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

(Incorporated in Bermuda with limited liability)

(Stock code: 132)

INTERIM RESULTS FOR 2019

UNAUDITED CONSOLIDATED RESULTS

The board of directors (the "Directors") of China Investments Holdings Limited (the "Company") announces that the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2019 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2019

		Six months ended 30 June	
		2019	2018
	Notes	***HK$'000***	*HK$'000*
		(unaudited)	(unaudited)
Revenue	*3*	**59,343**	22,576
Cost of sales and services		**(26,826)**	(11,549)
Gross profit		**32,517**	11,027
Other operating income	*5*	**80,872**	11,394
Selling and distribution costs		**(1,701)**	(21)
Administrative expenses		**(48,490)**	(26,422)
Share of profit of associates		**38,014**	40,302
Finance costs	*6*	**(49,414)**	(39,853)
Profit/(loss) before taxation		**51,798**	(3,573)
Income tax expense	*7*	**(26,099)**	(4,251)
Profit/(loss) for the period	*8*	**25,699**	(7,824)

* *For identification purpose only*

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

For the six months ended 30 June 2019

	Notes	Six months ended 30 June 2019 HK$'000 (unaudited)	2018 HK$'000 (unaudited)
Other comprehensive income/(expense), net of income tax			
Items that reclassified to profit or loss:			
Exchange differences upon deemed disposal of a foreign associate		**231**	–
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**(4,131)**	(5,137)
Share of exchange difference of associates		**(1,813)**	(9,887)
Other comprehensive expense for the period, net of income tax		**(5,713)**	(15,024)
Total comprehensive income/(expense) for the period		**19,986**	(22,848)
Profit/(loss) for the period attributable to:			
Owners of the Company		**14,813**	(7,469)
Non-controlling interests	*16*	**10,886**	(355)
		25,699	(7,824)
Total comprehensive income/(expense) for the period attributable to:			
Owners of the Company		**9,631**	(22,634)
Non-controlling interests	*16*	**10,355**	(214)
		19,986	(22,848)
Earnings/(loss) per share	*10*		
Basic		**HK0.87 cent**	(HK0.44 cent)
Diluted		**HK0.87 cent**	(HK0.44 cent)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2019

	Notes	**30 June 2019 HK$'000 (unaudited)**	31 December 2018 HK$'000 (audited)
Non-current assets			
Investment properties		**430,111**	230,206
Property, plant and equipment		**296,525**	280,684
Interests in associates		**873,467**	821,682
Financial assets at fair value through profit or loss		**7,589**	7,598
Finance lease receivables	*12*	**512,203**	365,465
Rental deposit		**23,436**	3,417
Right-of-use assets	*11*	**1,001,749**	148,255
		3,145,080	1,857,307
Current assets			
Properties held for sale		**39,000**	39,000
Inventories		**385**	380
Finance lease receivables	*12*	**255,871**	242,708
Trade and other receivables	*13*	**41,192**	21,716
Pledged bank deposit		**45,605**	77,755
Cash and cash equivalents		**1,117,997**	1,221,671
		1,500,050	1,603,230
Current liabilities			
Borrowings	*15*	**1,272,952**	1,071,264
Convertible notes		**–**	152,226
Deposits received from customers		**4,539**	–
Lease liabilities	*11*	**24,793**	4,980
Tax payables		**29,994**	30,470
Trade and other payables	*14*	**133,642**	131,577
		1,465,920	1,390,517
Net current assets		**34,130**	212,713
Total assets less current liabilities		**3,179,210**	2,070,020

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

At 30 June 2019

	Notes	**30 June 2019 *HK$'000* (unaudited)**	31 December 2018 *HK$'000* (audited)
Capital and reserves			
Share capital		**171,233**	171,233
Reserves		**880,485**	821,882
Equity attributable to owners of the Company		**1,051,718**	993,115
Non-controlling interests	*16*	**409,308**	338,205
Total Equity		**1,461,026**	1,331,320
Non-current liabilities			
Borrowings	*15*	**562,461**	563,523
Convertible notes		**110,789**	–
Deferred tax liabilities		**10,980**	8,412
Deposits received from customers		**27,679**	21,315
Lease liabilities	*11*	**1,006,275**	145,450
		1,718,184	738,700
		3,179,210	2,070,020

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

1. BASIS OF PREPARATION

The interim condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited ("the Listing Rules") and with Hong Kong Accounting Standard 34 ("HKAS 34") Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The interim condensed consolidated financial statements have not been audited by the Company's auditor but have been reviewed by the Company's audit committee.

The interim condensed consolidated financial statements have been prepared on the historical costs basis except for certain properties and financial instruments, which are measured at fair value or revalued amounts, as appropriate.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2018.

The preparation of interim financial statements in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates. The interim financial statements and selected explanatory notes thereon do not include all of the information required for full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards.

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

Except for the adoption of the new and revised HKFRSs stated below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2019 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2018.

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 Associate and Joint Ventures
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments

The adoption of the new and revised HKFRSs has had no material effect on the condensed consolidated financial statements of the Group for the current or prior accounting period. Accordingly, no prior period adjustment has been required.

The Group has not early applied the following new or revised HKFRSs that have been issued but are not yet effective:

HKFRS 3 (Amendments)	Definition of a Business[2]
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
HKFRS 17	Insurance Contracts[3]
HKAS 1 and HKAS 8 (Amendments)	Definition of Material[1]

Notes:

[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.*

The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a material impact on its results of operations and financial position.

3. REVENUE

Revenue represents the gross amounts received and receivable for revenue arising on hotel operation, wellness elderly care business, goods or properties sold by the Group to outside customers, less return and allowances and gross rental income, big data business income, finance lease interest income and consultancy fee income provided to outsiders and others during the period.

