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

(Incorporated in Bermuda with limited liability)

(Stock code: 132)

UNAUDITED ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2019

For the reasons explained in the paragraph headed "Further Announcement" in this announcement, the auditing process for the annual results of the Group for the year ended 31 December 2019 has yet not been completed. The board of directors (the "Directors") of China Investments Holdings Limited (the "Company") announces the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2019 as follows:–

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2019

	NOTES	**2019** *HK$'000* **(Unaudited)**	2018 *HK$'000* (Audited)
Revenue	*3*	**161,107**	79,550
Cost of sales and services		**(90,825)**	(37,534)
Gross profit		**70,282**	42,016
Other operating income	*5*	**97,052**	118,221
Selling and distribution costs		**(4,349)**	(1,820)
Administrative expenses		**(118,891)**	(70,206)
Share of profit of associates		**84,024**	78,218
Increase in fair value of investment properties		**4,618**	8,945
Increase/(decrease) in fair value of financial assets at fair value through profit or loss		**41,015**	(1,148)
Gain on write-off of other payables legally time barred and lapsed		**78,819**	–
Loss on early redemption of convertible notes		**(991)**	–
Impairment loss on assets classified as held for sale		**(28,838)**	–
Finance costs	*6*	**(109,032)**	(86,296)

* *For identification purpose only*

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

For the year ended 31 December 2019

	NOTES	2019 HK$'000 (Unaudited)	2018 HK$'000 (Audited)
Profit before taxation		**113,709**	87,930
Income tax expense	*7*	**(34,127)**	(32,115)
Profit for the year	*8*	**79,582**	55,815
Other comprehensive income/(expense), net of income tax			
Item reclassified to profit or loss:			
Exchange difference upon deemed disposal of a foreign associate		**231**	–
Item that will not be reclassified to profit or loss:			
Surplus on revaluation of hotel properties		**4,694**	4,510
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**(15,863)**	(51,585)
Gain on partial disposal of interest in a subsidiary		**8,927**	–
Share of exchange difference of associates		**(15,432)**	(38,044)
Other comprehensive expense for the year, net of income tax		**(17,443)**	(85,119)
Total comprehensive income/(expense) for the year		**62,139**	(29,304)

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

For the year ended 31 December 2019

	NOTES	2019 HK$'000 (Unaudited)	2018 HK$'000 (Audited)
Profit for the year attributable to:			
Owners of the Company		**68,282**	42,383
Non-controlling interests		**11,300**	13,432
		79,582	55,815
Total comprehensive income/(expense) attributable to:			
Owners of the Company		**57,887**	(30,198)
Non-controlling interests		**4,252**	894
		62,139	(29,304)
Earnings per share	*10*		
Basic		**HK3.99 cents**	HK2.48 cents
Diluted		**HK3.99 cents**	HK2.48 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

	NOTES	**2019** **HK$'000** **(Unaudited)**	2018 HK$'000 (Audited)
Non-current assets			
Investment properties		**313,415**	230,206
Property, plant and equipment		**510,091**	280,684
Interests in associates		**651,547**	821,682
Financial assets at fair value through profit or loss		**14,318**	7,598
Finance lease receivables	*12*	**739,311**	365,465
Rental deposits		**4,842**	3,417
Right-of-use assets	*11*	**988,067**	148,255
		3,221,591	1,857,307
Current assets			
Properties held for sale		**8,098**	39,000
Inventories		**529**	380
Financial assets at fair value through profit or loss		**40,439**	–
Finance lease receivables	*12*	**523,544**	242,708
Trade and other receivables	*13*	**79,440**	21,716
Pledged bank deposit		**27,234**	77,755
Cash and cash equivalents		**1,034,120**	1,221,671
		1,713,404	1,603,230
Asset classified as held for sale		**212,345**	–
		1,925,749	1,603,230
Current liabilities			
Trade and other payables	*14*	**54,502**	131,577
Tax payables		**31,442**	30,470
Convertible notes		**–**	152,226
Deposits received from customers		**13,076**	–
Lease liabilities	*11*	**17,427**	4,980
Borrowings	*15*	**1,303,788**	1,071,264
		1,420,235	1,390,517
Net current assets		**505,514**	212,713
Total assets less current liabilities		**3,727,105**	2,070,020

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 31 December 2019

	NOTES	2019 HK$'000 (Unaudited)	2018 HK$'000 (Audited)
Capital and reserves			
Share capital		**171,233**	171,233
Reserves		**933,647**	821,882
Equity attributable to owners of the Company		**1,104,880**	993,115
Non-controlling interests		**600,764**	338,205
Total Equity		**1,705,644**	1,331,320
Non-current liabilities			
Borrowings	*15*	**846,249**	563,523
Convertible notes		**113,453**	–
Deferred tax liabilities		**10,558**	8,412
Deposits received from customers		**43,798**	21,315
Lease liabilities	*11*	**1,007,403**	145,450
		2,021,461	738,700
		3,727,105	2,070,020

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2019

1. BASIS OF PREPARATION

The unaudited 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 unaudited 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 new and amendments to HKFRSs issued by the HKICPA which become effective for the Group's financial year beginning on 1 January 2019:

HKFRS 9 (Amendments)	Prepayment Features with Negative Compensation
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2015-2017 Cycle
HKAS 19 (Amendments)	Employee Benefits
HKAS 28 (Amendments)	Long-term Interest in Associated and Joint Ventures
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments

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 periods. Accordingly, no prior period adjustment is required.

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 Group anticipate that the application of these new HKFRSs will have no material impact on the results and the financial position of the Group.

HKFRS 3 (Amendments)	Definition of a Business[2]
HKFRS 7, HKFRS 9 and HKAS 39 (Amendments)	Interest Rate Benchmark Reform[1]
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and Associate or Joint Venture[4]
HKFRS 17	Insurance Contracts[3]
HKAS 1 and HKAS 8 (Amendments)	Definition of Material[1]

[1] *Effective for annual periods beginning on or after 1 January 2020.*

[2] *Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020.*

[3] *Effective for annual periods beginning on or after 1 January 2021.*

[4] *Effective date to be determined.*

3. REVENUE

Revenue represents the gross amounts received and receivable for revenue arising on big data business, hotel operation, wellness elderly care business, sales of properties, goods sold by the Group to outside customers, less return and allowances, gross rental income, interest income generated from financial leasing, consultancy fee income provided to outsiders and others during the year.

