassified from non-current liabilities to current liabilities as at 31 December 2017.



## 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 2017 and 2016, 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 (2016: HK\$3,819,000), 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 at 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. 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.

The convertible notes contain two components, liability and equity components. The equity component is presented in equity under heading “convertible note equity reserve”. The values of the liability component and the equity component were determined at the issuance of the notes.

	<b>Liability component HK\$'000</b>
At 1 January 2016	108,467
Interest charged calculated at an effective interest rate of 14.16%	15,950
Interest paid	<u>(3,325)</u>
At 31 December 2016	<u><u>121,092</u></u>
At 1 January 2017	<b>121,092</b>
Interest charged calculated at an effective interest rate of 14.16%	<b>17,819</b>
Interest paid	<u><b>(3,325)</b></u>
At 31 December 2017	<u><u><b>135,586</b></u></u>

## 17. NON-CONTROLLING INTERESTS

The table below shows details of the non-wholly owned subsidiary of the Company that has material non-controlling interests:

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interests held by non-controlling interests		Proportion of voting rights held by non-controlling interests		Profit/(loss) allocated to non-controlling interests		Accumulated non-controlling interests	
		2017	2016	2017	2016	2017	2016	2017	2016
						HK\$'000	HK\$'000	HK\$'000	HK\$'000
Guangdong Yibaijian Wellness Technology Co., Ltd* 廣東壹佰健大健康科技有限公司	PRC	30%	–	30%	–	(1,747)	–	(547)	–
Guangdong Sino Rock Tyco Construction Co., Ltd.* 廣東中岩泰科建設有限公司	PRC	20%	–	20%	–	14	–	153,675	–
China Select Small Hotel Union Limited * 興業民宿互助社有限公司	PRC	49%	–	49%	–	–	–	3,600	–

\* *For identification purposes only*

Summarised financial information in respect of the Group's subsidiaries that have a material non-controlling interests are set out below. The summarised financial information below represents amounts before intragroup eliminations. All these subsidiaries were set up in 2017, therefore, there is no comparative for 2016 presented.

17. NON-CONTROLLING INTERESTS (Continued)

*Guangdong Yibaijian Wellness Technology Co., Ltd (“Yibaijian”)*

	2017 <i>HK\$'000</i>
Current assets	<u>5,649</u>
Non-current assets	<u>33</u>
Current liabilities	<u>(1,904)</u>
Equity attributable to owners of the Company	<u>4,325</u>
Non-controlling interests	<u>(547)</u>
Loss for the period	<u>(5,592)</u>
Loss for the period attributable to:	
Owners of the Company	(3,915)
Non-controlling interests of Yibaijian	<u>(1,677)</u>
	<u>(5,592)</u>
Other comprehensive expense, net of income tax:	
Exchanges differences arising on translation of foreign operations:	
Owners of the Company	(164)
Non-controlling interests of Yibaijian	<u>(70)</u>
	<u>(234)</u>
Loss and total comprehensive expense attributable to:	
Owners of the Company	(4,079)
Non-controlling interests of Yibaijian	<u>(1,747)</u>
	<u>(5,826)</u>
Net cash outflow from operating activities	<u>(3,964)</u>
Net cash outflow from investing activities	<u>(33)</u>
Net cash inflow from financing activities	<u>9,604</u>
Net cash inflow	<u>5,607</u>

17. NON-CONTROLLING INTERESTS (Continued)

*Guangdong Sino Rock Tyco Construction Co., Ltd. (“Sino Rock”)*

	2017 HK\$'000
Current assets	<u>700,500</u>
Current liabilities	<u>(78)</u>
Equity attributable to owners of the Company	<u>546,747</u>
Non-controlling interests	<u>153,675</u>
Loss for the period	<u>(7,229)</u>
Loss for the period attributable to:	
Owners of the Company	(5,783)
Non-controlling interests of Sino Rock	<u>(1,446)</u>
	<u>(7,229)</u>
Other comprehensive income, net of income tax:	
Exchanges differences arising on translation of foreign operations:	
Owners of the Company	5,841
Non-controlling interests of Sino Rock	<u>1,460</u>
	<u>7,301</u>
Profit and total comprehensive income attributable to:	
Owners of the Company	58
Non-controlling interests of Sino Rock	<u>14</u>
	<u>72</u>
Net cash outflow from operating activities	<u>(7,151)</u>
Net cash outflow from investing activities	<u>(153,061)</u>
Net cash inflow from financing activities	<u>700,350</u>
Net cash inflow	<u>540,138</u>

17. NON-CONTROLLING INTERESTS (Continued)

*China Select Small Hotel Union Limited*

	<b>2017</b> <b>HK\$'000</b>
Current assets	<u><u>9,720</u></u>
Equity attributable to owners of the Company	<u><u>6,120</u></u>
Non-controlling interests	<u><u>3,600</u></u>
Net cash inflow from financing activities	<u><u>9,720</u></u>
Net cash inflow	<u><u>9,720</u></u>

## **CHAIRMAN'S STATEMENT**

### **Business review**

For the year ended 31 December 2017, the Group recorded total revenue of HK\$29,846,000, representing a year-on-year increase of 21.6 %. As the revenue from investment properties and rental income increased HK\$17,751,000 as well as exchange gain of HK\$8,775,000 arising from the appreciation of the Renminbi, the Group recorded operating profit of HK\$27,630,000, reversing the loss recorded last year.