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

	30 June 2019	30 June 2018
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Revenue from contracts with customers recognised at a point in time:		
Consultancy service income from financial leasing	**16,637**	1,483
Food & beverage	**2**	3
Operating income from big data business	**7,078**	–
Other income from hotel operation	**223**	–
Sales of properties	**–**	10,802
Service income from wellness elderly care business	**9**	–
	23,949	12,288
Revenue from contracts with customers recognised over time:		
Construction of platform from big data business	**2,509**	–
Service income from wellness elderly care business	**237**	1,481
Service income from hotel operation	**3,401**	2,903
	6,147	4,384
Revenue from other sources:		
Rental income from hotel property	**2,158**	2,363
Rental income from investment properties and properties held for sale	**4,965**	3,234
Interest income from financial leasing	**22,124**	307
	29,247	5,904
	59,343	22,576

4. SEGMENT INFORMATION

For management purposes, the Group is currently organized 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 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 property investments possess similar economic characteristics, and are with similar development and selling activities as well as similar customer bases. Therefore, all property investments are aggregated into one reportable segment for segment reporting purposes.

4. SEGMENT INFORMATION (Continued)

Segment information about these operations is presented below:

	Segment Revenue		Segment Result	
	Six months ended 30 June		Six months ended 30 June	
	2019	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
Big data business	**9,587**	–	**425**	–
Financial leasing	**38,761**	1,790	**18,064**	(508)
Hotel operation	**5,784**	5,269	**(3,756)**	(2,903)
Property investments	**4,965**	14,036	**6,862**	4,586
Wellness elderly care business	**246**	1,481	**(1,025)**	(884)
Others	**–**	–	**(779)**	–
Total	**59,343**	22,576	**19,791**	291
Bank interest income			**5,533**	4,516
Compensation and government subsidies received for the development of Industrial Park in Danzao			**68,162**	–
Finance costs			**(49,414)**	(39,853)
Gain on deemed disposal of an associate			**4,402**	–
Interest income from financial asset at fair value through profit or loss			**–**	586
Loss on early redemption of convertible notes			**(991)**	–
Net central administration cost			**(32,179)**	(10,251)
Net exchange gain			**2,291**	3,442
Professional fees			**(3,811)**	(2,606)
Share of profit of associates			**38,014**	40,302
Profit/(loss) before taxation			**51,798**	(3,573)
Income tax expenses			**(26,099)**	(4,251)
Profit/(loss) for the period			**25,699**	(7,824)

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the current period (six months ended 30 June 2018: Nil).

Segment result represents the profit/(loss) generated by each segment without allocation of bank interest income, interest income from financial asset at fair value through profit or loss, compensation and government subsidies received for the development of Industrial Park in Danzao, professional fee, net central administration costs, net exchange gain, share of profit of associates, loss on early redemption of convertible notes, gain on deemed disposal of an associate and finance costs. This is the measure reported to the Group's management for the purposes of resource allocation and performance assessment.

4. SEGMENT INFORMATION (Continued)

Segment assets and liabilities

	30 June 2019	31 December 2018
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Segment assets		
Big data business	**3,745**	4,442
Financial leasing	**776,133**	613,806
Hotel operation	**150,421**	155,026
Property investments	**1,541,464**	437,363
Wellness elderly care business	**1,434**	1,272
Others	**688**	665
Total segment assets	**2,473,885**	1,212,574
Pledged bank deposit	**45,605**	77,755
Cash and cash equivalents	**1,117,997**	1,221,671
Interests in associates	**873,467**	821,682
Financial assets at fair value through profit or loss	**7,589**	7,598
Unallocated assets	**126,587**	119,257
Consolidated assets	**4,645,130**	3,460,537
Segment liabilities		
Big data business	**5,686**	6,977
Financial leasing	**711,961**	575,838
Hotel operation	**4,324**	5,967
Property investments	**1,220,721**	333,863
Wellness elderly care business	**1,037**	1,629
Others	**766**	1,619
Total segment liabilities	**1,944,495**	925,893
Convertible notes	**189,608**	231,047
Borrowings	**986,700**	917,646
Unallocated liabilities	**63,301**	54,631
Consolidated liabilities	**3,184,104**	2,129,217

4. SEGMENT INFORMATION (Continued)

Other segment information

For the six months ended 30 June 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$'000* **(unaudited)**	**Total** *HK$'000* **(unaudited)**
Depreciation of property, plant and equipment	**90**	**297**	**4,642**	**1,139**	**6**	**6,174**
Depreciation of right of use assets	**–**	**–**	**–**	**10,488**	**–**	**10,488**
Additions to property, plant and equipment	**160**	**182**	**78**	**23,659**	**–**	**24,079**
Gain on disposal of property, plant and equipment	**–**	**–**	**(7)**	**–**	**–**	**(7)**

For the six months ended 30 June 2018

	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$'000* (unaudited)	Total *HK$'000* (unaudited)
Depreciation of property, plant and equipment	–	4	3,031	2,097	6	5,138
Depreciation of right of use assets	–	–	–	–	–	–
Additions to property, plant and equipment	–	563	345	3,924	–	4,832
Gain on disposal of property, plant and equipment	–	–	(30)	–	–	(30)

4. SEGMENT INFORMATION (Continued)

Geographic 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 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***	
	Six months ended 30 June		**30 June**	31 December
	2019	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(unaudited)	(unaudited)	**(unaudited)**	(audited)
The PRC	**58,971**	22,268	**586,757**	373,353
Hong Kong	**372**	308	**19,509**	19,510
	59,343	22,576	**606,266**	392,863

* *Non-current assets include investment properties and property, plant and equipment.*

5. OTHER OPERATING INCOME

Other operating income included the following items:

	Six months ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Bank interest income	**5,533**	4,516
Compensation and government subsidies received for the development of Industrial Park in Danzao*	**68,162**	–
Gain on deemed disposal of an associate	**4,402**	–
Interest income from financial assets at fair value through profit or loss	**–**	586
Net exchange gain	**2,291**	3,442

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

6. FINANCE COSTS

	Six months ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Loan arrangement fee	**–**	14,345
Interest on:		
– Bank loans	**19,292**	12,787
– Convertible notes	**9,623**	9,524
– Loan from immediate holding company	**1,358**	1,326
– Loan from an associate	**–**	760
– Other loans	**2,043**	1,111
– Lease liabilities	**17,098**	–
	49,414	39,853

7. INCOME TAX EXPENSE

	Six months ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Tax charges comprise:		
Current tax:		
Provision for PRC Enterprise Income Tax	**23,462**	11,680
Under provision in previous year:		
For PRC Enterprise Income Tax	**18**	–
Deferred tax:		
Temporary differences/(reversed) arising in current period	**2,619**	(7,429)
	26,099	4,251

Hong Kong profits tax is calculated at the rate of 16.5% (six months ended 30 June 2018: 16.5%) on the estimated assessable profits for the six months ended 30 June 2019, 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 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 six months ended 30 June 2019 (six months ended 30 June 2018: Nil).

PRC subsidiaries are subject to PRC Enterprise Income Tax at 25% for both periods.

8. PROFIT/(LOSS) FOR THE PERIOD

	Six months ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Profit/(loss) for the period has been arrived at after crediting/(charging):		
Auditor's remuneration	**(700)**	(600)
Cost of properties held for sale disposed of during the period	**–**	(5,262)
Depreciation of property, plant and equipment	**(7,900)**	(5,722)
Depreciation of right-of-use assets	**(10,488)**	–
Finance cost	**(49,414)**	(39,853)
Gain on disposal of property, plant and equipment	**7**	139
Impairment loss on finance lease receivables	**(208)**	–
Impairment loss on trade and other receivables	**(271)**	–
Net exchange gain	**2,291**	3,442
Total staff costs		
Director's emoluments	**(1,848)**	(1,906)
Other staff costs	**(12,873)**	(6,173)
Retirement benefit schemes contributions for other staffs	**(915)**	(442)
Termination benefits	**(345)**	(183)
	(15,981)	(8,704)
Gross rental income from investment properties	**4,965**	3,234
Less: Direct operating expenses from investment properties that generated rental income during the period	**–**	–
Direct operating expenses from investment properties that did not generated rental income during the period	**(299)**	(212)
	4,666	3,022

9. DIVIDEND

The Board does not declare an interim dividend for the six months ended 30 June 2019 (six months ended 30 June 2018: Nil).

10. EARNINGS/(LOSS) PER SHARE

The calculation of the basic and diluted earnings/(loss) per share is based on the profit attributable to the owners of the Company of approximately HK$14,813,000 (six months ended 30 June 2018: loss of HK$7,469,000) and on the number of 1,712,329,142 ordinary share (six months ended 30 June 2018: 1,712,329,142 ordinary shares) in issue during the period.

For the six months ended 30 June 2019 and 2018, no dilutive earnings/(loss) per share has been presented as the exercise of the convertible bonds would have an anti-dilutive effect on the basis earnings/(loss) per share.

Number of shares

	Six months ended 30 June	
	2019	2018
	'000	*'000*
	(unaudited)	(unaudited)
Number of ordinary shares for the purpose of basic and diluted earnings/(loss) per share	**1,712,329**	1,712,329

11. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

Right-of-use assets

	30 June	31 December
	2019	2018
	HK$'000	*HK$'000*
	(unaudited)	(audited)
At the beginning of the period/year	**148,255**	–
Additions	**877,967**	155,010
Depreciation provided during the period/year	**(10,488)**	(783)
Exchange difference	**(13,985)**	(5,972)
At the end of the period/year	**1,001,749**	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

	30 June 2019	31 December 2018
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Maturity analysis		
– contractual undiscounted cash flows:		
Less than one year	**24,793**	4,980
One to five years	**161,605**	29,463
Over five years	**2,161,542**	312,647
Total undiscounted lease liabilities at the end of the period/year	**2,347,940**	347,090

	30 June 2019	31 December 2018
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Lease liabilities analysed as:		
Current	**24,793**	4,980
Non-current	**1,006,275**	145,450
At the end of the period/year	**1,031,068**	150,430

Amounts recognized in the condensed consolidated statement of financial position

	30 June 2019	31 December 2018
	HK$'000	*HK$'000*
	(unaudited)	(audited)
At the beginning of the period/year	**150,430**	–
Additions during the period/year	**877,967**	155,010
Interest charged to profit or loss	**17,098**	1,479
Exchange difference	**(14,427)**	(6,059)
At the end of the period/year	**1,031,068**	150,430

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

Amounts recognized in condensed consolidated profit or loss

	Six months ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Interest on lease liabilities	**17,098**	–

Amounts recognized in the condensed consolidated statement of cash flows

	Six months ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Total cash outflow for leases	**–**	–

12. FINANCE LEASE RECEIVABLES

	30 June	31 December
	2019	2018
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Analysed as:		
Current	**255,871**	242,708
Non-current	**512,203**	365,465
At the end of the period/year	**768,074**	608,173