The amount of each significant category of revenue recognised during the year is as follows:

	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Revenue from contracts with customers recognised at a point in time:		
Consultancy service income from financial leasing	**32,682**	7,221
Food and beverage	**4**	41
Operating income from big data business	**2,724**	5,635
Other income from hotel operation	**1,050**	711
Sales of properties	**30,378**	17,100
Service income from wellness elderly care business	**7,407**	4,338
Income from other sources	**42**	753
	74,287	35,799
Revenue from contracts with customers recognised over time:		
Construction of platform and technical service income from big data business	**16,157**	6,422
Service income from wellness elderly care business	**470**	68
Service income from hotel operation	**7,651**	7,839
	24,278	14,329
Revenue from other sources:		
Rental income from hotel properties	**4,814**	4,642
Rental income from investment properties and properties held for sale	**9,879**	6,780
Interest income from financial leasing	**47,849**	18,000
	62,542	29,422
	161,107	79,550

4. SEGMENT INFORMATION

For management purposes, the Group is currently organised into six operating divisions – big data business, financial leasing, hotel operation, property investments, wellness elderly care business and others. These divisions are the basis on which the Group reports its primary segment information.

Principal activities are as follows:

Big data business	–	industrial internet project construction, smart city construction and big data operation and management
Financial leasing	–	provision of finance lease consulting services and financing services in the PRC
Hotel operation	–	hotel ownership and management
Property investments	–	holding investment properties, properties held for sale and investment in the development and construction of industrial park
Wellness elderly care business	–	comprehensive elderly care services

For the property investments, 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.

Segment information presented below:

	Segment Revenue		**Segment Result**	
	2019	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Audited)	**(Unaudited)**	(Audited)
Big data business	**18,881**	12,057	**29**	(387)
Financial leasing	**80,531**	25,221	**35,457**	14,498
Hotel operation	**13,519**	13,233	**(5,504)**	(6,015)
Property investments	**40,257**	23,880	**(27,984)**	10,759
Wellness elderly care business	**7,877**	4,406	**(3,051)**	(1,165)
Others	**42**	753	**(1,506)**	(3,642)
Total	**161,107**	79,550	**(2,559)**	14,048
Bank interest income			**14,515**	19,564
Interest income from wealth management product			**1,206**	2,079
Compensation and government subsidies received for the development of industrial Park in Danzao			**74,288**	74,771
Compensation of land resumption			**–**	13,111
Increase/(decrease) in fair value of financial assets at fair value through profit or loss ("FVTPL")			**41,015**	(1,148)
Gain on deemed disposal of an associate			**4,400**	–
Gain on write-off of other payables legally time barred and lapsed			**78,819**	–
Impairment loss on asset classified as held for sale			**(28,838)**	–
Loss on early redemption of convertible notes			**(991)**	–
Professional fee			**(8,031)**	(8,018)
Net central administration cost			**(29,913)**	(24,187)
Net exchange (loss)/gain			**(5,194)**	5,788
Share of profit of associates			**84,024**	78,218
Finance costs			**(109,032)**	(86,296)
Profit before taxation			**113,709**	87,930
Income tax expense			**(34,127)**	(32,115)
Profit for the year			**79,582**	55,815

4. SEGMENT INFORMATION (Continued)

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the current year (2018: Nil).

Segment result represents the profit generated by each segment without allocation of bank interest income, interest income from wealth management product, compensation and government subsidies received for the development of Industrial Park in Danzao, compensation of land resumption, increase/(decrease) in fair value of financial assets at FVTPL, gain on deemed disposal of an associate, gain on write-off of other payables legally time barred and lapsed, impairment loss on asset classified as held for sale, loss on early redemption of convertible notes, professional fee, net central administration costs, net exchange (loss)/gain, share of profit of associates and finance costs. This is the measure reported to the Group's management for the purposes of resources allocation and performance assessment.

Segment assets and liabilities

	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Segment assets		
Big data business	**11,998**	4,442
Financial leasing	**1,271,502**	613,806
Hotel operation	**150,063**	155,026
Property investments	**1,600,868**	437,363
Wellness elderly care business	**10,144**	1,272
Others	**327**	665
Total segment assets	**3,044,902**	1,212,574
Pledged bank deposit	**27,234**	77,755
Cash and cash equivalents	**1,034,120**	1,221,671
Interests in associates	**651,547**	821,682
Financial assets at fair value through profit or loss	**54,757**	7,598
Asset classified as held for sale	**212,345**	–
Unallocated assets	**122,435**	119,257
Consolidated assets	**5,147,340**	3,460,537
Segment liabilities		
Big data business	**5,777**	6,977
Financial leasing	**1,016,572**	575,838
Hotel operation	**4,523**	5,967
Property investments	**1,198,044**	333,863
Wellness elderly care business	**1,909**	1,629
Others	**403**	1,619
Total segment liabilities	**2,227,228**	925,893
Convertible notes	**113,453**	231,047
Borrowings	**1,044,693**	917,646
Unallocated liabilities	**56,322**	54,631
Consolidated liabilities	**3,441,696**	2,129,217

4. SEGMENT INFORMATION (Continued)

Other segment information

2019

	Big data business *HK$'000* (Unaudited)	Financial leasing *HK$'000* (Unaudited)	Hotel operation *HK$'000* (Unaudited)	Property investments *HK$'000* (Unaudited)	Wellness elderly care business *HK$'000* (Unaudited)	Others *HK$'000* (Unaudited)	Total *HK$'000* (Unaudited)
Depreciation of property, plant and equipment	**201**	**719**	**9,152**	**2,279**	**233**	**–**	**12,584**
Depreciation of right-of-use assets	**–**	**–**	**–**	**25,566**	**–**	**–**	**25,566**
Addition to investment properties	**–**	**–**	**–**	**205,835**	**–**	**–**	**205,835**
Addition to property, plant and equipment	**348**	**744**	**88**	**121,923**	**6,440**	**–**	**129,543**

2018

	Big data business *HK$'000* (Audited)	Financial leasing *HK$'000* (Audited)	Hotel operation *HK$'000* (Audited)	Property investments *HK$'000* (Audited)	Wellness elderly care business *HK$'000* (Audited)	Others *HK$'000* (Audited)	Total *HK$'000* (Audited)
Depreciation of property, plant and equipment	10	45	9,014	3,495	12	–	12,576
Depreciation of right-of-use assets	–	–	–	783	–	–	783
Addition to property, plant and equipment	701	2,814	1,601	4,948	–	–	10,064
Gain on disposal of property, plant and equipment	–	–	31	–	–	–	31

Geographical segments

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

Property investments are located in both the PRC and Hong Kong.

