

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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 2016

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 2016 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2016

	<i>NOTES</i>	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i> (Restated)
Continuing operations			
Revenue	3	24,554	35,582
Cost of sales and services		<u>(11,403)</u>	<u>(17,917)</u>
Gross profit		13,151	17,665
Other operating income	5	3,982	5,644
Selling and distribution costs		(701)	(682)
Administrative expenses		(60,564)	(54,429)
Impairment loss on property, plant and equipment		–	(1,440)
Impairment loss on available for sale financial asset		–	(73)
Share of profit of associates		67,747	71,642
Finance costs	6	<u>(22,362)</u>	<u>(23,159)</u>

* *For identification purpose only*

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

For the year ended 31 December 2016

	<i>NOTES</i>	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i> (Restated)
Profit before taxation		1,253	15,168
Income tax expense	7	<u>(3,956)</u>	<u>(7,811)</u>
(Loss)/profit for the year from continuing operations	9	(2,703)	7,357
Discontinued operation			
Loss for the year from discontinued operation	8	<u>(1,628)</u>	<u>(1,584)</u>
(Loss)/profit for the year and attributable to owners of the Company		<u>(4,331)</u>	<u>5,773</u>
Other comprehensive expense, net of income tax			
Items that will not be reclassified to profit or loss:			
Surplus on revaluation of hotel properties		4,072	3,930
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		(1,598)	(2,076)
Share of exchange difference of associates		<u>(41,275)</u>	<u>(28,790)</u>
Other comprehensive expense for the year, net of income tax		<u>(38,801)</u>	<u>(26,936)</u>
Total comprehensive expense for the year and attributable to owners of the Company		<u>(43,132)</u>	<u>(21,163)</u>
(Loss)/earnings per share	<i>11</i>		
From continuing and discontinued operations			
Basic		<u>(HK0.25 cent)</u>	<u>HK0.34 cent</u>
Diluted		<u>(HK0.25 cent)</u>	<u>HK0.34 cent</u>
From continuing operations			
Basic		<u>(HK0.16 cent)</u>	<u>HK0.43 cent</u>
Diluted		<u>(HK0.16 cent)</u>	<u>HK0.43 cent</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2016

	<i>Notes</i>	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Non-current assets			
Investment properties		229,917	322,263
Property, plant and equipment		244,354	176,253
Interests in associates	12	620,387	624,951
Available for sale financial asset		8,527	9,117
		1,103,185	1,132,584
Current assets			
Properties held for sale		55,028	55,028
Inventories		781	1,063
Trade and other receivables	13	6,487	4,614
Bank balances and cash		151,097	158,952
		213,393	219,657
Current liabilities			
Trade and other payables	14	110,704	104,462
Tax payables		6,634	8,250
Bank loans	15	36,004	30,661
		153,342	143,373
Net current assets		60,051	76,284
Total assets less current liabilities		1,163,236	1,208,868
Capital and reserves			
Share capital		171,233	171,233
Reserves		760,054	803,186
Total equity		931,287	974,419
Non-current liabilities			
Bank loans	15	100,379	116,873
Convertible notes	16	121,092	108,467
Deferred tax liabilities		10,478	9,109
		231,949	234,449
		1,163,236	1,208,868

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 the Hong Kong Companies Ordinance.

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

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 2016:

HKAS 1 (Amendments)	Disclosure Initiative
HKAS 16 and HKAS 38 (Amendments)	Clarification of Acceptable Methods of Depreciation and Amortisation
HKAS 16 and HKAS 41 (Amendments)	Agriculture: Bearer Plants
HKAS 27 (Amendments)	Equity Method in Separate Financial Statements
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2012-2014 Cycle
HKFRS 10, HKFRS 12 and HKAS 28 (Amendments)	Investment Entities: Applying the Consolidation Exception
HKFRS 11 (Amendments)	Accounting for Acquisitions of Interest in Joint Operations
HKFRS 14	Regulatory Deferral Accounts

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.