12. **FINANCE LEASE RECEIVABLES (Continued)**

	Minimum lease payments		**Present value of minimum lease payments**	
	30 June 2019	31 December 2018	**30 June 2019**	31 December 2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(unaudited)	(audited)	**(unaudited)**	(audited)
Finance lease receivables comprise:				
Within one year	**366,205**	286,004	**324,131**	252,388
More than one year but not more than two years	**246,278**	292,734	**225,084**	276,004
More than two years but not more than five years	**236,891**	85,700	**219,997**	80,715
More than five years	**–**	–	**–**	–
	849,374	664,438	**769,212**	609,107
Less: unearned finance income	**(80,162)**	(55,331)	**N/A**	N/A
Present value of minimum lease payment receivables	**769,212**	609,107	**769,212**	609,107
Less: impairment loss allowance				
– twelve-month ECL allowance	**(1,138)**	(934)	**(1,138)**	(934)
	768,074	608,173	**768,074**	608,173

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

	30 June 2019	31 December 2018
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Balance at the beginning of the period/year	**934**	–
Impairment losses recognised	**208**	972
Foreign exchange translation gains and losses	**(4)**	(38)
At the end of the period/year	**1,138**	934

12. FINANCE LEASE RECEIVABLES (Continued)

All leases are denominated in RMB. The term of finance lease is ranged from 1 to 5 years. The effective interest rate of the finance lease as at 30 June 2019 is ranged from 5.3% to 10.4% 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 leased, as at 30 June 2019. The Group is not permitted to sell, or repledge the collateral of the finance lease receivables without consent from the lessee in the absence of default by the lessee.

Estimates of fair value of collateral 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 30 June 2019 represent finance lease deposits received from customers which are repayable by end of the lease period of the respective finance leases. Deposits of HK$32,218,000 have been received by the Group to secure certain finance lease receivables. All are classified into current liabilities except one of the deposits amounting to HK$4,539,000, based on the final lease instalment due date stipulated in the finance lease agreements. The deposits are non-interest bearing.

The finance lease receivables at the end of the reporting period are neither past due nor impaired.

13. TRADE AND OTHER RECEIVABLES

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The Group allows an average credit period of 90 days to its customers.

The following is an aging analysis of the Group's trade receivables after deducting the allowance for doubtful debts presented based on invoice date at the end of the reporting period:

	30 June 2019	31 December 2018
	HK$'000	*HK$'000*
	(unaudited)	(audited)
0 – 60 days	**1,537**	1,194
61 – 90 days	**361**	29
91 – 120 days	**358**	–
Over 120 days	**1,396**	48
Trade receivables	**3,652**	1,271
Other receivables *(Note 1)*	**37,540**	20,445
	41,192	21,716

Note 1: It includes finance lease interest receivables, VAT receivables and prepayment.

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

14. TRADE AND OTHER PAYABLES

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

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

	30 June 2019	31 December 2018
	HK$'000	*HK$'000*
	(unaudited)	(audited)
0 – 60 days	**1,297**	3,269
61 – 90 days	**503**	1
91 –120 days	**501**	–
Over 120 days	**2,146**	200
Trade payables	**4,447**	3,470
Other payables	**129,195**	128,107
	133,642	131,577

Other payables included the following items:

	30 June 2019	31 December 2018
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Contract liabilities *(Note 1)*	**2,580**	4,768
Other tax payable	**10,823**	10,921
Payable on convertible notes and interest payable *(Note 2)*	**78,819**	78,819
Others *(Note 3)*	**36,973**	33,599
	129,195	128,107

14. TRADE AND OTHER PAYABLES (Continued)

Notes:

1. Upon the adoption of HKFRS 15, contract liabilities as at the period/year are separately presented.

2. On 9 May 2002, the Group issued HK$230,000,000 convertible notes (the "2002 CB") which were due on 9 May 2007 (the "Maturity Date"), bearing interest at 1% per annum and in units of HK$1,000,000 each. As at 30 June 2019 and 31 December 2018, the balance of HK$75,000,000 2002 CB were due but not converted. Such principal monies together with all interest accrued thereon up to Maturity Date, amounting to HK$3,819,000 (31 December 2018: HK$3,819,000), were reclassified as other payables and become repayable on demand.

3. Others include accrued staff salaries and welfare, deposit received from hotel customers and other temporary receipts.

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

15. BORROWINGS

	30 June 2019	31 December 2018
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Bank loans	**1,653,421**	1,465,060
Loan from an associate	**11,377**	–
Loan from non-controlling interests	**980**	–
Loan from immediate holding company	**90,000**	90,000
Other loans	**79,635**	79,727
	1,835,413	1,634,787
Secured	**1,653,421**	1,465,060
Unsecured	**181,992**	169,727
	1,835,413	1,634,787

15. BORROWINGS (Continued)

	30 June 2019	31 December 2018
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Carrying amount of the above borrowings are repayable:		
Within one year	**1,272,952**	1,071,264
More than one year, but not exceeding two years	**354,171**	404,003
More than two years, but not more than five years	**199,827**	142,505
More than five years	**8,463**	17,015
	1,835,413	1,634,787
Less: Amounts shown under current liabilities	**1,272,952**	1,071,264
	562,461	563,523

During the period, the Group settled the bank loans amounting to HK$109,873,000.

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 with a fixed interest rate at 3% per annum, and repayable before 3 December 2020.

On 6 December 2017, the Group obtained a loan facility from the Industrial and Commercial Bank of China (Macau) of approximately USD110,090,000 for which a controlling shareholder has provided the necessary corporate guarantee. As at 30 June 2019, the Group has utilised the loan facility of USD100,000,000 (equivalent to approximately HK$783,038,000) (31 December 2018: USD100,000,000). The bank has an overriding right of repayment on demand of the loan.

In March 2018, the Group obtained two two-year unsecured loans amounting to RMB70,000,000 (equivalent to approximately HK$79,636,000) 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. On 26 February 2019 and 27 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 from the Hang Seng Bank Limited of HK$40,000,000. Since the facility limit would be reduced by 10% of the facility amount each year, it became HK$36,000,000 during the period. On 11 April 2019, the Group obtained another loan facility from the Hang Seng Bank Limited of HK$52,700,000. These two loan facilities were secured by the carrying amount of the Group's property of approximately. HK$72,149,000 which are situated at Unit 01, 14 and 15 on 5th Floor, Wing On Plaza, No. 62 Mody Road, Kowloon, Hong Kong. As at 30 June 2019, the Group has utilised these two loan facilities.