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

	Revenue from external customers		**Non-current assets***	
	2019	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Audited)	**(Unaudited)**	(Audited)
The PRC	**160,394**	78,934	**729,025**	373,353
Hong Kong	**713**	616	**19,508**	19,510
	161,107	79,550	**748,533**	392,863

* *Non-current assets excluded interests in associates, financial assets at FVTPL, finance lease receivables, rental deposit, right-of-use assets and unallocated non-current assets*

4. SEGMENT INFORMATION (Continued)

Information about major customers

During the year, HK$30,378,000 out of the Group's revenues of HK$161,107,000 arising from property investment were contributed by a customer. And the customer accounted for nearly 19% of Group's total revenue.

5. OTHER OPERATING INCOME

Other operating income included the following items:

	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Bank interest income	**14,515**	19,564
Compensation and government subsidies received for the development of Industrial Park in Danzao*	**74,288**	74,771
Compensation of land resumption	**–**	13,111
Gain on deemed disposal of an associate	**4,400**	–
Interest income from wealth management product	**1,206**	2,079
Net exchange gain	**–**	5,788

* *For further details, please refer to business review.*

6. FINANCE COSTS

	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Handling fee	**–**	19,007
Loan arrangement fee	**3,359**	6,078
Interest on:		
– Bank loans	**40,785**	33,033
– Convertible notes	**15,612**	19,965
– Lease liabilities	**42,058**	1,479
– Loan from an immediate holding company	**2,737**	2,699
– Loan from an associate	**435**	731
– Other loans	**4,046**	3,304
	109,032	86,296

7. INCOME TAX EXPENSE

	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Tax charges comprise:		
Current tax:		
Provision for PRC Enterprise Income Tax	**(31,778)**	(39,025)
Over/(Under) provision in previous year:		
Hong Kong Profits Tax	**2**	–
PRC Enterprise Income Tax	**(36)**	–
Deferred tax:		
Temporary differences/(arising) reversed in current year	**(2,315)**	6,910
	(34,127)	(32,115)

Hong Kong profits tax is calculated at the rate of 16.5% (2018: 16.5%) on the estimated assessable profits for the year, except for the first HK$2,000,000 of a qualified entity's assessable profit which is calculated at 8.25%, in accordance with the new two-tiered tax rate regime effective from the year of assessment 2018/2019.

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 2019.

PRC subsidiaries are subject to PRC Enterprise Income Tax at 25% for the year ended 31 December 2019 (2018: 25%).

8. PROFIT FOR THE YEAR

	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Profit for the year has been arrived at after (charging)/crediting:		
Auditor's remuneration		
Audit service	**(1,650)**	(1,500)
Non-audit service	**(994)**	(1,994)
Depreciation of property, plant and equipment	**(16,006)**	(14,492)
Depreciation of right-of-use assets	**(25,566)**	(783)
Gain on disposal of property, plant and equipment	**–**	74
Net (loss)/gain on disposal of properties held for sale	**(524)**	8,238
Operating lease charges in respect of buildings	**30**	9
Provision written back on trade and other receivables	**1**	229
Impairment loss on finance lease receivables	**(1,009)**	(972)
Cost of properties held for sale recognised as expense	**(30,902)**	(8,820)
Cost of inventories recognised as expense	**(1,755)**	(1,489)
Total staff costs		
Directors' remuneration	**(8,072)**	(8,136)
Other staff cost	**(35,930)**	(27,112)
Retirement benefit schemes contributions for other staffs	**(1,778)**	(1,209)
Termination benefits	**(338)**	(232)
	(46,118)	(36,689)
Gross rental income from investment properties	**9,879**	6,780
Less:		
Direct operating expenses from investment properties that generated rental income during the year	**(18)**	(42)
Direct operating expenses from investment properties that did not generate rental income during the year	**(803)**	(1,508)
	9,058	5,230

9. DIVIDENDS

The Directors do not recommend the payment of any dividend for the year ended 31 December 2019 (2018: Nil).

10. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share is based on the profit attributable to the owners of the Company of approximately HK$68,282,000 (2018: HK$42,383,000) and on the number of 1,712,329,142 ordinary shares (2018: 1,712,329,142 ordinary shares) in issue during the year.

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

	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Profit for the year attributable to owners of the Company	**68,282**	42,383

Number of shares

	2019	2018
	'000	*'000*
	(Unaudited)	(Audited)
Number of ordinary shares for the purpose of basic earnings per share	**1,712,329**	1,712,329

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 2019 and 2018, there was no dilutive potential shares as the exercise of the convertible bonds would have an anti-dilutive effect on the basic earnings per share.

11. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

Right-of-use assets

	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
At 1 January	**148,255**	–
Additions	**879,246**	155,010
Depreciation provided during the year	**(25,566)**	(783)
Exchange difference	**(13,868)**	(5,972)
At 31 December	**988,067**	148,255

The right-of-use assets represent the Group's rights to use underlying leased premises under operating lease arrangements over the lease terms, which are stated at cost less accumulated depreciation and accumulated impairment losses, and adjusted for any remeasurement of the lease liabilities.

11. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (Continued)

Lease liabilities

	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Lease liabilities analysed as:		
Current	**17,427**	4,980
Non-current	**1,007,403**	145,450
At 31 December	**1,024,830**	150,430

Amounts recognized in the statement of financial position

	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
At 1 January	**150,430**	–
Additions during the year	**861,045**	155,010
Interest charged to profit or loss	**42,058**	1,479
Payment during the year	**(14,077)**	–
Exchange difference	**(14,626)**	(6,059)
At 31 December	**1,024,830**	150,430

12. FINANCE LEASE RECEIVABLES

	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Analysed as:		
Current	**523,544**	242,708
Non-current	**739,311**	365,465
	1,262,855	608,173

12. FINANCE LEASE RECEIVABLES (Continued)

	Minimum lease payments		**Present value of lease payments**	
	2019	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Audited)	**(Unaudited)**	(Audited)
Finance lease receivables comprise:				
Within one year	**590,252**	286,004	**523,544**	252,388
More than one year but not more than two years	**362,137**	292,734	**324,936**	276,004
More than two years but not more than five years	**448,150**	85,700	**416,288**	80,715
	1,400,539	664,438	**1,264,768**	609,107
Less: unearned finance income	**(135,771)**	(55,331)	**N/A**	N/A
Present value of minimum lease payment receivables	**1,264,768**	609,107	**1,264,768**	609,107
Less: impairment loss allowance				
– lifetime ECL allowance	**(1,913)**	(934)	**(1,913)**	(934)
	1,262,855	608,173	**1,262,855**	608,173

Movements of impairment loss allowance on finance lease receivables are as follows:

	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
At 1 January	**934**	–
Impairment losses recognised	**1,009**	972
Foreign exchange translation gains and losses	**(30)**	(38)
At 31 December	**1,913**	934

All leases are denominated in RMB. The terms of the finance leases range from 1 to 5 years (2018: 1 to 5 years). The effective interest rates of the finance lease as at 31 December 2019 ranged from 5.30% to 10.40% per annum (2018: 5.30% to 7.41% per annum).

There was no unguaranteed residual value in connection with finance lease arrangements or contingent lease arrangements that needed to be recorded as at the end of the reporting period.

The finance lease receivables are secured by the leased assets, mainly plant and machinery, as at 31 December 2019. The Group is not permitted to sell or repledge the collaterals of the finance lease receivables without consent from the lessee in the absence of default by the lessee.

12. FINANCE LEASE RECEIVABLES (Continued)

Estimates of fair value of collaterals are made during the credit approval process. These estimates of valuations are made at the inception of finance lease, and generally not updated except when the receivable is individually impaired. When a finance lease receivable is identified as impaired, the corresponding fair value of collateral of that receivable is updated by reference to market value such as recent transaction price of the assets.

Security deposits received from customers as at 31 December 2019 represent finance lease deposits received from customers which will be repayable by end of the lease period of the respective finance leases. Deposits of HK$56,874,000 (2018: HK$21,315,000) have been received by the Group to secure certain finance lease receivables. All are classified as non-current liabilities except one of the deposits amounting to HK$13,076,000 (2018: Nil), based on the final lease installment due date stipulated in the finance lease agreements. The deposits are non-interest bearing.

All finance lease receivables at the end of the reporting period are not past due.

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 impairment loss allowance presented based on invoice dates at the end of the reporting period:

	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
0-60 days	**4,269**	1,194
61-90 days	**1,769**	29
91-120 days	**93**	–
Over 120 days	**4,853**	48
Trade receivables	**10,984**	1,271
Other receivables *(Note 1)*	**68,456**	20,445
	79,440	21,716

Note 1: It includes VAT receivables, and prepayments for the development of Industrial Park in Danzao.

13. TRADE AND OTHER RECEIVABLES (Continued)

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

The Group's largest trade receivables balance was amounting to HK$9,346,000 (2018: HK$628,000) at the end of the year. None of the remaining trade receivables balance represented more than 5% of the total trade receivables (2018: six trade receivables balances represented more than 5% of the total trade receivables, amounted to HK$668,000).

At as 31 December 2019, trade receivables over 90 days amounted to HK$4,946,000 (2018: HK$48,000) were past due but not impaired as the balances were related to debtors with sound repayment history and no recent history of default.

An aging analysis of trade receivables that are past due but not impaired:

	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
91-120 days	**93**	–
Over 120 days	**4,853**	48
	4,946	48

Movements of impairment loss allowance on trade receivables are as follows:

	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Balance at the beginning of the year	**256**	498
Impairment losses recognised on trade receivables	**–**	26
Provision written back on trade receivables	**(1)**	(255)
Foreign exchange translation gains and losses	**(4)**	(13)
Balance at the end of the year	**251**	256

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivables from the date credit was initially granted up to the end of the reporting period. The concentration of credit risk is limited due to the customer base being large and unrelated.

As at 31 December 2019, none (2018: HK$26,000) of the trade receivables over 120 days was impaired and fully provided for.

13. **TRADE AND OTHER RECEIVABLES (Continued)**

The carrying amounts of the other receivables that were neither past due nor impaired relate to other debtors for whom there was no recent history of default. The Directors considered that the carrying amount of trade and other receivables approximates to their fair value.

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 based on the invoice date at the end of the reporting period:

	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
0-60 days	**1,423**	3,269
61-90 days	**4**	1
91-120 days	**12**	–
Over 120 days	**3,857**	200
Trade payables	**5,296**	3,470
Other payables	**49,206**	128,107
	54,502	131,577

Other payables included the following items:

	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Contract liabilities	**293**	4,768
Other tax payables	**12,569**	10,921
Payables on convertible notes and interest payables	**–**	78,819
Others *(Note 1)*	**36,344**	33,599
	49,206	128,107

Note 1 : Others include accrued staff salaries and welfare, amounts received from staff on equity investment and other temporary receipts.

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. BORROWINGS

	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Bank loans	**1,953,911**	1,465,060
Loan from an associate	**26,846**	–
Loan from immediate holding company	**90,000**	90,000
Other loans	**79,280**	79,727
	2,150,037	1,634,787
Secured	**1,953,911**	1,465,060
Unsecured	**196,126**	169,727
	2,150,037	1,634,787
Carrying amount repayable:		
Within one year	**1,303,788**	1,071,264
More than one year, but not exceeding two years	**280,400**	404,003
More than two years, but not more than five years	**468,534**	142,505
More than five years	**97,315**	17,015
	2,150,037	1,634,787
Less: Amount shown under current liabilities	**1,303,788**	1,071,264
	846,249	563,523

During the year, the Group settled loans amounting to HK$394,185,000 (2018: HK$61,668,000).

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. which is unsecured and with a fixed interest rate at 3% per annum.

On 6 December 2017, the Group obtained a loan facility from a bank of approximately USD110,090,000 for which a controlling shareholder has provided the necessary corporate guarantee. As at 31 December 2019, the Group has drawndown an amount of USD100,000,000 (2018: USD100,000,000).

