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

(Incorporated in Bermuda with limited liability)
(Stock code: 132)

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2022

AUDITED CONSOLIDATED ANNUAL RESULTS

The board of directors (the "Directors" or "Board") of China Investments Holdings Limited (the "Company") announces the audited consolidated annual results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2022 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2022

	NOTES	**2022** *HK$'000*	2021 *HK$'000*
Continuing operations			
Revenue	*3*	**767,632**	520,846
Cost of sales and services		**(477,590)**	(315,608)
Gross profit		**290,042**	205,238
Other operating income	*5*	**149,336**	124,611
Selling and distribution costs		**(11,732)**	(9,278)
Administrative expenses		**(220,011)**	(200,244)
Share of profit of an associate		**4,727**	25,361
(Decrease)/increase in fair value of investment properties		**(711)**	16,679
Increase/(decrease) in fair value of financial assets at fair value through profit or loss		**39,907**	(16,295)
Impairment loss on property held for sale		**–**	(1,900)
Allowance for expected credit losses on finance lease receivables	*12*	**(35,669)**	(9,847)
Finance costs	*6*	**(131,447)**	(107,065)

* *For identification purpose only*

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

For the year ended 31 December 2022

	NOTES	2022 HK$'000	2021 HK$'000
Profit before taxation		**84,442**	27,260
Income tax expense	*7*	**(41,615)**	(16,382)
Profit for the year from continuing operations	*8*	**42,827**	10,878
Discontinued operation			
(Loss)/profit for the year from discontinued operation	*11*	**(3)**	9
Profit for the year		**42,824**	10,887
Other comprehensive (expense)/income, net of income tax			
Item that will not be reclassified to profit or loss:			
(Deficit)/surplus on revaluation of hotel properties		**(4,884)**	111
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**(187,623)**	66,828
Share of exchange differences of an associate		**(43,534)**	18,284
Other comprehensive (expense)/income for the year, net of income tax		**(236,041)**	85,223
Total comprehensive (expense)/income for the year		**(193,217)**	96,110

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

For the year ended 31 December 2022

	NOTES	**2022** **HK$'000**	2021 HK$'000
Profit/(loss) for the year attributable to:			
Owners of the Company		**(21,535)**	(15,500)
Non-controlling interests		**64,359**	26,387
		42,824	10,887
Total comprehensive (expense)/income attributable to:			
Owners of the Company		**(176,294)**	42,322
Non-controlling interests		**(16,923)**	53,788
		(193,217)	96,110
Loss per share	*10*		
From continuing and discontinued operations			
Basic		**(HK1.26 cents)**	(HK0.91 cents)
Diluted		**(HK1.26 cents)**	(HK0.91 cents)
From continuing operations			
Basic		**(HK1.26 cents)**	(HK0.91 cents)
Diluted		**(HK1.26 cents)**	(HK0.91 cents)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	NOTES	2022 HK$'000	2021 HK$'000
Non-current assets			
Investment properties		**1,066,266**	774,554
Property, plant and equipment		**1,188,457**	1,419,433
Goodwill		**127,284**	136,530
Interests in an associate		**517,219**	556,026
Financial assets at fair value through profit or loss		**91,875**	8,187
Finance lease receivables	*12*	**2,884,042**	2,453,338
Rental deposits		**5,668**	5,855
Right-of-use assets		**906,186**	1,016,208
Deferred tax assets		**15,132**	7,014
Deductible value added tax		**–**	56,100
		6,802,129	6,433,245
Current assets			
Properties held for sale		**–**	4,600
Inventories		**8,769**	9,900
Financial assets at fair value through profit or loss		**–**	54,868
Finance lease receivables	*12*	**1,067,858**	777,069
Trade and other receivables	*13*	**166,623**	143,764
Pledged bank deposits		**24,956**	349,418
Cash and bank balances		**999,250**	526,837
		2,267,456	1,866,456
Current liabilities			
Trade and other payables	*14*	**215,913**	175,787
Tax payables		**27,384**	21,893
Deferred tax liabilities		**38,757**	43,073
Deposits received from customers		**2,715**	11,626
Lease liabilities		**51,910**	52,708
Borrowings		**1,923,318**	1,610,078
		2,259,997	1,915,165
Net current assets/(liabilities)		**7,459**	(48,709)
Total assets less current liabilities		**6,809,588**	6,384,536

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 31 December 2022

	NOTE	2022 HK$'000	2021 HK$'000
Capital and reserves			
Share capital		**171,233**	171,233
Reserves		**841,798**	1,018,056
Equity attributable to owners of the Company		**1,013,031**	1,189,289
Non-controlling interests		**1,079,754**	1,003,167
Total equity		**2,092,785**	2,192,456
Non-current liabilities			
Borrowings		**3,167,523**	2,626,041
Convertible notes		**143,833**	132,644
Deferred income	*15*	**215,049**	214,154
Deferred tax liabilities		**14,896**	15,162
Deposits received from customers		**164,778**	120,999
Lease liabilities		**1,010,724**	1,083,080
		4,716,803	4,192,080
		6,809,588	6,384,536

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2022

	NOTES	2022 HK$'000	2021 HK$'000
Operating activities			
Profit for the year		**42,824**	10,887
Adjustments for:			
Bank interest income		**(10,966)**	(7,736)
Finance costs	*6*	**131,447**	107,065
Income tax expense	*7*	**41,615**	16,382
Decrease/(increase) in fair value of investment properties		**711**	(16,679)
(Increase)/decrease in fair value of financial assets at fair value through profit or loss		**(39,907)**	16,295
Interest income from financial leasing	*3*	**(229,180)**	(153,327)
Effective interest income from rental deposits	*5*	**(278)**	(271)
Share of profit of an associate		**(4,727)**	(25,361)
Loss on disposal of property, plant and equipment	*8*	**3,098**	8,999
Gain on disposal of financial assets at fair value through profit or loss	*5*	**(3,922)**	–
Depreciation of property, plant and equipment	*8*	**45,036**	37,011
Depreciation of right-of-use assets	*8*	**32,212**	33,459
Dividend income from financial assets at fair value through profit or loss	*5*	**(580)**	(959)
Allowance for expected credit losses on trade receivables	*13*	**276**	499
Allowance for expected credit losses written back on trade receivables	*13*	**–**	(5)
Allowance for expected credit losses on finance lease receivables	*12*	**35,669**	9,847
Allowance for expected credit losses on other receivables	*8*	**2,329**	–
Impairment loss on properties held for sale	*8*	**–**	1,900
Net exchange loss/(gain)	*8*	**6,295**	(389)

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

For the year ended 31 December 2022

	NOTE	2022 HK$'000	2021 HK$'000
Operating cash flow before movements in working capital		**51,952**	37,617
Decrease/(increase) in inventories		**368**	(4,388)
Decrease in properties held for sale		**4,600**	–
Increase in rental deposits in respect of right-of-use assets		**–**	(2,650)
Increase in finance lease receivables		**(1,037,645)**	(1,373,051)
Decrease/(increase) in trade and other receivables		**45,850**	(34,876)
Increase in trade and other payables		**14,072**	64,268
Increase in deferred income		**18,123**	126,822
Increase in deposits received from customers		**34,868**	54,285
Cash used in operations		**(867,812)**	(1,131,973)
Interest income from financial leasing received		**236,900**	159,849
PRC tax paid		**(44,712)**	(35,526)
Net cash used in operating activities		**(675,624)**	(1,007,650)
Investing activities			
Purchase of property, plant and equipment		**(277,676)**	(601,533)
Increase in time deposits with more than three months to maturity when placed		**(139,652)**	–
Dividend received from financial assets at fair value through profit or loss	*5*	**580**	959
Dividend received from an associate		**–**	16,376
Proceeds from disposal of financial assets at fair value through profit or loss		**8,693**	–
Net cash inflow on acquisition of a subsidiary		**513**	–
Uplift/(placement) of pledged bank deposits		**324,462**	(323,950)
Interest received		**10,966**	7,736
Net proceeds from disposal of property, plant and equipment		**661**	70
Net cash used in investing activities		**(71,453)**	(900,342)