HKAS 7 (Amendments)	Disclosure Initiative ¹
HKAS 12 (Amendments)	Recognition of Deferred Tax Assets for Unrealised Losses ¹
HKFRS 2 (Amendments)	Classification and Measurement of Share-based Payment Transactions ²
HKFRS 9	Financial Instruments ²
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴
HKFRS 15	Revenue from Contracts with Customers and the related Amendments ²
HKFRS 16	Lease ³

¹ Effective for annual periods beginning on or after 1 January 2017.

² Effective for annual periods beginning on or after 1 January 2018.

³ Effective for annual periods beginning on or after 1 January 2019.

⁴ 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 operations, and goods or properties 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 two operating divisions – hotel operation and property investments. 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

4. SEGMENT INFORMATION (Continued)

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 current year. The segment information reported below does not include any amount for this discontinued operation, which is described in more detail in note 8.

Segment information about these continuing operations is presented below:

	Segment Revenue		Segment result	
	2016	2015	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(Restated)		(Restated)
Hotel operation	19,988	22,655	(5,196)	(6,354)
Property investments	4,566	12,927	(2,421)	1,780
Total	<u>24,554</u>	<u>35,582</u>	(7,617)	(4,574)
Interest income			3,343	5,637
Impairment loss on property, plant and equipment			–	(1,440)
Impairment loss on available for sale financial asset			–	(73)
Professional fee			(1,027)	(1,637)
Net central administration cost			(22,253)	(20,718)
Net exchange loss			(16,578)	(10,510)
Share of profit of associates			67,747	71,642
Finance costs			(22,362)	(23,159)
Profit before taxation			1,253	15,168
Income tax expense			(3,956)	(7,811)
(Loss)/profit for the year			<u>(2,703)</u>	<u>7,357</u>

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the current year (2015: Nil).

4. SEGMENT INFORMATION (Continued)

Segment result represents the (loss)/profit generated by each segment without allocation of interest income, impairment loss on property, plant and equipment, professional fee, impairment loss on available for sale financial asset, net central administration costs, net exchange 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.

Segment assets and liabilities

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i> (Restated)
Segment assets		
Continuing operations		
Hotel operation	122,243	122,304
Property investments	<u>296,241</u>	<u>393,368</u>
Total segment assets	418,484	515,672
Assets relating to discontinued operation	391	521
Bank balances and cash	151,097	158,952
Interests in associates	620,387	624,951
Available for sale financial asset	8,527	9,117
Unallocated assets	<u>117,692</u>	<u>43,028</u>
Consolidated assets	<u><u>1,316,578</u></u>	<u><u>1,352,241</u></u>
Segment liabilities		
Continuing operations		
Hotel operation	3,919	3,759
Property investments	<u>115,710</u>	<u>122,300</u>
Total segment liabilities	119,629	126,059
Liabilities relating to discontinued operation	1,028	176
Convertible notes	199,911	187,287
Bank loans	27,075	28,274
Unallocated liabilities	<u>37,648</u>	<u>36,026</u>
Consolidated liabilities	<u><u>385,291</u></u>	<u><u>377,822</u></u>

4. SEGMENT INFORMATION (Continued)

Other segment information

2016

Continuing operations	Hotel operation <i>HK\$'000</i>	Property investments <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
	<u><u> </u></u>	<u><u> </u></u>	<u><u> </u></u>

2015 (Restated)

Continuing operations	Hotel operation <i>HK\$'000</i>	Property investments <i>HK\$'000</i>	Total <i>HK\$'000</i>
Depreciation	7,695	209	7,904
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)
	<u><u> </u></u>	<u><u> </u></u>	<u><u> </u></u>

4. SEGMENT INFORMATION (Continued)

Geographical segments

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

Property investments are located in both PRC and Hong Kong.