15. BORROWINGS (Continued)

In March 2018, the Group obtained two two-year unsecured loans amounting to RMB70,000,000 (equivalent to approximately HK$78,300,000) in total from two independent third parties, at a floating interest rate plus a premium calculated at 10% above the prevailing RMB benchmark rate published by The People's Bank of China. In February 2019, the Group entered into the Supplemental Loan Agreements with these two parties respectively, in which the loan repayment periods for these two loans were extended by 2 years to March 2022. Interest rates and any other terms and conditions of the loans remained unchanged.

On 16 April 2018, the Group obtained a loan facility of HK$40,000,000 (loan facility 1) from the Hang Seng Bank. Since the facility limit would be reduced by 10% of the facility amount each year, it became HK$36,000,000 during the year. On 11 April 2019, the Group obtained another loan facility of HK$52,700,000 (loan facility 2) from the Hang Seng Bank. These two loan facilities are secured by the carrying amount of the Group's property which are situated at Unit 01, 14 and 15 on 5th Floor, Wing On Plaza, No. 62 Mody Road, Kowloon, Hong Kong. As at 31 December 2019, the Group has drawndown an amount of HK$78,350,000 in aggregate.

On 28 February 2019, the Group obtained loans amounting to HK$980,000 from non-controlling interests. The loans are unsecured with a fixed interest rate at 4.65% per annum and the loans would be repayable on or before November 2020.

On 26 June 2019, the Group signed an one year loan contract with its associate, Guangdong Tiannuo Civil Explosives Co., Limited* so as to obtain a loan amounting to RMB24,000,000 (equivalent to approximately HK$26,846,000). The interest rate of the loan is 4.35%.

On 24 September 2019, the Group obtained two loan facilities of RMB200,000,000 in total from Guangdong Nanhai Rural Commercial Bank. The loans are secured by the carrying amount of the Group's investment properties, property, plant and equipment and entity interest of a subsidiary. The interest rate of the loans are a floating interest rate plus a premium calculated at 15% above the prevailing RMB benchmark rate published by The People's Bank of China.

* *For identification purpose*

15. BORROWINGS (Continued)

During the year, specifically for the operation of financial leasing business, the Group obtained additional loans from Guangdong Nanhai Rural Commercial Bank, Bank of DongGuan, Huaxia Bank, China CITIC Bank and Bank of Communications which amounted to RMB602,918,000 (equivalent to approximately HK$674,405,000) in total. As at 31 December 2019, the carrying amount of the loans that are interest bearing at floating rates ranging from 5.23% to 6.50% per annum (2018: 5.23% to 6.50% per annum) were HK$941,454,000 (2018: HK$546,367,000), in which approximately HK$100,671,000 (2018: HK$130,980,000) of loans are secured by the Group's investment properties and property, plant and equipment, while approximately HK$840,783,000 (2018: HK$415,387,000) of loans are secured by the finance lease receivables of the Group. Such loans are repayable within 5 years according to their own repayment schedules.

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$78,874,000 (2018: HK$827,647,000) have been reclassified from non-current liabilities to current liabilities as at 31 December 2019.

The total secured bank loans of HK$1,953,911,000 (2018: HK$1,465,060,000) are secured by the Group's investment properties and property, plant and equipment of approximately HK$510,285,000 (2018: HK$316,414,000) 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, Unit 01, 14 and 15 on 5th Floor, Wing On Plaza, No. 62 Mody Road, Kowloon, Hong Kong and Block A to F, Xianhuwan Commercial Plaza, No. 3 Yangguang Road, Danzao Xianhu Resort Area, Nanhai District, Foshan City, Guangdong Province, The PRC, the pledged finance lease receivables amounted to HK$1,136,206,000 (2018: HK$505,647,000) and the pledged bank deposit amounted to HK$27,234,000 (2018: HK$77,755,000).

The fair values of current borrowings equal to their carrying amounts, as the impact of discounting is not significant. The fair values are based on cash flows discounted using a rate based on borrowing rates from 1.95% to 6.50% (2018: 1.95% to 4.90%) and are within level 3 of the fair value hierarchy.

The Group's borrowings denominated in the following currencies:

	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Hong Kong Dollars	**192,677**	134,609
Renminbi	**1,256,350**	717,140
USD	**701,010**	783,038
	2,150,037	1,634,787

16. EVENT AFTER REPORTING PERIOD

(i) On 6 January 2020, Canton Risen, a subsidiary of the Group, entered into finance leases with three limited liability companies incorporated in the PRC and independent third parties, to acquire the ownership of the assets from them for an aggregate consideration of RMB50,000,000 (equivalent to approximately HK$55,750,000), which would be leased back to them for their own use and possession for a term of 5 years. Further details of these finance leases are set out in the Group's announcement dated 8 January 2020.

(ii) On 20 January 2020, Canton Risen, a subsidiary of the Group, entered into finance leases with two limited liability companies incorporated in the PRC and independent third parties, to acquire the ownership of the assets from them for an aggregate consideration of RMB100,000,000 (equivalent to approximately HK$113,300,000), which would be leased back to them for their own use and possession for a term of 5 years. Further details of these finance leases are set out in the Group's announcement dated 20 January 2020, and the Company's circular dated 25 February 2020.

(iii) On 19 March 2020, Canton Risen, a subsidiary of the Group, entered into finance leases with a limited liability company incorporated in the PRC and independent third party, to acquire the ownership of the assets from the lessee for an aggregate consideration of RMB150,000,000 (equivalent to approximately HK$164,700,000), which would be leased back to the lessee for its own use and possession for a term of 5 years. Further details of these finance leases are set out in the Group's announcement dated 19 March 2020.

(iv) In view of the outbreak of the novel coronavirus (COVID-19), a number of provinces and municipalities in the PRC have taken emergency public health measures and various actions to curb the spread of the outbreak. As a result, the Group's business operation has been affected. Further details are set out in the Group's announcement dated 4 March 2020, and the Chairman's Statement in this announcement.

CHAIRMAN'S STATEMENT

BUSINESS REVIEW

For the year ended 31 December 2019, the Group recorded total revenue of HK$161,107,000, another significant increase of 102.5% year-on-year. Such increase was attributable to the increases in operating income of approximately HK$55,310,000 and HK$6,824,000 respectively from the growing financial leasing business and the newly developed big data business, as well as an increase of approximately HK$13,278,000 in the income from disposal of development properties as a result of further sale of shopping mall units in block B of Shantou Commercial Plaza during the year.