### **Hotel business**

Coffotel Guilin Plaza (“Guilin Plaza”) underwent renovation work from March to October in 2017, leading to significant decrease of 77.9 % to HK\$4,423,000 in annual operating income of the Group. In addition, due to the business reorganization of Guilin Plaza, reduction in the number of hotel rooms, increase in room for rental properties, demand for labor decreased and severance payment of HK\$3,555,000 was incurred, resulting in a year-on-year increase of 230% to HK\$17,133,000 in the operating loss of Guilin Plaza.

Guilin Plaza reopened in November 2017 and the business operation gradually returned to normal. With more efficient use of room resources, decrease in operating costs and increase in rental income, the operating performance of the hotel is expected to improve.

In order to expand the diversified business related to the hotel industry, the Group formed China Select Small Hotel Union Limited (a 51%-owned joint venture of the Group) with T-Box Union (China) Financial Holdings Investments Limited and T-Box Union Investments Limited on 29 September 2017, in an effort to provide integrated service in the homestay inn and small hotel industry, including offering quickly-constructed T-BOX® mobile homes with zero-sewage discharge environmental-friendly system as well as homestay inn sales management software and financing solutions. On 14 December 2017, China Select Small Hotel Union Limited and China New Town Development Company Limited entered into strategic cooperation framework agreement for joint development of the homestay inn tourist services industry fund.

## **Property investments**

The Group's overall rental income in 2017 was HK\$6,373,000, representing an increase of 39.6 % as compared to the same period last year. As the ancillary facilities enhancement work at Zhongkong Tower in Foshan was completed, the overall occupancy rate of Zhongkong Tower increased to 53.84% and the full-year rental income amounted to HK\$3,085,000, representing a significant increase of 292% as compared to the same period of last year. The full-year rental income of Shantou Commercial Plaza amounted to HK\$1,558,000, which was similar to last year. As most of the properties of Huizhou International Commerce Building were sold in the second half of the year, annual rental income decreased 21.67 % to HK\$359,000 from last year.

In terms of property sales, during the year, the Group completed the disposal of 29 units of Huizhou International Commerce Building, 5 units of Shantou Commercial Plaza and unit A on the ground floor in Kai Yip Factory Building, San Po Kong, Hong Kong, cashing out totally HK\$49,743,000 and generating total gains of HK\$20,671,000.

As disclosed by the Company on 16 November 2017, Guangdong Sino Rock Tyco Construction Co., Ltd. ("Sino Rock Tyco"), a subsidiary of the Company and a 80%-owned joint venture of the Group, would invest in the development and construction of the high-end industrial parks project for electric vehicle and hydrogen powered fuel cell vehicle production operated in Danzao Town, Nanhai District, Foshan City. The construction of the industrial parks is expected to complete in 2019.

## **Wellness Elderly Care business**

Guangdong Yibaijian Comprehensive Health Technology Ltd. (“Guangdong Yibaijian”), a 70%-owned joint venture company of the Group, has completed the whole construction work and passed the comprehensive system test of smart platform for management of integrated elderly care services in Nanhai District (“Smart Elderly Care Services Platform”). It has officially conducted pilot operation in Dali Town and Shishan Town, Nanhai District on 12 July 2017. The platform has operated smoothly so far and was planned to gradually expand to other towns in Nanhai District. On December 4, 2017, Guangdong Yibaijian won the tender of the second phase construction of the Smart Elderly Care Services Platform for further optimization of the Platform and development of various value-added services in healthy elderly care management so as to increase channels of operating income. Smart Elderly Care Services Platform is a point of entry for the Group into the wellness elderly care industry. As the elderly care project is at the initial investment and construction stage, it has yet to generate any profits or gains for the Group.

In order to focus resources on the development of wellness elderly care industry, the Group has shelved plans to invest in maternal and child health care development projects

## **Profit on investments in associates**

Nanhai Changhai Power Company Limited, a 32.636%-owned joint venture of the Group, implemented technological transformation of its boilers at the beginning of last year. As a result, a temporary suspension of the operation of the boilers affected power generation and gas supply. As there is no such technological transformation is implemented this year, both sales volume of power and steam increased as compared to the same period last year. Despite increased costs due to the increase in coal prices, operating performance in 2017 improved with an operating profit of HK\$180,351,000, contributing HK\$58,859,000 to the Group, representing an increase of 13% as compared to same period last year.

As at 31 December 2017, Guangdong Financial Leasing Co., Ltd., a 25%-owned associate of the Group recorded net operating profit of HK\$66,537,000, contributing a profit of HK\$16,634,000 to the Group, representing an increase of 6.2% as compared to last year.