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

For the year ended 31 December 2022

	2022	2021
	HK$'000	*HK$'000*
Financing activities		
Capital injection from non-controlling interests	**115,402**	131,665
Dividend paid to non-controlling interests	**(28,814)**	(23,651)
Payment of handling fee	**(3,350)**	–
Payment of loan arrangement fee	**–**	(3,202)
Interest paid on borrowings	**(50,038)**	(31,933)
Interest paid on convertible notes	**(3,325)**	(3,325)
Repayments of borrowings	**(2,382,794)**	(788,833)
Payments of lease liabilities	**(38,168)**	(48,515)
Proceeds from borrowings	**3,532,239**	2,380,354
Net cash generated from financing activities	**1,141,152**	1,612,560
Net increase/(decrease) in cash and bank balances	**394,075**	(295,432)
Cash and bank balances at 1 January	**526,837**	798,263
Effect of foreign exchange rates changes	**(61,314)**	24,006
Cash and bank balances at 31 December	**859,598**	526,837
Analysis of the balances of cash and bank balances, being:		
Cash and bank balances	**999,250**	526,837
Less: Time deposits with maturity dates over three months	**(139,652)**	–
	859,598	526,837

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

1. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange) and the Hong Kong Companies Ordinance.

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

In the current year, the Group has applied the following amendments to HKFRSs issued by the HKICPA which are or have become effective for the Group's financial year beginning on 1 January 2022:

HKFRSs (Amendments)	Annual Improvements to HKFRSs 2018-2020 cycle
HKFRS 3 (Amendments)	Reference to the Conceptual Framework
HKAS 16 (Amendments)	Property, Plant and Equipment: Proceeds before Intended Use
HKAS 37 (Amendments)	Onerous Contracts – Cost of Fulfilling a Contract
Accounting Guideline 5 (Revised)	Merger Accounting for Common Control Combinations

The adoption of the revised HKFRSs has no material effect on the Group's financial performance and positions for the current or prior accounting period. Accordingly, no prior period adjustment is required.

The Group has not early applied the following new 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 and amendments to HKFRSs will have no material impact on the results and the financial position of the Group.

HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and Associate or Joint Venture[3]
HKFRS 16 (Amendments)	Lease Liability in a Sale and Leaseback[2]
HKFRS 17	Insurance Contracts and related Amendments[1]
HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-current and Related Amendments to Hong Kong Interpretation 5 (2020)[2]
HKAS 1 (Amendments)	Non-current Liabilities with Covenants[2]
HKAS 1 (Amendments) and HKFRS Practice Statement 2	Disclosure of Accounting Policies[1]
HKAS 8 (Amendments)	Definition of Accounting Estimates[1]
HKAS 12 (Amendments)	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[1]

[1] Effective for annual periods beginning on or after 1 January 2023.

[2] Effective for annual periods beginning on or after 1 January 2024.

[3] Effective date to be determined.

3. REVENUE

Revenue represents the gross amounts received and receivable for revenue arising on big data business, civil explosives business, hotel operation, industrial parks and property development, property investments and wellness elderly care business, goods sold by and services rendered from the Group to outside customers less return and allowances and gross rental income, interest income generated from financial leasing and consultancy fee income received from outsiders during the year.

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

	2022	2021
	HK$'000	*HK$'000*
Continuing operations		
Revenue from contracts with customers recognised at a point in time:		
Construction of platform and operating income from big data business	**2,034**	12,121
Consultancy service income from financial leasing	**101,305**	62,817
Logistics income from civil explosives business	**9,552**	11,032
Operating income from industrial parks and property development	**13,862**	7,126
Operating income from wellness elderly care business *(Note i)*	**56,229**	32,103
Other income from hotel operation	**2,130**	934
Sales of emulsion explosives	**170,168**	129,815
Sales of properties held for sale	**4,180**	–
	359,460	255,948
Revenue from contracts with customers recognised over time:		
Income on explosives engineering from civil explosives business	**15,418**	–
Service income from hotel operation	**2,804**	6,161
Service income from industrial parks and property development	**4,673**	1,149
Service income from wellness elderly care business *(Note ii)*	**66,229**	45,651
Technical service income from big data business	**11,014**	19,937
	100,138	72,898
Revenue from other sources:		
Interest income from financial leasing	**229,180**	153,327
Rental income from hotel property	**4,796**	5,036
Rental income from industrial parks and property development	**63,766**	22,509
Rental income from investment properties and properties held for sale	**10,292**	11,128
	308,034	192,000
	767,632	520,846

Notes:

(i) It includes medical care service income, operating income from elderly care services platform and others.

(ii) It includes management service income, nursing care service income and service income from elderly care services platform.

4. SEGMENT INFORMATION

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

Principal activities are as follows:

Big data business	–	industrial internet platform construction, smart city construction and big data operation and management
Civil explosives business	–	manufacture and sale of emulsion explosives and explosives engineering
Financial leasing	–	provision of finance lease consulting services and financing services in the PRC
Hotel operation	–	hotel ownership and management
Industrial parks and property development	–	holding investment in the development and construction of industrial parks
Property investments	–	holding investment properties and properties held for sale
Wellness elderly care business	–	comprehensive elderly care services

T-BOX® business was discontinued since year 2020. The segment information reported below does not include any amount for this discontinued operation.

4. SEGMENT INFORMATION (Continued)

Segment information about these continuing operations presented below:

	Segment Revenue		Segment Result	
	2022	2021	**2022**	2021
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Big data business	**13,048**	32,058	**7,751**	5,955
Civil explosives business	**195,138**	140,847	**11,882**	(12,048)
Financial leasing	**330,485**	216,144	**127,447**	85,187
Hotel operation	**9,730**	12,131	**(7,507)**	(6,422)
Industrial parks and property development	**82,301**	30,784	**30,536**	3,859
Property investments	**14,472**	11,128	**(695)**	16,245
Wellness elderly care business	**122,458**	77,754	**(14,631)**	2,876
Total	**767,632**	520,846	**154,783**	95,652
Bank interest income			**10,959**	7,722
Finance costs (excluding interest on lease liabilities)			**(77,942)**	(51,831)
Increase/(decrease) in fair value of financial assets at fair value through profit or loss			**39,907**	(16,295)
Interest income from wealth management product			**–**	284
Net central administration cost			**(36,212)**	(28,102)
Net exchange (loss)/gain			**(6,295)**	389
Professional fee			**(5,485)**	(5,920)
Share of profit of an associate			**4,727**	25,361
Profit before taxation			**84,442**	27,260
Income tax expense			**(41,615)**	(16,382)
Profit for the year from continuing operations			**42,827**	10,878

4. SEGMENT INFORMATION (Continued)

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the current year (2021: Nil).

Segment result represents the profit generated by each segment without allocation of bank interest income, finance costs (excluding interest on lease liabilities), increase/(decrease) in fair value of financial assets at fair value through profit or loss, interest income from wealth management product, professional fee, net central administration costs, net exchange (loss)/gain and share of profit of an associate. This is the measure reported to the Group's management for the purposes of resources allocation and performance assessment.