In addition to the new profit contribution from the financial leasing business mentioned above, the Group recognized income of approximately HK$78,819,000 from the reversal of payables for convertible notes which became due in 2007 but have exceeded the effective limitation period of prosecution, and increase in fair value of financial assets at fair value through profit or loss amounting to HK$41,015,000. Moreover, the Group received other incomes totaling approximately HK$74,288,000 including government subsidies for relevant projects in relation to its development of the industrial park in Danzao. After deducting financing costs including interest expenses incurred by the development of the industrial park in Danzao and other projects and investments, depreciation of land use right assets and other factors, the Group still posted net profit of approximately HK$79,582,000 for the year, representing a significant increase of 42.6% year-on-year.

FINANCIAL LEASING BUSINESS

In view of the increasing economic penetration of financial leasing driven by its growing demand from sustainable growth in China's economy and diversified financing models, the Group remains positive on the outlook of financial leasing sector in China based on rational risk management, despite the pressure from heightened bad debt risks amid the economic impact from the Sino-US trade tensions. Against this backdrop, the Group has been engaged in the operation and management of financial leasing business and gradually accumulated experience through Guangdong Financial Leasing Co., Ltd.*（廣東粵科融資租賃有限公司）, a 25%-owned associate of the Group, and established a wholly-owned subsidiary Canton Risen Financial Leasing Co., Ltd.*（廣東粵盛科融資租賃有限公司）to further develop related business, which initially intends to focus on business areas including public utilities, environmental protection and energy conservation, new energy and telecommunication projects. Thanks to its rapid growth during the year, the segment recorded operating income of approximately HK$80,531,000, representing a significant increase of 2.2 times year-on-year with operating profit of approximately HK$35,457,000, a turnaround from slight loss in the same period last year which is expected to fuel the Group's future earnings growth.

Furthermore, given the COVID-19 outbreak in early 2020 (the "coronavirus outbreak"), the Group carried out a series of inspections on its financial leasing customers to understand and track the fallout on delayed production resumption, product sales and collection of receivables, in a bid to mitigate adverse impact of the epidemic on relevant asset quality. Based on our current elevation, we believe that the existing customers are able to draw upon their sound fundamentals including stable cash flows, an indicator to resilience against the epidemic once it becomes under control, to survive the challenges with our aid at present. In this regard, the Group sees a sound picture of asset quality, and will keep a close eye on the assets under a well-established emergency response plan.

PROPERTY INVESTMENTS

The Group's overall rental income in 2019 was approximately HK$9,879,000, representing an increase of 45.7% year-on-year. As the ancillary facilities at China Holdings Building in Foshan and its surroundings were increasingly mature, the overall occupancy rate of China Holdings Building increased to 87.29% and the rental income for the year amounted to approximately HK$8,143,000, representing a significant increase of 71.21% year-on-year. As a majority of the properties of Shantou Commercial Plaza were sold out last year, its rental income for the year decreased year-on-year by 26.61% to approximately HK$1,023,000. Huizhou International Commerce Building registered no rental income for the year as all its remaining properties were sold out early last year. As for the properties in Hong Kong sales, the rental income increased by 15.75% year-on-year to HK$713,000 for the year, as a result of higher rent rate after the lease renewal.

In respect of property sales, the Group successfully completed the disposal of shopping mall units in block B of Shantou Commercial Plaza, cashing out a total of approximately HK$30,378,000. It posted a slight loss of approximately HK$524,000 from disposal of development properties for the year, as the disposal was made at a consideration slightly lower than book value.

With its solid position in the property development and investment sector and by capitalizing on experience in such fields, the Group established Guangdong Sino Rock Tyco Construction Co., Ltd.*（廣東中岩泰科建設有限公司）("Sino Rock Tyco"), a 72%-owned joint venture of the Group, to develop the industrial park in Danzao Town, Nanhai District, Foshan City, the PRC, which is designed to house the main and spare production plants, pilot base, research and development center and ancillary facilities for new energy vehicles. In the first half of the year, we completed leasing the land right of approximately 1,400 Chinese acres for industrial park use, and commenced the site levelling. Subsequently, we will implement construction stage by stage depending on the actual situation. Meanwhile, we completed our plan on the acquisition of the Danzao Xianhuwan property, which was expected to be reconstructed into a research and development center and ancillary facilities for the park. We completed reconstruction of the exhibition hall in October 2019, while for other parts, reconstruction and fitting-out design were completed and the construction process will be started soon. The primary construction work for the industrial park is expected to be completed in 2020.

After the reporting period, the coronavirus outbreak in early 2020 might weigh on and bring down the Group's rental income amid potentially depressed economic sentiment. In addition, labor shortage due to the delayed production resumption as a result of epidemic control should affect the development and construction paces of our industrial park project in Danzao Town, leading to a potential delay in its completion schedule. Meanwhile, the epidemic may also drag down economic environment, thus mounting pressure to the industrial park in lease solicitation. The Group will make every effort in epidemic control, and take countermeasures to minimize its impact on operation and construction.

WELLNESS ELDERLY CARE BUSINESS

With the experience in building a smart platform for the management of integrated elderly care services in Nanhai District (the "Smart Elderly Care Services Platform"), Guangdong Yibaijian Comprehensive Health Technology Ltd.*（廣東壹佰健大健康科技有限公司）("Guangdong Yibaijian"), a 100%-owned subsidiary of the Group, planned to gradually expand the exemplary Smart Elderly Care Services Platform to other towns in Nanhai District, aiming to develop platform in the surrounding areas of Foshan and even within and outside Guangdong Province. During the year, we proactively promoted the development of the Smart Elderly Care Services Platform in Shuangyashan, Heilongjiang, and helped Shuangyashan Civil Affairs Administration to complete inspecting the platform, which laid a solid foundation for the initiative of "walking out of Nanhai and facilitating surrounding areas". On 26 November 2019, the platform in Shuangyashan passed initial examination. Besides, the Group will further optimize the Smart Elderly Care Services Platform and ensure more efficient management with IT-based approaches. In addition, the Group will explore various value-added services for health management, such as referral and quality supervision of home elderly care services and relief, to diversify sources of operating income. The segment recorded operating income of approximately HK$7,877,000, representing an increase of 78.8% year-on-year, and turned profitable with insignificant operating profit of approximately HK$1,088,000 contributed to the Group.