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

15. BORROWINGS (Continued)

On 26 June 2019, the Group signed a one year loan contract with its associate, Guangdong Tiannuo Civil Explosives Co., Limited so as to obtain a loan amounting to RMB24,000,000. The interest rate of the loan is 4.35% and the loan would be repayable after one year. On 28 June 2019, the Group had the loan drawdown of RMB10,000,000 (equivalent to approximately HK$11,377,000). The remaining balance of the loan would be received not later than 25 September 2019 according to the loan contract.

During the current period, specifically for the Group's operation of financial leasing business, after obtaining nine loans from Guangdong Nanhai Rural Commercial Bank, Bank of DongGuan and Guangdong Huaxing Bank in the last period, the Group obtained four new loans from Guangdong Nanhai Rural Commercial Bank, China CITIC Bank and Bank of Communications amounting to RMB200,868,000 (equivalent to approximately HK$232,217,000). As at 30 June 2019, the carrying amount of the loans that are interest bearing at floating rates ranged from 5.23% to 6.50% per annum were RMB591,080,000 (equivalent to approximately HK$672,446,000), in which approximately HK$130,831,000 of loans are secured by the Group's investment property and property, plant and equipment, while approximately HK$541,615,000 of loans are secured by the finance lease receivables of approximately HK$684,191,000 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$895,720,000 (31 December 2018: HK$827,647,000) have been reclassified from non-current liabilities to current liabilities as at 30 June 2019.

The total secured bank loans of HK$1,653,421,000 (31 December 2018: HK$1,465,060,000) are secured by the Group's investment property and property, plant and equipment of approximately HK$314,562,000 (31 December 2018: HK$316,414,000) which are situated at Block 1 of Guangdong – Hong Kong Finance & Technology Park, 6 Jinke Road, Guicheng Street, Nanhai District, Foshan City, Guangdong Province, the PRC and Unit 01, 14 and 15 on 5th Floor, Wing On Plaza, No. 62 Mody Road, Kowloon, Hong Kong, the pledged finance lease receivables amounted to HK$684,191,000 (31 December 2018: HK$505,647,000) and the pledged bank deposit amounting to HK$45,605,000 (31 December 2018: HK$77,755,000). The interest rates on the bank loans range from 1.95% to 6.50% (31 December 2018: from 1.95% to 4.90%) per annum and the interests are repayable within 16 years.

The fair values of current borrowings equal 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% (31 December 2018: 1.95% to 4.90%) and are within Level 3 of the fair value hierarchy.

The Group's borrowings are denominated in the following currencies:

	30 June 2019	31 December 2018
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Hong Kong Dollars	**203,662**	134,609
Renminbi	**848,713**	717,140
United States Dollars	**783,038**	783,038
	1,835,413	1,634,787

16. NON-CONTROLLING INTERESTS

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

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interests held by non-controlling interests		Proportion of voting rights held by non-controlling interests		Loss and other comprehensive expenses attributable to non-controlling interests		Accumulated non-controlling interests	
		2019	2018	**2019**	2018	**2019**	2018	**2019**	2018
						HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
						(unaudited)	(unaudited)	**(unaudited)**	(audited)
Guangdong Yibaijian Wellness Technology Co., Ltd* 廣東壹佰健大健康科技有限公司	PRC	**30%**	30%	**30%**	30%	**(317)**	(252)	**(1,200)**	(883)
Guangdong Sino Rock Tyco Construction Co., Ltd* 廣東中岩泰科建設有限公司	PRC	**20%**	20%	**20%**	20%	**4,961**	(16)	**223,943**	218,982
China Select Small Hotel Union Limited 興業民宿互助社有限公司	Hong Kong	**49%**	49%	**49%**	49%	**(446)**	(204)	**1,838**	2,284
Canton Risen Financial Leasing Co., Limited 廣東粵盛科融資租賃有限公司	PRC	**46.86%**	37%	**46.86%**	37%	**6,167**	–	**183,910**	116,995

* *For identification purposes only*

Summarised financial information in respect of the Group's subsidiaries that has a material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

Guangdong Yibaijian Wellness Technology Co., Ltd ("Yibaijian")

	30 June 2019	31 December 2018
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Current assets	**2,335**	3,982
Non-current assets	**13**	19
Current liabilities	**(1,042)**	(1,629)
Equity attributable to owners of the Company	**2,506**	3,255
Non-controlling interests	**(1,200)**	(883)

16. NON-CONTROLLING INTERESTS (Continued)

Guangdong Yibaijian Wellness Technology Co., Ltd ("Yibaijian") (Continued)

	30 June 2019	30 June 2018
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Revenue	**246**	1,481
Loss for the period	**(1,081)**	(896)
Loss for the period attributable to:		
Owners of the Company	**(757)**	(627)
Non-controlling interests of Yibaijian	**(324)**	(269)
	(1,081)	(896)
Other comprehensive income/(expense), net of income tax:		
Exchanges differences arising on translation of foreign operations:		
Owners of the Company	**8**	(33)
Non-controlling interests of Yibaijian	**7**	17
	15	(16)
Loss and total comprehensive expense attributable to:		
Owners of the Company	**(749)**	(660)
Non-controlling interests of Yibaijian	**(317)**	(252)
	(1,066)	(912)
Net cash outflow from operating activities	**(1,864)**	(2,883)
Net cash inflow from investing activities	**–**	7
Net cash outflow	**(1,864)**	(2,876)

