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 2020

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 2020 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2020

		Six months ended 30 June	
		2020	2019
	Notes	***HK$'000***	*HK$'000*
		(unaudited)	(unaudited)
Revenue	*3*	**95,611**	59,343
Cost of sales and services		**(35,114)**	(26,826)
Gross profit		**60,497**	32,517
Other operating income	*5*	**36,250**	80,872
Selling and distribution costs		**(4,533)**	(1,701)
Administrative expenses		**(50,209)**	(48,490)
Share of profit of associates		**28,420**	38,014
Impairment loss on asset classified as held for sale		**(20,170)**	–
Finance costs	*6*	**(55,288)**	(49,414)
(Loss)/profit before taxation		**(5,033)**	51,798
Income tax expenses	*7*	**(12,906)**	(26,099)
(Loss)/profit for the period	*8*	**(17,939)**	25,699

* *For identification purpose only*

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

For the six months ended 30 June 2020

	Notes	Six months ended 30 June 2020 HK$'000 (unaudited)	2019 HK$'000 (unaudited)
Other comprehensive (expense)/income, net of income tax			
Items reclassified to profit or loss:			
Exchange difference upon deemed disposal of a foreign associate		**–**	231
Items that may be reclassified subsequently to profit or loss:			
Exchange difference arising on translation of foreign operations		**(31,235)**	(4,131)
Share of exchange difference of associates		**(13,054)**	(1,813)
Other comprehensive expenses for the period, net of income tax		**(44,289)**	(5,713)
Total comprehensive (expense)/income for the period		**(62,228)**	19,986
(Loss)/profit for the period attributable to:			
Owners of the Company		**(31,119)**	14,813
Non-controlling interests		**13,180**	10,886
		(17,939)	25,699
Total comprehensive (expense)/income for the period attributable to:			
Owners of the Company		**(68,442)**	9,631
Non-controlling interests		**6,214**	10,355
		(62,228)	19,986
(Loss)/earnings per share	*10*		
Basic		**(HK1.82 cents)**	HK0.87 cents
Diluted		**(HK1.82 cents)**	HK0.87 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2020

	Notes	**30 June 2020 HK$'000 (unaudited)**	31 December 2019 HK$'000 (audited)
Non-current assets			
Investment properties		**307,614**	313,415
Property, plant and equipment		**622,517**	510,091
Interests in associates		**667,239**	651,873
Financial assets at fair value through profit or loss		**14,036**	14,318
Finance lease receivables	*12*	**1,079,522**	739,311
Rental deposits		**4,345**	4,842
Right-of-use assets	*11*	**951,523**	988,067
		3,646,796	3,221,917
Current assets			
Properties held for sale		**8,098**	8,098
Inventories		**531**	529
Financial assets at fair value through profit or loss		**39,641**	40,439
Finance lease receivables	*12*	**512,019**	523,544
Trade and other receivables	*13*	**94,087**	79,440
Pledged bank deposits		**13,535**	32,958
Cash and cash equivalents		**696,626**	1,028,396
		1,364,537	1,713,404
Asset classified as held for sale		**188,117**	212,345
		1,552,654	1,925,749
Current liabilities			
Trade and other payables	*14*	**54,495**	54,502
Tax payables		**18,039**	31,442
Deposits received from customers	*12*	**8,443**	13,076
Lease liabilities	*11*	**48,967**	17,427
Deposit received for the sale of an asset classified as held for sale		**57,804**	–
Borrowings	*15*	**1,284,891**	1,303,788
		1,472,639	1,420,235
Net current assets		**80,015**	505,514
Total assets less current liabilities		**3,726,811**	3,727,431

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

At 30 June 2020

	Notes	**30 June 2020** HK$'000 (unaudited)	31 December 2019 HK$'000 (audited)
Capital and reserves			
Share capital		**171,233**	171,233
Reserves		**865,531**	933,973
Equity attributable to owners of the Company		**1,036,764**	1,105,206
Non-controlling interests		**595,468**	600,764
Total equity		**1,632,232**	1,705,970
Non-current liabilities			
Borrowings	*15*	**895,897**	846,249
Convertible notes		**119,473**	113,453
Deferred income	*16*	**71,219**	–
Deferred tax liabilities		**12,600**	10,558
Deposits received from customers	*12*	**58,610**	43,798
Lease liabilities	*11*	**936,780**	1,007,403
		2,094,579	2,021,461
		3,726,811	3,727,431

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

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 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, revalued amounts or amortised cost, 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 2019.