At the same time, in accordance with the "Nanhai District Inclusive Elderly Care Service System" approved by the Nanhai District Government of Foshan City, the Group accelerated the restructuring and management transfer of the Nanhai District Social Welfare Center. In the first half of the year, we established a wholly-owned subsidiary Guangdong Taoyuan Comprehensive Health Operation Co., Ltd.*（廣東桃苑大健康產業運營有限公司）for investment, construction and operation of elderly care service system throughout the district. The Group also cooperated with Jiujiang Town to launch the first town-level elderly care service project in Nanhai District to manage investment and operation of Jiujiang Taoyuan Nursing Home*（九江桃苑頤養院）. Despite numerous difficulties, Jiujiang Taoyuan Nursing Home was completed in an efficient manner, commenced operation on 26 June 2019 and began to offer quality service for elderly people from 1 July 2019. However, as no income was generated at the initial investment stage, it recorded an operating loss of approximately HK$4,139,000.

After the coronavirus outbreak in early 2020, we stepped up our epidemic control efforts to minimize safety risk to the epidemic. In particular, various epidemic control measures were launched according to actual situation at Jiujiang Taoyuan Nursing Home, to ensure quality elderly care services for elderly people, a high-risk vulnerable group susceptible to the epidemic.

BIG DATA BUSINESS

In February of last year, the Group established a wholly-owned subsidiary Guangdong Sinsing Technology Ltd.* (廣東鑫興科技有限公司) to engage in industrial Internet project construction, smart city construction, big data operation and management and other businesses. Remarkable results were achieved in the year, as evidenced by the independent research and development of Industrial Internet Identification Public Service Platform. Equipped with SSL server credentials, the platform is able to provide identification application enterprises with reliable identification registration and resolution services, product tracing and demonstration, to facilitate business promotion and expand the scope of business. Besides, the proprietary Smart Elderly Care Services Platform co-developed with our fellow subsidiary Guangdong Yibaijian owns independent technical capability, enabling us to independently develop other projects without relying on other technological service providers and hence laying a solid foundation for growth upon our enhanced technical research and development capability. Also, we were recognized by the industry with the 2018 Outstanding Contribution Award from the Alliance of Industrial Internet. The segment recorded operating income of approximately HK$18,881,000, representing an increase of 56.6% year-on-year, with insignificant net profit of approximately HK$29,000.

HOTEL BUSINESS

Guilin Plaza ("Guilin Plaza") stepped up promotion to exhibition customers, marketing through online platforms and offline marketing focusing on overseas tourist groups, tapped into new markets for more customers, and made the system more sensitive to market fluctuations and more quick and flexible for pricing adjustment. We took initiative to develop value-added services based on hardware with a view to maximizing operating income, seeking to expand the business portfolio. The average occupancy rate improved by 2.89% year-on-year, reaching 59.81%. Despite a 2.13% drop in average room rate, the operating income increased by 2.2% year-on-year to approximately HK$13,519,000, and the operating loss narrowed by 12.1% year-on-year to HK$5,504,000.

After the reporting period, China's tourism industry suffered from the coronavirus outbreak in early 2020, particularly the city-wide quarantine policy, travel restrictions adopted by a number of cities in China, and public concerns about the epidemic. As a result, guest room marketing of Guilin Plaza was suspended until late March 2020. Even if the hotel reopens, the Group is not optimistic about its income in 2020.

In order to diversify businesses related to hotel operations, the Group established China Select Small Hotel Union Limited, a 51%-owned subsidiary of the Group, with T-Box Union (China) Financial Holdings Investments Limited and T-Box Union Investments Limited, in an effort to provide integrated service in the homestay inn and small hotel industry, including the provision of quickly-constructed T-BOX® mobile homes with zero-sewage discharge environmental-friendly systems, direct sale management software and financing solutions. Based on the future-oriented interdependent business model and with the dawn of the 5G era, the year witnessed the establishment of Duoduo Meisu*（多多美宿直賣）, a domestically leading direct sale platform for scenic homestay inns, with the online market promotion and brand awareness work under way. As the business was still in initial promotion, it posted an operating loss of approximately HK$1,506,000, narrowing by 58.6% year-on-year.

PROFIT FROM INVESTMENTS IN ASSOCIATES

Nanhai Changhai Power Company Limited*（南海長海發電有限公司）("Changhai Power"), a 31.875%-owned joint venture of the Group, recorded a cost reduction due to the lower coal prices in the year, which improved the operating performance with an operating profit of approximately HK$235,789,000, thus contributing earnings of approximately HK$73,564,000 to the Group, representing an increase of 16.46% year-on-year.

As Guangdong Financial Leasing Co., Ltd.*（廣東粵科融資租賃有限公司）, a 25%-owned associate of the Group, faced the problem of bad debts in this year and substantial reduction in revenue and operating profit, the Group made a decision on disposal and entered into an agreement on asset sale on 30 September 2019, and completed the transactions thereunder in early January 2020. For the period ended 31 October 2019, Guangdong Financial Leasing Co., Ltd. recorded operating profit of approximately HK$26,250,000, and contributed earnings of approximately HK$6,562,000 to the Group.

On 20 August 2018, Foshan City Nanhai Canmanage Investments Holdings Limited*（佛山市南海康美投資有限公司）("Nanhai Canmanage"), a wholly-owned subsidiary of the Group, completed its investment in 49% of Guangdong Tiannuo Civil Explosives Co., Ltd.*（廣東天諾民爆有限公司）("Tiannuo"), and on 9 October 2018, Tiannuo completed the acquisition of Guangdong Nanhong Chemical Co., Ltd.*（廣東南虹化工有限公司）("Guangdong Nanhong"). The transactions allow the Group to improve its profitability and explore the potential of the domestic civil explosive business. Due to the impact on its business results from a technological modification project in the year, Tiannuo only recorded a profit of approximately HK$7,954,000 for the year after depreciation adjustment for fair value of the assets acquired, and contributed earnings of approximately HK$3,898,000 to the Group.