16. NON-CONTROLLING INTERESTS (Continued)

Guangdong Sino Rock Tyco Construction Co., Ltd ("Sino Rock")

	30 June 2019 ***HK\$'000*** **(unaudited)**	31 December 2018 *HK\$'000* (audited)
Current assets	**929,905**	1,033,605
Non-current assets	**1,250,010**	153,891
Current liabilities	**(54,101)**	(23,923)
Non-current liabilities	**(1,006,275)**	(145,450)
Equity attributable to owners of the Company	**895,596**	799,141
Non-controlling interests	**223,943**	218,982

16. NON-CONTROLLING INTERESTS (Continued)

Guangdong Sino Rock Tyco Construction Co., Ltd ("Sino Rock") (Continued)

	30 June 2019 HK$'000 (unaudited)	30 June 2018 HK$'000 (unaudited)
Revenue	**–**	–
Profit/(loss) for the period	**26,474**	(165)
Profit/(loss) for the period attributable to:		
Owners of the Company	**21,179**	(132)
Non-controlling interests of Sino Rock	**5,295**	(33)
	26,474	(165)
Other comprehensive (expense)/income, net of income tax:		
Exchanges differences arising on translation of foreign operations:		
Owners of the Company	**(3,499)**	(6,946)
Non-controlling interests of Sino Rock	**(334)**	17
	(3,833)	(6,929)
Profit/(loss) and total comprehensive income/(expense) attributable to:		
Owners of the Company	**17,680**	(7,078)
Non-controlling interests of Sino Rock	**4,961**	(16)
	22,641	(7,094)
Net cash inflow/(outflow) from operating activities	**64,740**	(15,788)
Net cash (outflow)/inflow from investing activities	**(241,623)**	108,841
Net cash inflow from financing activities	**62,526**	63,981
Net cash (outflow)/inflow	**(114,357)**	157,034

16. NON-CONTROLLING INTERESTS (Continued)

China Select Small Hotel Union Limited ("China Select Small")

	30 June 2019	31 December 2018
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Current assets	**7,764**	7,740
Current liabilities	**(2,801)**	(1,646)
Equity attributable to owners of the Company	**3,125**	3,810
Non-controlling interests	**1,838**	2,284

16. NON-CONTROLLING INTERESTS (Continued)

China Select Small Hotel Union Limited ("China Select Small") (Continued)

	30 June 2019	30 June 2018
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Revenue	**–**	–
Loss for the period	**(1,136)**	(108)
Loss for the period attributable to:		
Owners of the Company	**(715)**	(68)
Non-controlling interests of China Select Small	**(421)**	(40)
	(1,136)	(108)
Other comprehensive income/(expense), net of income tax:		
Exchanges differences arising on translation of foreign operations:		
Owners of the Company	**30**	(279)
Non-controlling interests of China Select Small	**(25)**	(164)
	5	(443)
Loss and total comprehensive expense attributable to:		
Owners of the Company	**(685)**	(347)
Non-controlling interests of China Select Small	**(446)**	(204)
	(1,131)	(551)
Net cash outflow from operating activities	**(936)**	(263)
Net cash inflow from investing activities	**7**	1
Net cash inflow from financing activities	**980**	–
Net cash inflow/(outflow)	**51**	(262)

16. NON-CONTROLLING INTERESTS (Continued)

Canton Risen Financial Leasing Co., Limited ("Canton Risen")

	30 June 2019	31 December 2018
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Current assets	**593,215**	546,442
Non-current assets	**514,749**	358,446
Current liabilities	**(367,778)**	(240,383)
Non-current liabilities	**(345,646)**	(335,455)
Equity attributable to owners of the Company	**210,630**	212,055
Non-controlling interest	**183,910**	116,995

16. NON-CONTROLLING INTERESTS (Continued)

Canton Risen Financial Leasing Co., Limited ("Canton Risen") (Continued)

	30 June 2019 *HK$'000* (unaudited)
Revenue	**44,075**
Profit for the period	**15,788**
Profit for the period attributable to:	
Owners of the Company	**9,444**
Non-controlling interests of Canton Risen	**6,344**
	15,788
Other comprehensive expense, net of income tax:	
Exchanges differences arising on translation of foreign operations:	
Owners of the Company	**(141)**
Non-controlling interests of Canton Risen	**(177)**
	(318)
Profit and total comprehensive income attributable to:	
Owners of the Company	**9,303**
Non-controlling interests of Canton Risen	**6,167**
	15,470
Net cash outflow from operating activities	**(806,727)**
Net cash inflow from investing activities	**78**
Net cash inflow from financing activities	**714,336**
Net cash outflow	**(92,313)**

17. CHANGES IN OWNERSHIP INTERESTS IN SUBSIDIARY WITHOUT LOSS OF CONTROL

Deemed disposal of interest in a subsidiary without loss of control

On 10 April 2019, pursuant to 3rd capital injection agreement, a third party injected cash of RMB52,147,000 (equivalent to HK$60,855,000) respectively as itself capital contribution to Canton Risen Financial Leasing Co., Limited, a wholly owned subsidiary of the Group, which has an effective dilution of the Group's interest in Canton Risen Financial Leasing Co., Limited ("Canton Risen"). After these capital contributions, the Group and other shareholders together own equity interests of Canton Risen as to 53.14% and 46.86% respectively, and the Group still controls Canton Risen.

The Group recognised an increase in non-controlling interests of HK$60,855,000 and no change in equity attributable to equity holders of the Company.