Segment assets and liabilities

	2022	2021
	HK$'000	*HK$'000*
Segment assets		
Continuing operations		
Big data business	**25,577**	24,098
Civil explosives business	**417,423**	444,366
Financial leasing	**4,002,208**	3,260,087
Hotel operation	**118,965**	138,233
Industrial parks and property development	**2,403,858**	2,479,546
Property investments	**285,596**	355,306
Wellness elderly care business	**113,435**	31,414
Total segment assets	**7,367,062**	6,733,050
Pledged bank deposits	**24,956**	349,418
Cash and bank balances	**999,250**	526,837
Interests in an associate	**517,219**	556,026
Financial assets at fair value through profit or loss	**91,875**	63,055
Other unallocated assets	**69,113**	71,190
	9,069,475	8,299,576
Assets relating to discontinued operation	**110**	125
Consolidated assets	**9,069,585**	8,299,701

4. SEGMENT INFORMATION (Continued)

	2022 *HK$'000*	2021 *HK$'000*
Segment liabilities		
Continuing operations		
Big data business	**10,285**	19,186
Civil explosives business	**128,282**	121,889
Financial leasing	**3,367,952**	2,913,635
Hotel operation	**2,097**	2,648
Industrial parks and property development	**2,103,397**	1,844,354
Property investments	**84,348**	110,370
Wellness elderly care business	**110,682**	37,548
Total segment liabilities	**5,807,043**	5,049,630
Convertible notes	**143,833**	132,644
Borrowings	**969,060**	877,706
Other unallocated liabilities	**55,771**	46,163
	6,975,707	6,106,143
Liabilities relating to discontinued operation	**1,093**	1,102
Consolidated liabilities	**6,976,800**	6,107,245

4. SEGMENT INFORMATION (Continued)

Other segment information

2022

Continuing operations

	Big data business HK$'000	Civil explosives business HK$'000	Financial leasing HK$'000	Hotel operation HK$'000	Industrial parks and property development HK$'000	Property investments HK$'000	Wellness elderly care business HK$'000	Total HK$'000
Depreciation of property, plant and equipment	**1,382**	**17,117**	**834**	**9,289**	**8,557**	**2,502**	**2,854**	**42,535**
Depreciation of right-of-use assets	**–**	**67**	**–**	**–**	**32,145**	**–**	**–**	**32,212**
Additions to property, plant and equipment	**36**	**9,813**	**1,113**	**13**	**185,012**	**777**	**80,896**	**277,660**
Loss on disposal of property, plant and equipment	**–**	**2,437**	**–**	**37**	**–**	**646**	**–**	**3,120**
Allowance for expected credit losses on finance lease receivables	**–**	**–**	**35,669**	**–**	**–**	**–**	**–**	**35,669**

2021

Continuing operations

	Big data business HK$'000	Civil explosives business HK$'000	Financial leasing HK$'000	Hotel operation HK$'000	Industrial parks and property development HK$'000	Property investments HK$'000	Wellness elderly care business HK$'000	Total HK$'000
Depreciation of property, plant and equipment	1,228	13,960	942	9,522	4,228	2,790	1,842	34,512
Depreciation of right-of-use assets	–	176	–	–	33,283	–	–	33,459
Additions to property, plant and equipment	2,233	42,533	153	126	551,495	477	4,416	601,433
Loss on disposal of property, plant and equipment	–	8,971	–	56	–	–	–	9,027
Allowance for expected credit losses on finance lease receivables	–	–	9,847	–	–	–	–	9,847

4. SEGMENT INFORMATION (Continued)

Geographical segments

The Group's big data business, civil explosives business, financial leasing, hotel operation, industrial parks and property development and wellness elderly care business 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*	
	2022	2021	**2022**	2021
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
The PRC	**767,114**	520,285	**2,168,899**	1,970,946
Hong Kong	**518**	561	**18,504**	19,505
	767,632	520,846	**2,187,403**	1,990,451

* *Non-current assets excluded deductable value added tax, deferred tax assets, financial assets at fair value through profit or loss, finance lease receivables, goodwill, interests in an associate, rental deposits, right-of-use assets and other unallocated non-current assets*

Information about major customers

During the year, HK$145,052,000 out of the Group's revenue from continuing operations of HK$767,632,000 arising from civil explosives business were contributed by a customer which accounted for approximately 19% of Group's total revenue. There were no other customers who contributed more than 5% of the Group's total revenue.

5. OTHER OPERATING INCOME

Other operating income included the following items:

	2022 *HK$'000*	2021 *HK$'000*
Continuing operations		
Bank interest income	**10,959**	7,722
Compensation and government subsidies received		
– Direct government grant	**18,901**	11,306
– Recognition of deferred income	**101,176**	93,139
Dividend income from financial assets at fair value through profit of loss	**580**	959
Gain on disposal of financial assets at fair value through profit or loss	**3,922**	–
Income from lending of emulsion matrix and industrial detonating cords production capacity	**5,499**	4,540
Effective interest income from rental deposits	**278**	271
Interest income from wealth management product	**–**	284

6. FINANCE COSTS

	2022 *HK$'000*	2021 *HK$'000*
Continuing operations		
Handling fee	**3,350**	–
Loan arrangement fee	**–**	3,202
Interest on:		
– Bank loans	**49,963**	25,195
– Convertible notes	**14,514**	13,404
– Lease liabilities	**53,505**	55,234
– Loan from immediate holding company	**4,603**	3,136
– Loan from non-controlling interest	**1,382**	2,677
– Other loans	**4,130**	4,217
	131,447	107,065

7. INCOME TAX EXPENSE

	2022	2021
	HK$'000	*HK$'000*
Continuing operations		
Tax charges comprise:		
Current tax:		
Provision for PRC Enterprise Income Tax	**(49,077)**	(27,234)
Under provision in previous year:		
PRC Enterprises Income Tax	**(1,494)**	(1,339)
Deferred tax:		
Temporary differences arising in current year	**8,956**	12,191
	(41,615)	(16,382)

Hong Kong profits tax is calculated at the rate of 16.5% (2021: 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% (2021: 8.25%), in accordance with the two-tiered tax rate regime with effect 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 2022 (2021: Nil).

PRC subsidiaries are subject to PRC Enterprise Income Tax at 25% for the year ended 31 December 2022 (2021: 25%).

8. PROFIT FOR THE YEAR

	2022	2021
	HK$'000	*HK$'000*
Continuing operations		
Profit for the year has been arrived at after (charging)/crediting:		
Auditor's remuneration		
Audit service	**(1,900)**	(1,800)
Non-audit service	**(100)**	(100)
Depreciation of property, plant and equipment	**(45,036)**	(37,011)
Depreciation of right-of-use assets	**(32,212)**	(33,459)
Net loss on disposal of property, plant and equipment	**(3,098)**	(8,999)
Net exchange (loss)/gain	**(6,295)**	389
Operating lease charges	**(997)**	(97)
Allowance for expected credit losses on trade receivables	**(276)**	(499)
Allowance for expected credit losses written back on trade receivables	**–**	5
Allowance for expected credit losses on finance lease receivables	**(35,669)**	(9,847)
Allowance for expected credit losses on other receivables	**(2,329)**	–
Impairment loss on properties held for sale	**–**	(1,900)
Cost of borrowings included in costs of sales and services	**(150,603)**	(105,490)
Cost of inventories recognised as expense	**(222,898)**	(179,360)
Cost of properties held for sale recognised as expense	**(4,600)**	–
Total staff costs		
Directors' remuneration	**(9,246)**	(8,938)
Other staff cost	**(182,780)**	(148,707)
Retirement benefit schemes contributions for other staffs	**(11,476)**	(8,295)
Termination benefits	**(31)**	(43)
	(203,533)	(165,983)
Gross rental income from investment properties	**74,058**	29,593
Less:		
Direct operating expenses from investment properties that generated rental income during the year	**(1,012)**	(272)
Direct operating expenses from investment properties that did not generate rental income during the year	**(2,150)**	(1,249)
	70,896	28,072

9. DIVIDENDS

The Directors do not recommend payment of any dividend for the year ended 31 December 2022 (2021: Nil).

10. LOSS PER SHARE

From continuing operations

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

	2022	2021
	HK$'000	*HK$'000*
Loss for the year attributable to owners of the Company	**(21,535)**	(15,500)
Less:		
(Loss)/profit for the year from discontinued operation	**(3)**	9
Loss for the purpose of basic and diluted loss per share from continuing operations	**(21,532)**	(15,509)

From continuing and discontinued operations

The calculation of the basic and diluted loss per share is based on the loss attributable to the owners of the Company of approximately HK$21,535,000 (2021: loss of approximately HK$15,500,000) and on the number of 1,712,329,142 ordinary shares (2021: 1,712,329,142 ordinary shares) in issue during the year.