The Group's revenue from continuing operation 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*	
	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i> (Restated)	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i> (Restated)
The PRC	22,798	32,744	319,805	327,716
Hong Kong	1,756	2,838	38,516	128,616
	<u>24,554</u>	<u>35,582</u>	<u>358,321</u>	<u>456,332</u>

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

Information about major customers

For the year ended 31 December 2016, no single customer (2015: Nil) accounted for 10% or more of the Group's total revenue.

5. OTHER OPERATING INCOME

Other operating income included the following items:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Continuing operations		
Bank interest income	<u>3,343</u>	<u>5,637</u>

6. FINANCE COSTS

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Continuing operations		
Interest on:		
Bank loans		
– wholly repayable within five years	–	897
– not wholly repayable within five years	6,412	7,939
Interest on convertible notes	<u>15,950</u>	<u>14,323</u>
	<u>22,362</u>	<u>23,159</u>

7. INCOME TAX EXPENSE

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Continuing operations		
Tax charges comprise:		
Current tax – Provision for PRC Enterprise Income Tax	(1,906)	(1,196)
Over-provision for PRC Enterprise Income Tax	–	432
Deferred tax		
Temporary differences arising in current year	<u>(2,050)</u>	<u>(7,047)</u>
	<u>(3,956)</u>	<u>(7,811)</u>

7. INCOME TAX EXPENSE (Continued)

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 2016 (2015: Nil). PRC subsidiaries are subject to PRC Enterprise Income Tax at 25% for both years.

8. DISCONTINUED OPERATION

During the 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 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 are set out below. The comparative loss and cash flows from discontinued operation have been re-presented to include those operation classified as discontinued in the current year.

	2016 <i>HK\$’000</i>	2015 <i>HK\$’000</i>
Revenue	2,278	3,693
Cost of sales	<u>(2,842)</u>	<u>(4,529)</u>
Gross loss	(564)	(836)
Other operating income	–	199
Selling and distribution costs	(495)	(802)
Administrative expenses	<u>(569)</u>	<u>(145)</u>
Loss before taxation from discontinued operation	(1,628)	(1,584)
Income tax expense	<u>–</u>	<u>–</u>
Loss for the year from discontinued operation and attributable to owners of the Company	<u><u>(1,628)</u></u>	<u><u>(1,584)</u></u>

8. DISCONTINUED OPERATION (Continued)

Loss for the year from discontinued operation include the following:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Auditor's remuneration	–	–
Depreciation	<u>235</u>	<u>572</u>

Cash flows from discontinued operation

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Net cash outflows from operating activities	<u>(411)</u>	<u>(511)</u>
Net cash outflows	<u>(411)</u>	<u>(511)</u>

9. (LOSS)/PROFIT FOR THE YEAR

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i> (Restated)
Continuing operations		
(Loss)/profit for the year has been arrived at after crediting/(charging):		
Depreciation of property, plant and equipment	(10,722)	(9,077)
Auditor's remuneration		
Audit service	(1,150)	(1,100)
Non-audit service	(4)	(4)
Gain/(loss) on disposal of property, plant and equipment	328	(18)
Net gain on disposal of properties held for sale	–	3,853
Net loss on disposal of investment property	–	(630)
Impairment loss on trade and other receivables	(2)	(11)
Net exchange loss	(16,578)	(10,510)

9. (LOSS)/PROFIT FOR THE YEAR (Continued)

	2016	2015
	HK\$'000	HK\$'000
		(Restated)
Total staff costs		
Directors' emoluments	(6,105)	(5,979)
Other staff cost	(13,771)	(13,819)
Retirement benefit schemes contributions for other staffs	(1,300)	(1,374)
	<u>(21,176)</u>	<u>(21,172)</u>
Gross rental income from investment properties	4,566	4,871
<i>Less:</i>		
Direct operating expenses from investment properties that generated rental income during the year	(29)	(22)
Direct operating expenses from investment properties that did not generate rental income during the year	(2,585)	(1,865)
	<u>1,952</u>	<u>2,984</u>

10. DIVIDENDS

The Directors do not recommend the payment of dividend for the year ended 31 December 2016 (31 December 2015: Nil).