After the reporting period, some workers were unable to return to work as scheduled, mainly due to the coronavirus outbreak in early 2020, delayed production resumption after the Lunar New Year holidays, suspended or limited transportation in certain domestic cities, and the 14-day quarantine requirement on workers who left from other "high-risk" provinces before permitted to return to work. As a result, Changhai Power was weighed on by weaker demand, as some customers of its power supply and steam heating business have yet to resume normal operations, which is expected to affect its business results in 2020. Also, Tiannuo needs to postpone its resumption of operations till 27 February 2020, which may have an impact on its business results in 2020.

FINANCIAL POSITION AND ANALYSIS

As at 31 December 2019, the Group had total assets of HK$5,147,340,000 (31 December 2018: HK$3,460,537,000), total liabilities of HK$3,441,696,000 (31 December 2018: HK$2,129,217,000), a gearing ratio (being total liabilities divided by total assets) of 66.9% (31 December 2018: 61.5%), net assets of HK$1,705,644,000 (31 December 2018: HK$1,331,320,000), and equity attributable to owners of the Company per share of HK64.52 cents (31 December 2018: HK58.00 cents).

The Group had net current assets of HK$505,514,000 (31 December 2018: HK$212,713,000), a current ratio (being current assets divided by the current liabilities) approximately 1.36 times (31 December 2018: 1.15 times) and the bank balance and cash of HK$1,034,120,000 (31 December 2018: HK$1,221,671,000), which are sufficient for capital requirements for future operation and new projects or business development of the Group.

PLEDGE OF ASSETS

As at 31 December 2019, properties of the Group for own use and investment, bank deposit, entity interest of a subsidiary and finance lease receivables with a carrying value of approximately HK$1,900,805,000 were pledged to banks as the security for the bank borrowings granted to the Group (31 December 2018: properties of the Group for own use and investment, bank deposit and finance lease receivables with a carrying value of approximately HK$899,816,000 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 injected a substantial amount of current borrowings into domestic wholly-owned subsidiaries in Mainland China and held a huge amount of monetary assets denominated in RMB, an exchange gain or loss would generate from the appreciation or depreciation of RMB. It is expected that an increase or a decrease of approximately HK$8,126,000 in the Group's profit for the year would be resulted if the exchange rate of RMB to HKD appreciates or depreciates by 5%. Over the few past years, RMB constantly showed an upward trend and gradually became stable in the second half of 2008. Nevertheless, RMB started to fluctuate upward and downward repeatedly in recent years. With the Sino-US trade war occurred last year, the exchange rate of RMB against USD dropped sharply, and has gradually become balanced and fluctuated in both directions in the first half of the year. However, the Sino-US trade war intensified abruptly in August 2019, resulting a remarkable drop in exchange rate of RMB against USD and an exchange loss of approximately HK$5,194,000 incurred by the Group. The Board believes that RMB will be immensely affected by any change in the Sino-US trade war in the short term. A turnaround in the Sino-US trade war may lead to a rapid rebound, therefore the trend of RMB is unforeseeable in the short term. Though in the long run, it is expected that RMB will become stable and will not expose the Group under significant and long term adverse foreign exchange risk. Accordingly, it is not necessary for the Group to hedge against foreign exchange risk at the moment.

OUTLOOK

With experience accumulated during the course of transformation and upgrade over past years, the Group has generally set its focus and direction for development. To seize opportunities of market development, the Group will strive to adjust and optimize its businesses, shifting to segments such as industrial parks/property development and investment, financial service, technology and wellness elderly care. In respect of the property development and investment, with our solid position in the property development and investment sector and by capitalizing on experience in such fields, the Group will continue to develop the new energy industrial park in Danzao Town, Nanhai District, Foshan City, China. In respect of the financial service sector, drawing upon the increasing demand for finance lease amid China's economic growth and changes in financing models and in view of the fallout of the Sino-US trade war and the coronavirus outbreak, the Group will further develop the financial leasing business and intends to focus on business areas including public utilities, energy conservation and environmental protection, new energy and telecommunication projects, while being cautious to risk management. In respect of the technology sector, by taking advantages of the opportunities arising from the new smart city construction plan in Nanhai District, the Group will continue its research and development efforts in the Big Data industry projects on an independent basis, as a main driver to our profit growth in the future. In the wellness elderly care sector, based on the Smart Elderly Care Services Platform, the Group will expand to cover other wellness elderly care services. After establishing the first institutional elderly care project in the first half of the year, the Group will continue to head in the direction of institutional elderly care business and the development of a 3-tier elderly care system comprising institutes, communities and households in Nanhai District. Meanwhile, the Group will, through its joint ventures and associates, participate and invest in power generation, civil explosives, and other high-growth industries in the PRC. With the aforesaid business development directions, the Group will be able to expand its business and gradually achieve the goal of increasing and maintaining stable returns for shareholders.

Moreover, addressing the coronavirus outbreak in early 2020, the Group will take decisive countermeasures to minimize the impact on operation and development in addition to effective epidemic control to mitigate safety risk.

EMPLOYEES

The total number of employees of the Group is approximately 197 (31 December 2018: 183). 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 or declare payment of any dividend for the year ended 31 December 2019 (2018: Nil).

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

During the year ended 31 December 2019, 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 2019, 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 2019, 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. The auditing process for the annual results for the year ended 31 December 2019 has not been completed due to restrictions in force in parts of China to combat the COVID-19 coronavirus outbreak. The unaudited annual results contained herein have not been agreed with HLM CPA Limited, the auditor of the Company. The audit committee has reviewed with the management the unaudited annual results of the Group for the year ended 31 December 2019.

FURTHER ANNOUNCEMENT

Due to the recent epidemic of the COVID-19 and the curbing and quarantine policies adopted and/or implemented by the Chinese government, HLM CPA Limited, the auditor of the Company, encountered significant practical difficulties in compiling its report as it was unable to go to certain locations of the Group's subsidiaries and associates for performing audit work. Accordingly, it was unable to complete the audit of the Group's annual results for the year ended 31 December 2019 and issue the audit report by 31 March 2020 and agree with the Company thereon in accordance with the requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Following the completion of the audit process, the Company will issue further announcement in relation to the audited annual results for the year ended 31 December 2019 as agreed by HLM CPA Limited and the material differences (if any) as compared with the unaudited annual results contained herein. In addition, the Company will issue further announcement as and when necessary if there are other material development in the completion of the audit process.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

By Order of the Board of
China Investments Holdings Limited
He Xiangming
Chairman

Hong Kong, 30 March 2020

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.