Number of shares

	2022	2021
	'000	*'000*
Number of ordinary shares for the purpose of basic loss per share	**1,712,329**	1,712,329

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

For the year ended 31 December 2022 and 2021, there was no diluted loss per share as the exercise of the convertible notes would have an anti-dilutive effect on the basic loss per share.

11. DISCONTINUED OPERATION

T-BOX® business was discontinued since year 2020. Loss for the year from discontinued operation included in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2022 was approximately HK$3,000 (2021: Profit of approximately HK$9,000).

12. FINANCE LEASE RECEIVABLES

	2022	2021
	HK$'000	*HK$'000*
Analysed as:		
Current	**1,067,858**	777,069
Non-current	**2,884,042**	2,453,338
At the end of the year	**3,951,900**	3,230,407

Movements of allowance for expected credit losses on finance lease receivables are as follows:

	Stage 1	**Stage 2**	**Stage 3**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
At 1 January 2022	**28,058**	–	**–**	**28,058**
Movement within stages:				
Move to stage 3 *(Note)*	**(337)**	–	**337**	**–**
Charged for the year	**11,464**	–	**24,205**	**35,669**
Exchange differences	**(2,177)**	–	**(1,022)**	**(3,199)**
At 31 December 2022	**37,008**	–	**23,520**	**60,528**

	Stage 1	Stage 2	Stage 3	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2021	17,452	–	–	17,452
Charged for the year	9,847	–	–	9,847
Exchange differences	759	–	–	759
At 31 December 2021	28,058	–	–	28,058

Note:

It was caused by a worsening credit-impaired receivable from the finance lease customer who was subject to a reorganisation process during the year ended 31 December 2022.

12. FINANCE LEASE RECEIVABLES (Continued)

All leases are denominated in RMB. The term of finance leases ranged from less than 1 year to 5 years (2021: 1 to 6 years). The effective interest rates of the finance leases ranged from 4.98% to 11.30% per annum (2021: 4.98% to 11.50% 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. 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 a lessee.

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.

As at 31 December 2022, the pledged finance lease receivables amounted to approximately HK$2,782,574,000 (2021: HK$2,643,168,000).

Security deposits received from customers represent finance lease deposits received from customers which will be repayable at the end of the lease period of the respective finance leases. As at 31 December 2022, deposits of HK$167,493,000 (2021: HK$132,625,000) have been received by the Group, in which deposits of HK$2,715,000 (2021: HK$11,626,000) were classified as current liabilities and the balances were classified as non-current liabilities, based on the final lease installment due date stipulated in the finance lease agreements. All deposits are non-interest bearing.

At the end of the reporting period, one of the finance lease receivables with the carrying amount of approximately HK$23,520,000 was past due. Such finance lease receivable is categorised in stage 3.

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 and other receivables after deducting the allowance for expected credit losses presented based on invoice dates at the end of the reporting period:

	2022	2021
	HK$'000	*HK$'000*
0-60 days	**51,634**	33,719
61-90 days	**7,148**	3,217
91-120 days	**5,175**	3,277
Over 120 days	**15,140**	6,620
Trade receivables	**79,097**	46,833
Other receivables *(Note)*	**87,526**	96,931
	166,623	143,764

Note:

It mainly includes deductible value added tax of HK$24,505,000 and interest receivables from financial leasing business of HK$26,305,000 (2021: deductible value added tax of HK$4,641,000, dividend receivables of HK$40,917,000 and and interest receivables from financial leasing business of HK$20,051,000).

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

At as 31 December 2022, trade receivables over 90 days amounted to HK$20,315,000 (2021: HK$9,897,000) 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:

	2022	2021
	HK$'000	*HK$'000*
91-120 days	**5,175**	3,277
Over 120 days	**15,140**	6,620
	20,315	9,897

13. TRADE AND OTHER RECEIVABLES (Continued)

Movements of allowance for expected credit losses on trade receivables are as follows:

	2022	2021
	HK$'000	*HK$'000*
Balance at the beginning of the year	**762**	251
Allowance for expected credit losses recognised	**276**	499
Allowance for expected credit losses written back	**–**	(5)
Exchange differences	**(67)**	17
Balance at the end of the year	**971**	762

In determining the recoverability of the trade receivables, 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 Group's largest trade receivables balance amounted to HK$20,093,000 (2021: HK$10,470,000) at the end of the year. Moreover, the Group's five largest trade receivables balances amounted to HK$43,049,000 (2021: HK$29,350,000) in total at the end of the year.

Most of the customers settled the amounts after the reporting date.

As at 31 December 2022, other receivables were not past due (2021: Nil). Allowance for expected credit losses on other receivables amounted to HK$2,329,000 (2021: Nil) was recognised during the year.

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 dates at the end of the reporting period:

	2022	2021
	HK$'000	*HK$'000*
0-60 days	**18,376**	32,680
61-90 days	**935**	330
91-120 days	**389**	1,329
Over 120 days	**13,025**	6,290
Trade payables	**32,725**	40,629
Other payables	**183,188**	135,158
	215,913	175,787

14. TRADE AND OTHER PAYABLES (Continued)

Other payables included the following items:

	2022	2021
	HK$'000	*HK$'000*
Contract liabilities	**289**	588
Deposits received from customers	**26,866**	23,929
Receipts in advance	**22,411**	14,954
Other tax payable *(Note i)*	**35,831**	19,162
Staff salaries and welfare	**50,962**	45,196
Provision for termination benefits	**8,350**	9,057
Others *(Note ii)*	**38,479**	22,272
	183,188	135,158

Note:

(i) Other tax payable mainly includes value added tax payables.

(ii) Others include interest payables, accrued expenses and other temporary receipts.

The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

15. DEFERRED INCOME

Deferred income represents the government grants received by the subsidiaries incorporated in the PRC in connection with certain constructions and income-generating projects. There are no unfulfilled conditions and other contingencies attaching to these grants.

16. EVENT AFTER REPORTING PERIOD

On 9 January 2023, Canton Greengold Financial Leasing Limited ("Greengold Leasing") entered into finance leases with limited liability companies incorporated in the PRC, independent third parties, to acquire the ownership of the assets from these companies for an aggregate consideration of RMB250,000,000 (equivalent to approximately HK$286,250,000), which would be leased back to these companies for their own use and possession for a term of 5 years. Further details of the finance leases are set out in the Company's announcement dated 9 January 2023.

On 16 January 2023, Greengold Leasing entered into a finance lease with a limited liability company incorporated in the PRC, an independent third party, to acquire the ownership of the assets from this company for a consideration of RMB50,000,000 (equivalent to approximately HK$58,250,000), which would be leased back to this company for its own use and possession for a term of 5 years. Further details of the finance lease are set out in the Company's announcement dated 17 January 2023.

On 23 March 2023, Greengold Leasing entered into a finance lease with a limited liability company incorporated in the PRC, an independent third party, to acquire the ownership of the assets from this company for a consideration of RMB30,000,000 (equivalent to approximately HK$34,320,000), which would be leased back to this company for its own use and possession for a term of 5 years. Further details of the finance lease are set out in the Company's announcement dated 23 March 2023.

17. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current year's presentation of the consolidated financial statements.