11. (LOSS)/EARNINGS PER SHARE

From continuing and discontinued operations

The calculation of the basic and diluted (loss)/earnings per share is based on the loss attributable to the owners of the Company of approximately HK\$4,331,000 (2015: profit of HK\$5,773,000) and on the number of 1,712,329,142 ordinary shares (2015: 1,712,329,142 ordinary shares) in issue during the year.

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

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

From continuing operations

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

(Loss)/earnings figures are calculated as follows:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i> (Restated)
(Loss)/profit for the year attributable to owners of the Company	(4,331)	5,773
Add:		
Loss for the year from discontinued operation	<u>1,628</u>	<u>1,584</u>
(Loss)/earning for the purpose of basic/diluted earnings per share from continuing operations	<u>(2,703)</u>	<u>7,357</u>

Number of shares

	2016 <i>'000</i>	2015 <i>'000</i>
Number of ordinary shares for the purpose of basic and diluted earnings per share	<u>1,712,329</u>	<u>1,712,329</u>

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 2016 and 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. (LOSS)/EARNINGS PER SHARE (Continued)

From discontinued operation

Basic/diluted loss per share for the discontinued operation is HK\$0.09 cents per share (2015: HK\$0.09 cents loss per share), based on the loss for the year from discontinued operation of HK\$1,628,000 (2015: loss of HK\$1,584,000) and the denominators details above for both basic and diluted loss per share.

12. INTERESTS IN ASSOCIATES

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

	Guangdong Financial Leasing Co., Ltd 2016 HK\$'000	Nanhai Changhai Power Company Limited 2016 HK\$'000	Total 2016 HK\$'000	Total 2015 HK\$'000
Initial cost of investments in associates				
Unlisted	191,977	485,042	677,019	677,019
Less: Distribution from pre-acquisition profit	—	(143,562)	(143,562)	(112,526)
	<u>191,977</u>	<u>341,480</u>	<u>533,457</u>	564,493
Share of post-acquisition profits	38,409	123,014	161,423	93,676
Share of other comprehensive expenses	(21,791)	(52,702)	(74,493)	(33,218)
	<u><u>208,595</u></u>	<u><u>411,792</u></u>	<u><u>620,387</u></u>	<u><u>624,951</u></u>

12. INTERESTS IN ASSOCIATES (Continued)

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

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Current assets	1,185,626	1,959,359
Non-current assets	2,395,519	1,893,684
Current liabilities	(699,069)	(1,483,861)
Non-current liabilities	(1,893,538)	(1,541,898)
Net asset value	<u>988,538</u>	<u>827,284</u>

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Revenue	209,826	179,953
Profit for the year	62,670	63,114
Other comprehensive expense for the year	(55,574)	(38,507)
Total comprehensive income for the year	<u>7,096</u>	<u>24,607</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:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Net assets of the associate	988,538	827,284
Non-controlling interest of the associate's subsidiary	<u>(154,158)</u>	<u>–</u>
	834,380	827,284
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><u>208,595</u></u>	<u><u>206,821</u></u>

Nanhai Changhai Power Company Limited

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Current assets	669,576	531,767
Non-current assets	903,480	1,117,853
Current liabilities	<u>(311,285)</u>	<u>(368,427)</u>
Net asset value	<u><u>1,261,771</u></u>	<u><u>1,281,193</u></u>
	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Revenue	1,022,321	1,006,713
Profit for the year	159,577	171,173
Other comprehensive expense for the year	<u>(83,903)</u>	<u>(58,719)</u>
Total comprehensive income for the year	<u><u>75,674</u></u>	<u><u>112,454</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:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Net assets of the associate	1,261,771	1,281,193
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>411,792</u>	<u>418,130</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 dates at the end of the reporting period:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
0-60 days	1,160	702
61-90 days	140	198
91-120 days	128	256
Over 120 days	<u>180</u>	<u>114</u>
Trade receivables	1,608	1,270
Other receivables	<u>4,879</u>	<u>3,344</u>
	<u>6,487</u>	<u>4,614</u>

13. TRADE AND OTHER RECEIVABLES (Continued)

Other receivables included the following items:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Interest receivable	484	482
Utility deposit	200	680
Prepayment	475	578
Other receivables	<u>3,720</u>	<u>1,604</u>
	<u>4,879</u>	<u>3,344</u>

Note:

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 supplies ranges from 30 days to 90 days.