The effects of changes in the ownership interests of Canton Risen on the equity attributable to equity holders of the Company are summarised as follows:

	30 June 2019 *HK$'000* **(unaudited)**
Carrying amount of non-controlling interests disposed of	**(60,855)**
Consideration received from non-controlling interests	**60,855**
Gain on disposal recognized within equity	**–**

18. EVENT AFTER REPORTING PERIOD

On 31 July 2019, Sino Rock, a non-wholly owned subsidiary of the Company, entered into the ICBC Wealth Management Agreement with Industrial and Commercial Bank of China, pursuant to which Sino Rock has agreed to purchase Wealth Management products of RMB100,000,000 (equivalent to approximately HK$113,600,000).

Further details of these Wealth Management Agreement are set out in the Group's announcement dated 2 August 2019.

On 15 August 2019, Canton Risen, a subsidiary of the Company, entered into the finance leases with the two limited liability companies incorporated in the PRC and an independent third party, to acquire the ownership of the assets from the lessees for an aggregate consideration of RMB100,000,000 (equivalent to approximately HK$113,600,000), which would be leased back to the lessees for its use and possession for a term of 3 years.

Further details of this finance lease are set out in the Group's announcement dated 19 August 2019.

On 20 August 2019, Canton Risen, a subsidiary of the Company, entered into the Fourth Capital Injection Agreement with Foshan City Nanhai District Lianzhifu Investment Co., Ltd. (Lianzhifu Investment) in relation to the Fourth Capital Injection. Pursuant to the Fourth Capital Injection Agreement, Lianzhifu Investment agreed to contribute RMB52,146,900 (equivalent to approximately HK$57,935,206) in cash to the capital of Canton Risen, thereby enlarging the equity of Canton Risen as disclosed below.

Further details of these capital injection are set out in the Group's announcement dated 22 August 2019.

* *For identification purpose only*

RESULTS

BUSINESS REVIEW

As the financial leasing business and the newly developed big data business continued to develop, operating income increased by approximately HK$36,971,000 and approximately HK$9,587,000 respectively. Since most of the remaining units of Shantou Commercial Plaza and all the remaining units of Huizhou International Commerce Building were sold out last year, it was difficult to acquire the income from disposal of development property in the first half of this year and the property investment income decreased significantly by approximately HK$9,071,000. However, for the six months ended 30 June 2019, the Group's still recorded a total revenue of approximately HK$59,343,000, representing a significant increase of 162.9% as compared to the same period last year.

In addition to the new profit contribution from the development of the financial leasing business mentioned above, the Group gained other incomes totalling approximately HK$68,162,000 including the government subsidies and compensation for relevant projects in relation to its development of the industrial park in Danzao. Therefore, the Group recorded a net profit of approximately HK$25,699,000 for the whole year after deducting the financing costs including the interest expenses incurred by the development of the industrial park in Danzao and other projects and investments, the depreciation of land use right assets and other factors, turning losses into gains.

FINANCIAL LEASING BUSINESS

With the continuous development and growth of Chinese economy and diversified financing models, the demand for financial leasing will continue to increase. Meanwhile, the financial leasing industry is set to have an increasingly effect on the economy. Amid the shadow casted by China-US trade war, the Chinese economy has suffered and its financial leasing industry will face rising pressure from risks related to bad debts. However, the Group believes that the outlook of the financial leasing industry remains quite positive with its ability to risk management. Against this backdrop, the Group has been engaged in the operation and management of financial leasing business and gradually accumulated related experience through Guangdong Financial Leasing Co., Ltd.*, a 25%-owned associate of the Group. Besides, the Group has established a wholly-owned subsidiary Canton Risen Financial Leasing Co., Ltd.*（廣東粵盛科融資租賃有限公司）to further develop the relative businesses, and initially plans to focus on business including public utilities projects, energy conservation and environmental protection projects, new energy projects and telecommunication projects. With rapid development in the first half of this year, we recorded an operating income of approximately HK$38,761,000, representing a significant increase of 20.7 times as compared to the same period last year, and an operating profit of approximately HK$18,064,000, which stopped the slight loss in the same period last year and is expected to fuel the Group's future earnings growth.

PROPERTY INVESTMENTS

The Group's overall rental income in the first half of 2019 was approximately HK$4,965,000, representing an increase of 53.5% as compared to the same period last year. As the ancillary facilities at Zhongkong Tower in Foshan and its surroundings were increasingly mature, the overall occupancy rate of Zhongkong Tower increased to 92.82% and the rental income amounted to approximately HK$3,960,000, representing a significant increase of 84.98% as compared to the same period last year. As most of the properties of Shantou Commercial Plaza were sold out last year, the rental income for the year decreased by 17.89% to approximately HK$633,000 as compared to the same period last year. Meanwhile, since the remaining properties of Huizhou International Commerce Building were sold out early last year, no rental income generated from it for the first half of this year. As for the properties in Hong Kong, the rental income amounted to HK$372,000 within the period, an increase of 20.79% as compared to the same period last year due to higher rent rate after the lease renewal.

In respect of property sales, the Group disposed most of the remaining units of Shantou Commercial Plaza and all remaining units of Huizhou International Commerce Building, which in turn made it unlikely to generate income from disposal of development properties for the first half of this year.

With our solid position in the property development and investment sectors and by capitalizing on relevant 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"), an 80%-owned joint venture of the Group, to develop the industrial park in Danzao Town, Nanhai District, Foshan, the PRC, which was designed to house the main and spare production plants, pilot base, research and development centre and ancillary facilities for new energy vehicles. In the first half of this year, we completed leasing the land right of about 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 planned to be reconstructed to a research and development centre and ancillary facilities for the park. The reconstruction project already commenced. And the primary construction work for the industrial park is expected to be completed by 2020.

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 70%-owned company 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. In the first half of this year, we actively 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 the development of surrounding areas." 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. As the elderly care project was still at the initial stage of investment, construction and promotion, we recorded an operating income of only approximately HK$246,000, yet to generate net profits, while recorded a loss of approximately HK$1,025,000.