CHAIRMAN'S STATEMENT

BUSINESS REVIEW

Leveraging the restructuring of the welfare center of Nanhai District, the Group took over Foshan City Nanhai District Taoyuan Welfare Center Co, Limited. ("Taoyuan Welfare Center") and Foshan City Nanhai District Taoyuan Rehabilitation Hospital Co., Limited. ("Taoyuan Rehabilitation Hospital") in mid-May 2021, and Taoyuan Welfare Center successively took over several public elderly care institutions sponsored by towns or sub-districts in Xiqiao, Dali, Shishan, Lishui of Nanhai District in the second half of 2022, significantly boosting the operating income of our elderly care and wellness business, representing a year-on-year increase of approximately HK$44,704,000. Meanwhile, our financial leasing business continued to develop, boosting operating income by approximately HK$114,341,000. Moreover, following the completion of the construction, delivery and operation of the first and second phases of the new energy industrial park in Danzao Town, Nanhai District, Foshan City, the PRC ("Danzao Industry Park"), income such as rental income from the industrial park saw a continuous increase, significantly enhancing the operating income of our business in property and industrial parks investment by approximately HK$51,517,000. In addition, the impact on production by transformation was eliminated after the completion of the technological transformation of civil explosive business, achieving a year-on-year increase in our income of this segment by about HK$54,291,000. For the year ended 31 December 2022, taking into account other factors, the Group recorded a total income of approximately HK$246,786,000, representing a substantial increase of 47.4% compared with that of last year.

Besides the above year-on-year increase of approximately HK$42,260,000 in our profit generated from the continuous development of our financial leasing business, and the enhancement in profit contribution of approximately HK$26,677,000 following the continuous increase of rental and other income after the completion of the construction, delivery and operation of the first and second phases of the industrial park, our civil explosives business turned loss into profit and contributed an additional net profit of around HK$23,930,000, as it did not need to suspend production due to transformation, and properly used the excess mixed assembly and detonating cord production capacity to increase income. In addition, special loss of approximately HK$16,295,000 was recorded for the decrease in the fair value of financial assets at fair value through profit or loss last year, as compared with gains of approximately HK$39,907,000 resulting from the increase in the fair value of financial assets at fair value through profit or loss for the year. However, the elderly care and wellness business turned profit to loss and recorded the decrease of approximately HK$17,507,000 in operating profits due to the fact that occupancy rate and outpatient services were affected and the failure to raise prices as expected on the one hand, and soaring expenditures such as epidemic prevention and daily operating expenses on the other. These were caused by repeated COVID-19 outbreaks, during which time elderly care institutions and rehabilitation hospitals under our elderly care and wellness business experienced several long-term closed management. Moreover, the sharp rise in coal and gas prices during the period resulted in a significant increase in costs and a decrease in profits for Nanhai Changhai Power Co., Ltd. ("Changhai Power"), which is owned as to 31.875% by the Group, so its profit attributable to the Group decreased substantially by approximately HK$20,634,000 as compared with that of last year. Meanwhile, the United States has entered a rate hike cycle, pushing up interest rates, and the Company increased financing in line with business development needs resulting in an increase of approximately HK$24,382,000 in finance costs such as interest expenses. In addition, as the operating profits of financial leasing, civil explosives and industrial parks business have risen sharply, the tax burden has also increased accordingly, resulting in an increase in income tax expenses of about HK$25,233,000. Taking into account other factors, the Group recorded a significant increase in profit of HK$31,937,000 and a net profit of approximately HK$42,824,000 for the year.

ELDERLY CARE AND WELLNESS BUSINESS

The Group will continue to develop a three-tier elderly care system comprising institutions, communities and households in Nanhai District. In mid-May last year, the Group took over Taoyuan Welfare Center and Taoyuan Rehabilitation Hospital by means of entrusted management. On this basis, we have obtained the Nanhai District Government's recognition of and support for the Group's elderly care business, further expanded cooperation with various towns/sub-districts in Nanhai District, and signed agreements with Xiqiao Town, Dali Town, Shishan Town, and Lishui Town of Nanhai District for entrusted management of public elderly care institutions under their jurisdictions, whereby Taoyuan Welfare Center has set up branches to orderly promote the takeover of those institutions. We took over Luocun Nursing Home in July 2022, and a number of public elderly care institutions including Xiqiao Welfare Center, Dali Nursing Home, Huangqi Liangyongzhao Nursing Home, Lishui Elderly Home (South Part and North Part) and Shishan Nursing Home (combined with Xiaotang Nursing Home) in October to December, thereby expanding the number of nursing beds. As a result, the total number of nursing beds, including those in Taoyuan Welfare Center and Jiujiang Nursing Home, increased from 1,252 to 2,098, and the occupancy rate of such beds stood at 83% at the end of the fourth quarter of 2022. Thanks to the significant expansion of institutional elderly care services, the operating income from elderly care and wellness business for the year ended 31 December 2022 increased substantially to approximately HK$122,458,000, an increase of 57.5% compared with that of last year. However, in order to cope with repeated COVID-19 outbreaks during the year, lockdown measures were implemented to protect the safety and health of nursing personnel and clients, which affected the occupancy rate and outpatient services. We not only failed to recruit more elderly as expected to raise the occupancy rate, but also saw an increase in the check-out rate of self-care elderly due to the impact of COVID-19 and lockdown measures. As a result, the average number of people living in Taoyuan Welfare Center this year was approximately 960 representing an average occupancy rate of approximately 95%, a slight decline from approximately 98% as at the end of last year; the average number of people living in Jiujiang Taoyuan Nursing Home this year was approximately 160, representing an average occupancy rate of approximately 61%, which remained basically flat compared with 60% as at the end of last year. For the year, the average occupancy rates of beds of Taoyuan Rehabilitation Hospital and Taoyuan Nursing Home, whose outpatient services were suspended during lockdown periods, were 83% and 7%, respectively. The progress of community service projects was also affected to varying degrees due to the impact of COVID-19. As such, the lingering COVID-19 pandemic not only affected the operating income from elderly care and wellness business and made it impossible for us to raise prices as expected, but also caused a substantial increase in operating costs such as epidemic prevention and control expenses, compensation for personnel and daily operating expenses, resulting in a sharp decline in the operating profit of elderly care and wellness business. For the year ended 31 December 2022, the segment saw a turnaround from profit to loss and recorded an operating loss of approximately HK$ 14,631,000, which is expected to change for the better in 2023 as COVID-19 eases.

In addition, as the buildings and facilities of the elderly care institutions at town/sub-district level taken over by us have been used for a long time, some of the facilities and equipment are outdated, damaged or unsuitable and need to be phased out and replaced, and the buildings also need to be maintained and improved. As such, in an ongoing effort to refine the elderly care environment and facilities, the Group will continue to improve investment and construction, further upgrade the environment, improve the facilities and enhance service capabilities. For example, in order to improve the facilities of Taoyuan Rehabilitation Hospital, the Group renovated a building with a total GFA of 18,359 square metres for medical rehabilitation purposes, which is planned to be completed and undergo acceptance inspection in the first half of 2023. In order to meet the diverse needs of the elderly, the Group invested in an elderly apartment project and has obtained a foundation construction permit for it, the construction of the project started on 30 August 2022 and is expected to be completed within about 18 months. Meanwhile, the Group will adjust elderly care services based on needs, enhance nursing services for the elderly, and comprehensively improve service quality, so as to make our elderly care brand bigger and stronger. With Taoyuan Welfare Center as a role model and Jiujiang Nursing Home as a demonstration project, the Group will improve the operations management and elderly care capabilities of public elderly care institutions in towns and sub-districts, and strengthen talent recruitment and human resource management, with a view to taking its medical and elderly care services to a new height. In 2020, Taoyuan Welfare Center and Jiujiang Nursing Home were rated as a "Five-Star" elderly care institution and a "Four-Star" one in Guangdong Province respectively, and such star ratings are valid for three years. The elderly care institutions managed by the Group will actively participate in the 2023 star rating review of elderly care institutions and make joint efforts to play a leading and exemplary role in star ratings, in a drive to promote the quality development of elderly care services of all elderly care institutions under the Group.