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

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
0-60 days	1,177	1,057
61-90 days	120	102
91-120 days	101	126
Over 120 days	<u>168</u>	<u>119</u>
Trade payables	1,566	1,404
Other payables	<u>109,138</u>	<u>103,058</u>
	<u>110,704</u>	<u>104,462</u>

14. TRADE AND OTHER PAYABLES (Continued)

Other payables included the following items:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Other tax payable	8,946	9,438
Payable on convertible notes and interest payable (<i>Note 1</i>)	78,819	78,819
Others (<i>Note 2</i>)	<u>21,373</u>	<u>14,801</u>
	<u>109,138</u>	<u>103,058</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 2016 and 2015, 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 (2015: HK\$3,819,000), 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

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Secured	<u>136,383</u>	<u>147,534</u>
Carrying amount repayable:		
Within one year	36,004	30,661
More than one year, but not exceeding two years	22,322	9,547
More than two years, but not more than five years	27,902	35,800
More than five years	<u>50,155</u>	<u>71,526</u>
	136,383	147,534
<i>Less: Amounts shown under current liabilities</i>	<u>36,004</u>	<u>30,661</u>
	<u>100,379</u>	<u>116,873</u>

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\$27,075,000 (2015: HK\$28,274,000) have been classified as current liabilities as at 31 December 2016.

The secured bank loans of HK\$136,383,000 (2015: HK\$147,534,000) are secured by the Group's investment property and property, plant and equipment of approximately HK\$301,578,000 (2015: HK\$320,147,000) 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 and Unit 01, 14 and 15 on 5th Floor, Wing On Plaza, No. 62 Mody Road, Kowloon, Hong Kong. The secured bank loans carry floating interest rate of the People's Bank of China. The weighted average effective rate on the bank loan is 6.15% (2015: 6.15%) per annum and repayable within ten years.

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 2016 and 2015, 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 (2015: 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 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.

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 conversion component were determined at the issuance of the notes.

	Liability component HK\$'000
At 1 January 2015	97,469
Interest charged calculated at an effective interest rate of 14.16%	14,323
Interest paid	<u>(3,325)</u>
At 31 December 2015	<u><u>108,467</u></u>
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>

17. EVENT AFTER REPORTING PERIOD

As disclosed by the Group on 13 February 2017, the Group formed an alliance with Shenzhen e-ling Info-Tech Co., Ltd. (“Shenzhen e-ling”) which successfully won the bid for the Smart Platform Development Project for Management of Comprehensive Elderly Care Services in Nanhai district in Foshan and joined hands with Shenzhen e-ling and an independent third party to establish 廣東壹佰健大健康科技有限公司 (Guangdong Yibaijan Wellness Technology Co., Ltd.*), a 70%-owned joint venture company of the Group, to build and operate systems for the smart platform. The Group also signed a strategic cooperation agreement with Shenzhen e-ling to jointly develop the Internet and wellness industries.

In addition, through 佛山市中創物業服務有限公司 (Foshan Zhong Chuang Property Service Company Limited*), a company in which the Group is interested in 42% of its equity interest, and a specialized maternal and infant health care institution of an independent third party, the Group established 佛山瓊邸生婦幼保健有限公司 (Foshan Ai Di Sheng Maternal and Child Health Care Co., Ltd.*) in the form of a joint venture to engage in maternal and child health care development projects with self-run business and franchised models, providing parturient women and newborn babies with comprehensive postpartum maternal and child health care service.