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 has accelerated the restructuring and management transfer of the Nanhai District Social Welfare Centre. In the first half of this year, we established a wholly-owned subsidiary Taoyuan Great Health and Elderly Care Service Operation Co., Ltd., responsible for the 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. Despite numerous difficulties, Jiujiang Taoyuan Nursing Home was completed in an efficient manner. It began to offer quality service for elderly people since 1 July 2019. No revenue has been recorded yet.

BIG DATA BUSINESS

In February of last year, the Group established Guangdong Sinsing Technology Limited*（廣東鑫興科技有限公司）as its wholly-owned subsidiary to engage in industrial Internet project construction, smart city construction, big data operation and management and other businesses. Remarkable results have been achieved for the first half of this year, which is 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 the promotion of the business. Meanwhile, we launched a large of number of projects, and continued to expand our business to increase operating income. With these efforts, we recorded an operating income of approximately HK$9,587,000 and even a slight net profit of approximately HK$425,000.

HOTEL BUSINESS

Coffetel Guilin Plaza ("Guilin Plaza") actively increased the marketing through online platforms and offline travel agencies and exhibitions, constantly tapped into new markets for more customers, and made the system more sensitive to market fluctuations and more quick and flexible for pricing adjustment. With a view to maximizing the operating income, we strived to expand the business. During the traditional slow season in the first half of the year, the average occupancy rate improved by 11.75% year on year, reaching 53.47%. Despite the average room rate dropped by 9.02%, the operating income increased by 9.8% to approximately HK$5,784,000 compared with the same period last year. However, as amortization and depreciation rose significantly due to the renovation of Guilin Plaza, Guilin Plaza recorded an operating loss of HK$3,756,000 this year, representing an increase of 25.4% as compared to the same period of last year, despite relatively improved cash flow after the renovation.

In order to diversify businesses related to the hotel industry, 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 home-stay inn and small hotel industry, including the provision of quickly-constructed T-BOX® mobile homes with zero-sewage discharge environmental-friendly systems, direct sales management software and financing solutions. Based on the future-oriented interdependent business model and with the dawn of the 5G era, the first half of this year has seen the establishment of Duoduo Meisu, the direct sale platform for domestically leading scenic homestay inn, with the online market promotion and brand awareness work under way. As the business is still at the initial stage of promotion, it posted an operating loss of approximately HK$779,000, which is 64.6% increase over the same period last 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 decrease due to the lower coal prices in the period, which made the operating performance improved with an operating profit of approximately HK$112,567,000, thus contributing earnings of approximately HK$36,243,000 to the Group, representing an increase of 23.5% as compared to same period last 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 the first half of this year and the substantial reduction in business revenue, which resulted in a substantial decrease in operating profit to approximately HK$6,254,000, contributing a profit of approximately HK$1,564,000 to the Group, representing a decrease of 85.7% as compared to the same period last year.

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"). They will help the Group to improve its profitability and to explore the potential of the domestic civil explosive business. However, Tiannuo was in the off-season during the first half of this year, and had generally poor results, resulting in a slight profit of approximately HK$422,000 during the first half of this year after the depreciation adjustment for fair value of the assets acquired. It contributed a profit of approximately HK$207,000.

FINANCIAL POSITION AND ANALYSIS

As at 30 June 2019, the Group had total assets of HK$4,645,130,000 (31 December 2018: HK$3,460,537,000), total liabilities of HK$3,184,104,000 (31 December 2018: HK$2,129,217,000), a gearing ratio (being total liabilities divided by total assets) of 68.5% (31 December 2018: 61.5%), net assets of HK$1,461,026,000 (31 December 2018: HK$1,331,320,000) and equity attributable to owners of the Company per share of HK61.42 cents (31 December 2018: HK58.00 cents).

The Group had net current assets of HK$34,130,000 (31 December 2018: HK$212,713,000), a current ratio (being current assets divided by the current liabilities) approximately 1.02 times (31 December 2018: 1.15 times) and the bank savings and cash of HK$1,117,997,000 (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 30 June 2019, properties of the Group for own use and investment, bank deposit and finance lease receivables with a carrying value of approximately HK$ 1,044,358,000 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 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$6,747,000 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 this year. As the Group had invested registered capital of US$10,000,000 into Sino Rock Tyco in April this year and the amount had not been exchanged into RMB then, the Group converted this amount from USD to RMB in batches when RMB began to rebound. Despite the exchange rate of RMB against HK$ at the end of the first half of this year was similar as compared to the end of last year, it still contributed an exchange gain of HK$2,291,000, though representing a decrease in exchange gain as compared to the same period last year. However, the Sino-US trade intensified abruptly in August this year, resulting a remarkable drop in exchange rate of RMB against USD. 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 upgrading over past few 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, finance, 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 relevant 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 finance sector, with China's economic growth, changes of financing models and increasing demand for finance lease, the Group will further develop the financial leasing business and intends to focus on business areas including public utilities projects, energy conservation and environmental protection projects, new energy projects 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 the research on and development of the Big Data industry projects, as a main drive contributing 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 the establishing of the first institutional 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 also, through its joint ventures and associates, participate and invest in power generation, civil explosives, financial leasing, 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.

EMPLOYEES

The total number of employees of the Group is approximately 206 (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.

INTERIM DIVIDEND

The Directors resolved not to declare payment of an interim dividend for the six months ended 30 June 2019 (six months ended 30 June 2018: Nil).

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

During the six months ended 30 June 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 six months ended 30 June 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 six months ended 30 June 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, internal control and financial reporting matters including a general review of the unaudited interim results for the six months ended 30 June 2019.

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

Hong Kong, 27 August 2019

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.

* *For identification purpose only*