FINANCIAL LEASING BUSINESS

The financial leasing business mainly provides financial leasing and related consulting services in China, and its business model is as follows:

The Group usually enters into a (sale-and-leaseback) financial lease agreement with clients having assets suitable for financial leasing, with the client (as the lessee) retaining control over the assets and the Group (as the lessor) will be secured by having title over the assets and security interests for the duration of the lease. However, the Group (as lessor) can also enter into a supply agreement with a third-party supplier pursuant to which the Group pays the supplier for the purchase of certain assets selected by the client (as lessee), in addition to a finance lease agreement pursuant to which the lessor directly leases the assets to the lessee in return for lease payments by the lessee (direct leases).

The Group's main target clients are players in environmental sectors such as sewage treatment, waste incineration, new energy power generation, cogeneration, kitchen waste disposal, biogas power generation, solid waste treatment, etc. With the strategic goal to become a leading eco-friendly and professional financial leasing company in China, the Group is deeply engaged in the subsectors of the municipal environmental protection industry, mainly targets enterprises that provide municipal environmental services, and plans to focus on developing municipal environmental projects of state-owned enterprises (SOEs) in Foshan and quality SOEs in the Greater Bay Area. The Group vigorously solicits clients through the E20 forum, local environmental associations and other platforms, referrals from existing clients, referrals from banks and business partners in the industry, and the management and business personnel's online marketing. By 31 December 2022, the Group had transacted with approximately 48 SOEs and other quality enterprises in Nanhai District and the Greater Bay Area, including subsidiaries of listed companies. Of these 48 enterprises, approximately 35 are in the environmental industry, including about 19 mainly engaged in sewage treatment and 16 involved in multiple sectors such as waste incineration, water supply, cogeneration, hazardous waste treatment, biogas power generation, and sludge and soil treatment. The other 13 enterprises are mainly engaged in other industries such as public utilities, electromechanical equipment and real estate. The segment's operating income for the year increased by 52.9% to approximately HK$330,485,000, 55.9% of which was contributed by clients in the environmental industry.

In addition, the Group used finance lease receivables as collateral to raise funds by various means including bank financing and bond issuance to meet most capital needs of the financial leasing business (while the remaining needs were met with its own funds), and continuously diversified financing channels, including but not limited to equity and debt financing, to enhance the financial strength of the financial leasing business.

Despite the challenges facing the financial leasing business arising from intensifying market competition and COVID-19, the Group upheld the established strategic positioning and business objectives, sought progress in stability, carried out risk management, and remained focused on the environmental industry to develop financial leasing business. We have set up a professional financial leasing team familiar with the environmental industry to more effectively conduct risk assessment on environmental clients, control business risks in line with the Group's risk appetite, carry out stringent pre-lease review of financial leasing projects to select the best from the good, and implement post-lease management and supervision to reduce the risk of bad debts. Furthermore, we have developed the following credit risk assessment policy and internal control measures:

A) Credit risk assessment policy

The Group adopts a hierarchical approach to risk assessment and strictly reviews potential financial leasing projects to ensure that the risks involved are in line with the Group's risk appetite. The whole process for a project covers (i) the project establishment and approval process where the project manager conducts a preliminary risk assessment of the project; (ii) the investigation and evaluation process where the risk control manager evaluates the risks of the project and issues a risk report; (iii) the review and decision-making process, including a preliminary assessment meeting and a review meeting, where members of the risk review committee conduct an overall assessment of the project risks and vote on the project; (iv) the project implementation process where relevant risk control personnel participate in project implementation to prevent operational risks; (v) the loan issuance process where strict loan approval procedures are adopted to ensure that suitable conditions for loan issuance are met; (vi) the post-lease supervision process where project risks are continuously monitored and assessed; and (vii) the risk warning process where project alerts with risk signals are flagged and monitored and response plans are developed in advance.

During credit risk assessment, the Group will review the relevant documents of the target client, including but not limited to its business permit, credit reports, bank statements, tax payment receipts, financial statements, build-operate-transfer contracts, environmental impact assessment reports, subsidy income certificates, project asset evaluation report, contracts and invoices relating to project assets, and proof of ownership of the assets mortgaged or pledged for the project. The factors considered by the Group before entering into a finance lease include whether the lessee's cash flow can cover the credit amount, the future cash flow of the project, the form and value of security and the amount covered by the collateral, the lessee's cost of default, the lessee's gearing ratio, etc.

B) Key internal controls and ongoing monitoring of loans

In order to minimize the risk of default on loans, the Group has developed internal control measures to determine credit limits, conduct credit review, and monitor the recoverability and collection of finance lease receivables.

A credit limit is usually determined with reference to, among others, (a) the value of the leased assets and their current price; (b) the current price of the client's pledged assets and the guarantor's ability to perform guarantee obligations; and (c) the lessee's cash flow and ability to meet its debt obligations.

In terms of credit approval, the risk review committee will conclude the overall credit arrangement after taking into account the opinions of the project manager and the risk control manager at the review meeting.

In terms of ongoing monitoring procedures, the relevant business manager of the financial leasing department will conduct off-site and on-site post-lease inspections on the lessee and the leased assets from the lease commencement date to the date of recovering all rents and receivables, then issue an inspection report to the department head and the chief risk officer for approval. Once approved, such report will be forwarded to the post-lease management team of the risk control department for evaluation. The Group will carry out: (i) monthly off-site post-lease inspections, including searching for litigation proceedings involving the lessee or its controlling shareholders and guarantors, monitoring changes in its pledged assets, and issuing warnings about any major risks that may affect the lessee's ability to make repayments to the Group; and (ii) quarterly on-site post-lease inspections, including collecting the latest financial statements, credit reports, environmental inspection reports, bank statements, invoices and recent photos of the leased assets from the lessee, and monitoring the changes in the asset-liability structure of the lessee. The frequency of post-lease inspections will vary depending on, among others, the risk level determined during each inspection.

As to the risk warning process, risk signals are divided into three levels: general, medium and high risks. Upon the identification of risk signals in a project, the relevant business manager will propose preliminary actions and measures in the inspection report after investigating and evaluating the risk level. The relevant project manager and risk control personnel will then determine the risk level and action plan for approval by the chief risk officer. In addition, the Group will set up a working group to monitor and follow up on projects with high risk levels. Depending on the actual situation of the relevant project, the procedures or measures taken by the Group to address the risks identified, including the recovery and collection of finance lease receivables, include but are not limited to: (i) adjusting the internal quality rating of finance lease receivables; (ii) adjusting the overall credit arrangement; (iii) expediting the lease arrangement and demanding payment of rent; and (iv) taking legal action and disposing of pledged or mortgaged assets in accordance with the law. Risk alerts issued against a client may subsequently be cancelled if the risk signals identified are found to be inaccurate or there is no longer a risk to the Group's credit assets after further investigation and evaluation.

Thanks to the joint efforts of all employees of the financial leasing segment in developing quality municipal environmental services in Nanhai District, Foshan and across the country, the segment recorded an operating profit of HK$ 127,447,000, a year-on-year increase of 49.6%.

INVESTMENTS IN PROPERTIES AND INDUSTRIAL PARKS

The Group is developing the new energy industrial park in Danzao Town, Nanhai District, Foshan, the PRC, which includes a production plant, a pilot plan, a research and development hub and related supporting facilities. Phase 1 and 2 of the project have been basically completed, and the production plant and the pilot plant have been put into operation with a leasable area of approximately 186,000 square metres and 112,000 square metres, respectively. As at 31 December 2022, their leased areas reached approximately 173,600 square metres and 44,300 square metres, representing an occupancy rate of approximately 93% and 39%, respectively. The related supporting facilities have also been completed and put into use one after another. The related office building has a leasable area of 11,000 square metres, with 7,000 square metres leased, representing an occupancy rate of 65%, and the Group has applied for the acceptance inspection of the related rental housing project. As the supporting facilities and operation of the industrial park improve, the park will become more attractive and competitive. Next, we will continue to step up efforts in attracting investment from enterprises, promote the facilities completed, search for customers in the relevant industries, carefully select target customers and control the customer mix by type, so as to create a healthier industrial structure of the park and increase the rental and operating income of the park. Meanwhile, the Group will maintain good communication with the enterprises in the park, enhance the service awareness of the Company's team, strictly supervise the quality of property management services, and provide these enterprises with sufficient support and services. For the year ended 31 December 2022, the operating income and operating profit of the industrial park and property development segment increased year-on-year by approximately 1.7 times and 6.9 times to approximately HK$82,301,000 and HK$30,536,000, respectively.