Global Digital Cybersecurity Authority Co., Ltd. (formerly Guangdong Certificate Authority Company Limited), a 5%-owned joint venture of the Group, completed the listing of its shares on the National Equities Exchange and Quotations System (New Third Board) on 11 August 2017 and generated a profit of HK\$777,000 for the equity held by the Group.

### **Financial position and analysis**

As at 31 December 2017, the Group had total assets of HK\$2,277,412,000 (31 December 2016: HK\$1,316,578,000), bank loans and other long-term liabilities of HK\$945,849,000 (31 December 2016: HK\$257,475,000), net assets of HK\$1,177,859,000 (31 December 2016: HK\$931,287,000), gearing ratio (being bank loans and long-term borrowings divided by total assets) of 41.5% (31 December 2016: 19.6%) and equity attributable to owners of the Company per share of HK59.58 cents (31 December 2016: HK54.39 cents).

The Group had net current assets of HK\$244,777,000 (31 December 2016: HK\$60,051,000), current ratio (being current assets divided by current liabilities) of approximately 1.32 times (31 December 2016: 1.39 times) and bank savings cash and cash equivalents of HK\$886,861,000 (31 December 2016: HK\$151,097,000), which is sufficient for the capital requirements of future operation and new projects or business development of the Group.

### **Pledge of assets**

For the year ended 31 December 2017, properties of the Group for own use and investment with carrying value of approximately HK\$323,697,000 were pledged to banks as the security for the bank borrowings granted to the Group (31 December 2016: properties of the Group for own use and investment with carrying value of approximately HK\$301,578,000 were pledged to banks).

## Foreign exchange exposure

The Group's main operating income and costs are denominated in RMB. In the business operation of the Group, foreign exchange fluctuation of income and costs would be mutually offset. However, as the Hong Kong-based Group has invested substantial borrowings into domestic wholly-owned subsidiaries in the Mainland whilst owning substantial RMB monetary assets. However, the Group had invested registered capital of US\$70,000,000 into Sino Rock Tyco by the end of this year for the construction of the industrial parks project. As Sino Rock Tyco has not exchanged the US\$70,000,000 into RMB, exchange loss or gain would be generated from appreciation or depreciation of RMB before exchange. It is expected that a decrease or an increase of about HK\$17,374,000 in the profit of the year would be resulted if the exchange rate of RMB to HK dollars appreciates or depreciates by 5%. Reversely, after exchanging the US\$70,000,000 into RMB, it is expected that an increase or a decrease of about HK\$9,967,000 in the profit of the year would be resulted if the exchange rate of RMB to HK dollars appreciates or depreciates by 5%. For the past few years, RMB constantly showed an upward trend and only gradually became stable in the second half of 2008 while still maintaining an upward momentum. However, the exchange rate of RMB started to adjust downwards repeatedly in recent years while began to rebound and recorded an exchange gain of HK\$8,775,000 this year. Therefore, the Board believes that the magnitude of the downward adjustment of RMB will be limited in the medium and short term and substantial depreciation or appreciation is unlikely in the future. It is expected that RMB will be stable in the long term in the future and will not significantly pose adverse foreign exchange risk to the Group in the long run. Accordingly, at the moment, it is not necessary for the Group to hedge against foreign exchange risk.

## **Outlook**

During transformation and upgrade in the past few years, the Group has basically confirmed its development focus and direction by continuous exploration and survey, steady investment, and gaining of industry experience. In addition to keep advancing the traditional businesses of real estate, hotels and industrial sectors for guaranteeing stable recurring revenue, the Group will seize opportunities for market development in finance, technology and wellness elderly care sectors in coming years. In terms of the finance sector, the Group has established a wholly-owned subsidiary Canton Risen Financial Leasing Co., Ltd\* (廣東粵盛科融資租賃有限公司) leveraged on its accumulated experience in the financial leasing industry in order to further develop the financial leasing business; In terms of the technology sector, taking advantage of the opportunity of the Nanhai District new smart city construction plan, the Group actively research on and develop the Big Data industry projects; In terms of the wellness elderly care sector, the Group shall continue to develop towards constructing the 3-folded elderly care system of Nanhai District organization, community and domestics based on the foundation of the Smart Elderly Care Services Platform. Through the above development plans, it shall expand the Group's business and gradually achieve the goal of improving returns for shareholders.

## **EMPLOYEES**

The total number of employees of the Group is approximately 113 (31 December 2016: 161). 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 resolved not to recommend payment of any dividend for the year ended 31 December 2017 (31 December 2016: Nil).

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

During the year ended 31 December 2017, 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 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 2017, the Company has complied with all the code provisions under the Code.

## **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 2017, they have complied with the required standard as set out in the Model Code.

## **AUDIT COMMITTEE**

The audit committee comprising the three independent non-executive Directors of the Company has reviewed with 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 unaudited interim results for the year ended 31 December 2017.

## **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 2017 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, 27 March 2018

*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.*