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 AND 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 2020 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2019.

HKFRS 3 (Amendments)	Definition of a Business
HKFRS 7, HKFRS 9 and HKAS 39 (Amendments)	Interest Rate Benchmark Reform
HKFRS 16 (Amendments)	COVID-19 Related Rent Concessions (Early adopted)
HKAS 1 and HKAS 8 (Amendments)	Definition of Material
Revised Conceptual Framework	Revised Conceptual Framework for Financial Reporting

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

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

HKFRSs (Amendments)	Annual Improvements to HKFRSs 2018-2020[2]
HKFRS 3 (Amendments)	Reference to the Conceptual Framework[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[1]
HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-current[3]
HKAS 16 (Amendments)	Property, Plant and Equipment: Process before Intended use[2]
HKAS 37 (Amendments)	Onerous Contracts – Cost of Fulfilling a Contract[2]

Notes:

1 *Effective for annual periods beginning on or after 1 January 2021.*
2 *Effective for annual periods beginning on or after 1 January 2022.*
3 *Effective for annual periods beginning on or after 1 January 2023.*
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 big data business, hotel operation, wellness elderly care business, goods sold by the Group to outside customers, less return and allowances and gross rental income, interest income generated from financial leasing, 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:

	Six months ended 30 June	
	2020	2019
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Revenue from contracts with customers recognised at a point in time:		
Construction of platform and operating income from big data business	**5,435**	7,078
Consultancy service income from financing leasing	**32,220**	16,637
Food and beverage	**1**	2
Service income from wellness elderly care business	**1**	9
Service income from T-BOX® business	**1**	–
Sundry income from hotel operation	**56**	223
	37,714	23,949
Revenue from contracts with customers recognised over time:		
Construction of platform and operating income from big data business	**6,967**	2,509
Service income from wellness elderly care business	**169**	237
Service income from hotel operation	**863**	3,401
	7,999	6,147
Revenue from other sources:		
Rental income from hotel property	**1,815**	2,158
Rental income from investment properties and properties held for sale	**4,124**	4,965
Interest income from financial leasing	**43,959**	22,124
	49,898	29,247
	95,611	59,343

4. SEGMENT INFORMATION

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

Principal activities are as follows:

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

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

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	
	2020	2019	**2020**	2019
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited) (restated)
Big data business	**12,402**	9,587	**1,042**	425
Financial leasing	**76,179**	38,761	**42,409**	18,064
Hotel operation	**2,735**	5,784	**(4,774)**	(3,756)
Property investments	**4,124**	4,965	**(13,795)**	57,926
Wellness elderly care business	**170**	246	**(1,739)**	(1,025)
Others	**1**	–	**(133)**	(779)
Total	**95,611**	59,343	**23,010**	70,855
Bank interest income			**5,494**	5,533
Finance costs (excluding interest on lease liabilities)			**(30,492)**	(32,316)
Gain on deemed disposal of an associate			**–**	4,402
Interest income from wealth management products			**410**	–
Impairment loss on asset classified as held for sale			**(20,170)**	–
Loss on early redemption of convertible notes			**–**	(991)
Net central administration cost			**(9,909)**	(32,179)
Net exchange (loss)/gain			**(103)**	2,291
Professional fee			**(1,693)**	(3,811)
Share of profit of associates			**28,420**	38,014
(Loss)/profit before taxation			**(5,033)**	51,798
Income tax expenses			**(12,906)**	(26,099)
(Loss)/profit for the period			**(17,939)**	25,699

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 2019: Nil).

Segment result represents the (loss)/profit generated by each segment without allocation of bank interest income, interest income from wealth management products, impairment loss on asset classified as held for sale, professional fee, net central administration costs, net exchange (loss)/gain, share of profit of associates, loss on early redemption of convertible notes, gain on deemed disposal of an associate and finance costs (excluding interest on lease liabilities). This is the measure reported to the Group's management for the purposes of resource allocation and performance assessment.

Note: Certain reclassification have been made to the prior period to conform with the presentation of the segment result for the current period.