As some tenants of China Holdings Building terminated their leases and the properties in Hong Kong remained vacant after the original tenants chose not to renew their leases upon expiration at the end of November, the rental income from other properties decreased year-on-year by 7.5% to approximately HK$10,292,000. Specifically, the occupancy rate of China Holdings Building dropped from approximately 98.69% last year to approximately 88.2%, causing the rental income to decrease by 6.3% from the that of the previous year to approximately HK$9,774,000. The rental income from properties in Hong Kong fell by 7.7% from that of the previous year to approximately HK$518,000.

In terms of property sales, the Group managed to sell the remaining units of Shantou Commercial Plaza for HK$4,180,000 in cash.

BIG DATA BUSINESS

The Group will continue to vigorously develop big data business and promote business development and technology enhancement with a focus on increasing the scale of market-oriented operations. Guangdong Sinsing Technology Ltd.*, a wholly-owned subsidiary of ours, was among the third batch of enterprises passing the national high-tech enterprise certification this year, and its work "Code for Success" won the gold medal in the finals of South China Division of the first National Industrial Internet Identifier Application Innovation Competition and entered the national finals. Moreover, the Public Service Platform for Smart and Secure Industrial Parks in Guangdong-Hong Kong-Macao Greater Bay Area (Nanhai) filed by the company in collaboration with Foshan Nanhai Institute of Public Security Technology was selected among the 2021 Industrial Internet Pilot Demonstration Projects. Thanks to these efforts and achievements, our corporate image and market competitiveness have been improving. In terms of technology and industry research, we successfully obtained three patents, which means that we have been granted seven patents in total. Yet, the existing projects ended one after another, while new project development progressed slowly due to repeated COVID-19 outbreaks and the scale of market-oriented operation remained small. In order to find more excellent market-oriented operation projects more effectively, increase market-oriented income and intensify the translation of technologies, after several rounds of surveys and analysis, we reviewed our resource advantages and industrial development potential, strategically determined to focus on developing industrial Internet platform services, set the strategic objective to become a first-class provider of industrial Internet platform services in the Guangdong-Hong Kong-Macao Greater Bay Area, developed the product "Code for Success" and further refined it based on our experience from the identifier innovation application competition, further upgraded and enhance the service performance of enterprise node, and made an overall revision of the SSP front end of the public service platform. To date, a total of 2,327 enterprises have connected to the enterprise node, with the number of identifiers registered and the number of identifier decoding exceeding 1.3 billion and 548 million, respectively. We aim at driving the transformation and upgrading of the local manufacturing industry based on its characteristics and development needs, so as to develop our big data business into an excellent local provider of industrial Internet platform services. Although segment's operating income for the year decreased substantially by 59.3% from the figures for the previous year to HK$13,048,000, lower than expected, the operating profit of approximately HK$7,751,000 was recorded this year, an increase of 30.2% year-on-year.

CIVIL EXPLOSIVES BUSINESS

This year, Guangdong Tiannuo Investments Co., Ltd.* ("Tiannuo") faced dual pressures. On the one hand, due to a variety of factors, including repeated COVID-19 outbreaks, property downturn, reduction of infrastructure projects, and low-price competition from players in other provinces, the civil explosives market in Guangdong Province saw a sharp drop in demand, resulting in worse-than-expected sales. As a result, Tiannuo's sales volume of emulsion explosives was only 69.6% of its production capacity. On the other hand, the substantial increase in the unit prices of raw materials led to an increase in unit cost. To cope with the headwinds, Tiannuo strengthened communication with key customers, and expanded the scope of services to provide one-stop services from supply guarantee to after-sales service and technical support, so as to win the trust of customers and enhance customer loyalty. Moreover, in order to increase sales volume, Tiannuo leveraged its comprehensive services to seize the market, and increased business development efforts in Guangxi, Western Guangdong and Eastern Guangdong to grab market share in and out of Guangdong Province. In addition to raising product prices in last November in response to increased costs, we cut procurement costs by changing the procurement model, and adopted the principle of seeking benefits from technology by increasing R&D efforts to lower raw material and energy costs and improve production efficiency while ensuring safety and quality. We launched a company-wide campaign to reduce costs and increase efficiency and promoted the idea that every penny saved is profit, thus integrating cost reduction efforts into the work of each employee as well as production and daily activities. Furthermore, we properly used excess mixed assembly and detonating cord production capacity to increase income. In order to increase the usage of mixed assembly capacity, we acquired a 51% stake in Zhaoqing Huaxin Blasting Engineering Co., Ltd. ("Huaxin") to expand blasting operations, thus enabling the mixed assembly capacity to release in blasting operations and generating synergy. In addition, Tiannuo passed the high-tech enterprise certification in late 2022, making it entitled to tax credits. After deducting 100% of R&D expenses, its effective tax rate was reduced by 10%, thus increasing its net profit. For the year ended 31 December 2022, the segment not only saw an increase of 38.5% in operating income to approximately HK$195,138,000, but also recorded an operating profit of approximately HK$11,882,000 as opposed to a loss for the previous year.

HOTEL BUSINESS

The year 2022 saw the greatest impact on the hotel industry since the initial COVID-19 outbreak. The Guilin tourism market, which continued to be affected by repeated COVID-19 outbreaks across the country and anti-COVID policies such as strict lockdowns, saw extremely low tourist flows. The package tour market and conference market were virtually suspended, and the number of individual tourists also fell sharply compared with that of last year, making hotel industry players struggle to survive. Guilin Plaza Hotel ("Guilin Plaza") took a series of response measures to cope with COVID-19 outbreaks and made efforts to alleviate the impact of COVID-19 on hotel operations. Even though the hotel adjusted its customer mix using flexible strategies, concentrated on developing individual customers online and achieved certain results, strictly controlled expenditures and reduced costs and expenses, its income was still deeply dented. The occupancy rate dropped substantially by approximately 15.74% to only approximately 24.67% compared with that of the same period of last year, while the average room rate decreased by 10.33% compared with that of the same period of last year. As a result of these and other factors, the segment's operating income decreased significantly by 19.8% to HK$9,730,000 compared with that of the same period of last year, and operating loss widened by 16.9% to HK$7,507,000 compared with that of the same period of last year.

PROFIT FROM INVESTMENTS IN AN ASSOCIATE

Due to the surge in raw coal and gas prices, Changhai Power suffered a significant increase in cost, which could not be entirely offset even if the year-on-year unit sale price was higher, resulting in a significant year-on-year decrease in operating results. Accordingly, it recorded an operating profit of approximately HK$15,346,000 and contributed profit of approximately HK$4,727,000, representing a significant year-on-year decrease of 81.4%.

FINANCIAL POSITION AND ANALYSIS

As at 31 December 2022, the Group had total assets of HK$9,069,585,000 (31 December 2021: HK$8,299,701,000), total liabilities of HK$6,976,800,000 (31 December 2021: HK$6,107,245,000), a gearing ratio (being total liabilities divided by total assets) of 76.9% (31 December 2021: 73.6%), net assets of HK$2,092,785,000 (31 December 2021: HK$2,192,456,000), and equity per share attributable to owners of the Company of HK59.16 cents (31 December 2021: HK69.45 cents).

The Group had net current assets of HK$7,459,000 (31 December 2021: net current liabilities of HK$48,709,000), a current ratio (being current assets divided by current liabilities) of approximately 1.00 (31 December 2021: 0.97) and the Group had bank balance and cash of HK$999,250,000 (31 December 2021: HK$526,837,000), sufficient for capital requirements for future operation and new projects or business development of the Group.