* *For identification purpose only*

CHAIRMAN'S STATEMENT

Business Review

For the year ended 31 December 2016, the Group recorded total revenue of HK\$26,832,000, representing a year-on-year decrease of 32%, and a loss of HK\$4,331,000, representing a change from profit to loss. The decrease in profit during the period was mainly attributable to the increase in exchange loss of approximately HK\$6,068,000 arising from the accelerated depreciation of the Renminbi as well as the reduced profit contribution from associates amounting to approximately HK\$3,895,000.

Hotel Business

In Guilin, competition in the hotel industry remained fierce. Over the past year, the management of Guilin Plaza further strengthened promotional efforts and developed online sales channels, which made the average occupancy rate to increase by 5.9% to 56.7% during the year. However, as price competition was severe in the industry, room rates continued to fall. As a result, through the year, Guilin Plaza recorded a year-on-year decline of 11.8% in revenue to HK\$19,988,000 and an operating loss of HK\$5,196,000, representing a decrease of 18.2% as compared to the same period of last year.

As disclosed by the Company on 13 February 2017, in the light of changes in the marketing environment of the hotel industry and the consumption patterns in the market as well as the unsatisfactory operating performance of Guilin Plaza in recent years, a comprehensive renovation of Guilin Plaza will be carried out aiming at transforming Guilin Plaza from a full-service hotel to a commercial complex hotel and its business will be divided into two segments, hotel tourism and commercial leasing. For the hotel business, Guilin Plaza has become a franchisee of a brand under the James Joyce Coffetel owned by Plateno Group to improve the sales of guestrooms. As for the commercial leasing segment, the space spared from the reduction of guestrooms will be built into a "community-style commercial complex" to upgrade accommodation ancillary services and the community life service concept, thereby increasing the property rental income.

Guilin Plaza has been temporarily closed starting from 1 March 2017 and renovation work is being carried out. It is scheduled to be re-opened with a brand-new look in the third quarter of this year.

Property Investments

The Group's overall rental income for 2016 was HK\$4,566,000, representing a decrease of 6.3% as compared to the same period in last year. This was mainly attributable to the fact that, in March 2016, the Group recovered premises in Wing On Plaza which will be used as the Group's headquarters in Hong Kong, resulting in a decrease of 38.1% in income from properties in Hong Kong to HK\$1,755,000.

After the ancillary facilities enhancement works at 中控大廈 (Zhongkong Tower*) in Foshan were completed, leasing promotions of the building were carried out in full swing in 2016. As at 31 December 2016, the overall occupancy rate of Zhongkong Tower was 56.76% and the full-year rental income amounted to HK\$787,000. As the effects of the promotions emerge, it is expected that the occupancy rate and rental income of Zhongkong Tower will rise gradually in 2017.

The overall rental income of Shantou Commercial Plaza and Huizhou's International Commerce Building was more or less the same as that of last year. Through the year, rental income from the two properties amounted to HK\$2,024,000.

In terms of property sales, during the year, the Group completed the disposal of two properties in Hong Kong, President Commercial Centre and Yan On Building, cashing in a total of HK\$11,212,000.

Gains on Investments in Associates

Nanhai Changhai Power Company Limited ("Changhai Power"), a company in which the Group is interested in 32.636% of its equity interest, implemented a technical transformation of the boiler in the beginning of the year which led to a short-term suspension of operation of the boiler. Coupled with the impact of the reduction in on-grid tariffs, as of 31 December 2016, Changhai Power recorded a decline in operating results and achieved operating profit of HK\$159,577,000, contributing a profit of HK\$52,079,000 to the Group, representing a decrease of 6.8% as compared to last year.