PLEDGE OF ASSETS

As at 31 December 2022, properties of the Group for own use and investment, bank deposits, beneficial interest in a subsidiary held by the Group and the carrying value of finance lease receivables amounted to approximately HK$3,803,355,000, with approximately HK$2,782,574,000 of finance lease receivables pledged to banks as the security for bank borrowings granted to the Group (31 December 2021: properties of the Group for own use and investment, bank deposits, beneficial interest in a subsidiary held by the Group and the carrying value of finance lease receivables amounted to approximately HK$4,073,813,000, with approximately HK$2,643,168,000 of finance lease receivables 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 in 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 arise from the appreciation or depreciation of RMB. It is expected that an increase or a decrease of approximately HK$2,323,000 in the Group's profit for the year would arise 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, starting to fluctuate upward and downward repeatedly. Due to the impact of the Sino-US trade war, deteriorating Sino-US relations and fluid epidemic dynamics in recent years, the exchange rate of RMB against USD fluctuated upward and downward repeatedly within a substantially widened band. While an exchange gain of approximately HK$389,000 was recorded last year, the outbreak of the war between Russia and Ukraine early 2022 led to higher prices in fuel and food, etc. and aggravated inflation across the globe. The United States formally began its rate hike cycle to contain escalating inflation, boosting the appeal and relative strength of USD compared with other currencies. Although the adoption of pegged exchange rate by Hong Kong would alleviate the pressure of exchange loss in respect of HKD against USD, it would increase the risk of exchange loss arising from depreciation of RMB against HKD, resulting in an exchange loss of approximately HK$6,295,000 instead. Therefore, the Board believes that RMB will be immensely affected by Sino-US relations, fluid epidemic dynamics, USD rate hike cycle and evolving war in Ukraine in the short term, the path of which is hard to predict, but in the long run, it is expected that RMB will remain stable and will not expose the Group to 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

Although the Group faces the impact of economic uncertainty worldwide and in China brought about by fluid epidemic dynamics, coupled with the outbreak of the war in Ukraine early this year that has triggered economic sanctions imposed by various countries on Russia that shook the global economy and created elevated uncertainty, the Group will continue to rise to the challenge, proactively adjust its business presence based on market trends and navigate through adversities. With experience accumulated during the course of transformation and upgrade over the past years, the Group will strive to constantly enhance its business activities, and steadily develop its business in elderly care and wellness, financial leasing, industrial parks/property investment, big data and civil explosives. For our elderly care and wellness business, although the deep impact of the epidemic in 2022 put pressure on our business results in the short run, we will remain steadfast to focus on the long-term and extensive development prospects of our elderly care and wellness business and continue to head towards the direction of developing a three-tier elderly care and wellness system comprising institutions, communities and households. The Outline of the Fourteenth Five-Year Plan for the National Economic and Social Development and the Long-Range Objectives through the Year 2035 of the People's Republic of China has put forward a national strategy in response to population ageing, under this overall backdrop, Nanhai District attaches great importance to elderly care efforts, and the establishment and improvement of the elderly care service system will be the focus. We consider that the Group can ride on the opportunity to gain the recognition and support of the Nanhai District Government for the Group's elderly care business on the back of taking over the operation of Nanhai District Welfare Center and Jiujiang Nursing Home last year, and proactively strive to expand its cooperation with various towns and sub-districts under the Nanhai District Government. During the year, the Group successfully entered into entrusted operation agreements with Xiqiao Town, Dali Town, Shishan Town and Lishui Town under the Nanhai District Government for their respective public elderly care institutions to take over several public elderly care institutions, resulting in a growing number of nursing beds. The Group strives to expand its cooperation with other towns and sub-districts under the Nanhai District Government. With Nanhai as the core, we can establish our presence in Foshan, and extend to Guangdong and the Guangdong-Hong Kong-Macao Greater Bay Area to build a first-rate elderly care and wellness industry investment group in the Greater Bay Area. The Group is also committed to enhancing and improving the quality of elderly care services through technology and exploring further collaboration with its big data business to achieve organically integrated synergy. We can build our Taoyuan elderly care and wellness brand in full swing to make it a quality mark and an industrial benchmark and push forward our elderly care and wellness business as the Group's principal core business. For our big data business, in addition to seeking synergistic collaboration with the wellness elderly care business, we will proactively consolidate internal resources riding on our previous experience in business development and accumulated resources, strive to improve corporate qualifications and merits, facilitate the transformation and upgrade of the manufacturing industry in the region in the direction of the industrial Internet platform and in light of the industry attributes and development demand of the manufacturing industry in the region, make every effort to become a first-class industrial Internet platform service provider in the Guangdong-Hong Kong- Macao Greater Bay Area, and reverse adverse circumstances and achieve development goals. For our financial leasing business, despite the challenges brought about by the increasingly fierce market competition landscape and challenges, we will focus on the strategic goal of developing it into a leading domestic professional financial leasing company featuring environmental protection. We will continue to intensively tap into segments of the municipal environmental protection industry, make every effort to overcome challenges and difficulties, step up client visits, focus on intensive cultivation of core clients, and vigorously tap into target clients from the club and business school of the E20 Environment Platform as well as local environmental protection associations. We will also continue to carry out marketing activities targeting SOEs, municipal environmental protection authorities, and green energy projects in Foshan and various regions in China, selectively developing quality municipal environmental protection and green energy projects of SOEs in the Greater Bay Area and the Pan-Pearl River Delta region. We will adhere to the general strategy of putting stability first and making progress while maintaining stability when we conduct stringent pre-leasing reviews, select the best from the good, ensure that the implementation of post-leasing management and supervision is in place, and implement post-leasing management assessment to the project level and to the individual level to ensure that the management of existing projects is timely and effective and reduce the risk of bad debts. Meanwhile, we will continue to diversify financing channels, including equity and debt financing. We will vigorously promote the issuance of Asset Backed Security (ABS) and other financing plans to enhance the financial strength of our financial leasing business to meet the capital needs for future business development of the Group. For our property and industrial park business, the Group will continue to develop the new energy industrial park in Danzao Town, Nanhai District, Foshan City, the PRC by proactively arranging further preparation work for the development of the third and fourth phases of the project in addition to the development of its first and second phases. Meanwhile, we will intensify promotion efforts in business attraction, in a bid to successively introduce enterprises into the park, maintain full communication with settled enterprises, and ensure the quality of property management services to boost the occupancy rate of the park, so as to generate stable rental income and related gains for the Group. For our civil explosives business, Tiannuo will vigorously unleash excessive mixed assembly production capacity to increase revenue, and proactively implement reform measures including enhancement of staff mix and remuneration system to reduce costs and boost efficiency. Meanwhile, it will continue to push forward technological innovation and enhance processes and formulae to achieve greater breakthroughs through boosting efficiency by technology, so as to substantially improve its future performance and contribute steady revenue streams to the Group in the future. In addition, the Group will aggressively explore opportunities to carry out investment and merger and acquisition of biopharmaceutical and high-tech enterprises or projects to seek leapfrog development of the business of the Company, thereby delivering good returns to the shareholders of the Company.

EMPLOYEES

The total number of employees of the Group is approximately 1,189 (31 December 2021: 946). 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 2022 (2021: Nil).

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

During the year ended 31 December 2022, 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 2022, the Company has complied with all the code provisions that were in force 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 2022, 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 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 2022.

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, consolidated statement of cash flows and the related notes thereto for the year ended 31 December 2022 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, 30 March 2023

As at the date of this announcement, the Board consists of six executive Directors, namely Mr. HE Xiangming (Chairman), Mr. FU Weiqiang (Managing Director), Mr. YOU Guang Wu (Director), Mr. HUANG Zhihe (Deputy Managing Director), Ms. WANG Xin (Deputy Managing Director) and Mr. CHENG Weidong (Deputy Managing Director) and three independent non-executive Directors, namely Mr. CHAN Kwok Wai, Mr. DENG Hong Ping and Mr. PENG Xinyu.

* *For identification purpose only*