* *For identification purposes only*

Guangdong Financial Leasing Co., Ltd. (“Guangdong Financial Leasing”), a 25%-owned associate of the Group, continued to achieve growth in business. As at 31 December 2016, Guangdong Financial Leasing recorded net operating profit of HK\$62,670,000, contributing a profit of HK\$15,668,000 to the Group, representing a decrease of 0.7% as compared to last year.

Event after reporting period

As disclosed by the Group on 13 February 2017, riding on opportunities brought forth by an aging Chinese population and the population growth driven by the second-child policy, the Company is active in exploring wellness projects in the areas of elderly and child care. The Group formed an alliance with Shenzhen e-ling Info-Tech Co., Ltd. (“Shenzhen e-ling”) which successfully won the bid for the Smart Platform Development Project for Management of Comprehensive Elderly Care Services in Nanhai district in Foshan and joined hands with Shenzhen e-ling and an independent third party to establish 廣東壹佰健大健康科技有限公司 (Guangdong Yibaijan Wellness Technology Co., Ltd.*), a 70%-owned joint venture company of the Group, to build and operate systems for the smart platform. The Group also signed a strategic cooperation agreement with Shenzhen e-ling to jointly develop the Internet and wellness industry.

In addition, through 佛山市中創物業服務有限公司 (Foshan Zhong Chuang Property Service Company Limited*), a company in which the Group is interested in 42% of its equity interest, and a specialized maternal and infant health care institution of an independent third party, the Group established 佛山瓊邸生婦幼保健有限公司 (Foshan Ai Di Sheng Maternal and Child Health Care Co., Ltd.*) in the form of a joint venture to engage in maternal and child health care development projects with self-run business and franchised models, providing parturient women and newborn babies with comprehensive postpartum maternal and child health care services, hence establishing the maternal and child health care services brand image and gradually forming a business chain.

* For identification purposes only

Financial Position and Analysis

As at 31 December 2016, the Group had total assets of HK\$1,316,578,000 (31 December 2015: HK\$1,352,241,000). The Group had bank loans and other long-term liabilities of HK\$257,475,000 (31 December 2015: HK\$256,001,000). Net assets amounted to HK\$931,287,000 (31 December 2015: HK\$974,419,000). Gearing ratio (being bank loans and long-term borrowings divided by total assets) was 19.6% (31 December 2015: 18.9%). Net assets per share amounted to HK54.39 cents (31 December 2015: HK56.91 cents).

The Group's net current assets amounted to HK\$60,051,000 (31 December 2015: HK\$76,284,000). Current ratio (being current assets divided by current liabilities) was approximately 1.39 times (31 December 2015: 1.53 times), while bank balances and cash amounted to HK\$151,097,000 (31 December 2015: HK\$158,952,000). 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 2016, self-occupied and investment properties of the Group with a carrying amount of approximately HK\$301,578,000 were pledged to bank as the security for the bank borrowings granted to the Group (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).

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\$10,978,000 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. However, the exchange rate of

RMB started to trend downward in recent years. Although an exchange gain of approximately HK\$1,862,000 was recorded in the first half of last year due to a short-term rebound of RMB, Renminbi trended downward again in the second half of last year, resulting in an exchange loss of approximately HK\$16,578,000 by the Group. The Board believes that, despite that Renminbi will continue a downward adjustment to a limited extent in the medium and short term, 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 temporarily unnecessary for the Group to hedge against any foreign exchange risk.

Outlook

Looking ahead into the next year, the Group will continue to optimize existing business projects to further enhance profitability and room for expansion and will actively and steadily promote the development of elderly and child care projects to expand the Group's stable sources of income and consolidate the foundation of the Group.

At the same time, the Group will adhere to a prudent attitude in identifying investment opportunities with potentials for long-term development to further gather the Group's momentum for sustainable business growth aiming at achieving the goals of improving returns for shareholders.

EMPLOYEES

The total number of employees of the Group is approximately 161 (2015: 191). 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 2016 (2015: Nil).

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

During the year ended 31 December 2016, 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 2016, 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 2016.

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 2016, 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 2016 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, 22 March 2017

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.