4. SEGMENT INFORMATION (Continued)

Segment assets and liabilities

	30 June 2020	31 December 2019
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Segment assets		
Big data business	**13,549**	11,998
Financial leasing	**1,607,978**	1,271,502
Hotel operation	**144,317**	150,063
Property investments	**1,680,349**	1,600,868
Wellness elderly care business	**11,825**	10,144
Others	**114**	327
Total segment assets	**3,458,132**	3,044,902
Pledged bank deposits	**13,535**	32,958
Cash and cash equivalents	**696,626**	1,028,396
Interests in associates	**667,239**	651,873
Financial assets at fair value through profit or loss	**53,677**	54,757
Asset classified as held for sale	**188,117**	212,345
Unallocated assets	**122,124**	122,435
Consolidated assets	**5,199,450**	5,147,666
Segment Liabilities		
Big data business	**14,500**	5,777
Financial leasing	**1,064,640**	1,016,572
Hotel operation	**2,675**	4,523
Property investments	**1,350,305**	1,198,044
Wellness elderly care business	**763**	1,909
Others	**133**	403
Total segment liabilities	**2,433,016**	2,227,228
Convertible notes	**119,473**	113,453
Borrowings	**896,018**	1,044,693
Deposit received for the sale of an asset classified as held for sale	**57,804**	–
Unallocated liabilities	**60,907**	56,322
Consolidated liabilities	**3,567,218**	3,441,696

4. SEGMENT INFORMATION (Continued)

Other segment information

For the six months ended 30 June 2020

	Big data business *HK$'000* (unaudited)	Financial leasing *HK$'000* (unaudited)	Hotel operation *HK$'000* (unaudited)	Property investments *HK$'000* (unaudited)	Wellness elderly care business *HK$'000* (unaudited)	Others *HK$'000* (unaudited)	Total *HK$'000* (unaudited)
Depreciation of property, plant and equipment	**120**	**419**	**4,599**	**1,318**	**551**	**–**	**7,007**
Depreciation of right-of-use assets	**–**	**–**	**–**	**15,238**	**–**	**–**	**15,238**
Additions to property, plant and equipment	**62**	**51**	**113**	**125,340**	**2,708**	**–**	**128,274**

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$'000* (unaudited)	Others *HK$'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)

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 customer		**Non-current assets***	
	Six months ended 30 June		**30 June**	31 December
	2020	2019	**2020**	2019
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(unaudited)	(unaudited)	**(unaudited)**	(audited)
The PRC	**95,401**	58,971	**838,556**	729,025
Hong Kong	**210**	372	**19,507**	19,508
	95,611	59,343	**858,063**	748,533

* *Non-current assets excluded interests in associates, financial assets at fair value through profit or loss, finance lease receivables, rental deposits, right-of-use assets and unallocated non-current assets.*

5. OTHER OPERATING INCOME

Other operating income included the following items:

	Six months ended 30 June	
	2020	2019
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Bank interest income	**5,494**	5,533
Compensation and government subsidies received for the development of Industrial Park in Danzao*	**27,383**	68,162
Gain on deemed disposal of an associate	**–**	4,402
Interest income from rental deposit	**107**	–
Interest income from wealth management products	**410**	–
Net exchange gain	**–**	2,291
Rental concession	**2,497**	–

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

6. FINANCE COSTS

	Six months ended 30 June	
	2020	2019
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Interest on:		
– Bank loans	**20,536**	19,292
– Convertible notes	**6,020**	9,623
– Lease liabilities	**24,796**	17,098
– Loan from an associate	**572**	–
– Loan from immediate holding company	**1,365**	1,358
– Other loans	**1,999**	2,043
	55,288	49,414

7. INCOME TAX EXPENSES

	Six months ended 30 June	
	2020	2019
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Tax charges comprise:		
Current tax:		
Provision for PRC Enterprise Income Tax	**11,045**	23,462
(Over)/under provision in previous year:		
Provision for PRC Enterprise Income Tax	**(404)**	18
Deferred tax:		
Temporary differences arising in current period	**2,265**	2,619
	12,906	26,099

Hong Kong profits tax is calculated at the rate of 16.5% (six months ended 30 June 2019: 16.5%) on the estimated assessable profits for the six months ended 30 June 2020, 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 2020 (six months ended 30 June 2019: Nil).

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

8. (LOSS)/PROFIT FOR THE PERIOD

	Six months ended 30 June	
	2020	2019
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
(Loss)/profit for the period has been arrived at after crediting/(charging):		
Auditor's remuneration		
Audit service	**(800)**	(700)
Non-audit service	**(390)**	–
Cost of inventories recognised as expenses	**(1,661)**	(742)
Depreciation of property, plant and equipment	**(8,687)**	(7,900)
Depreciation of right-of-use assets	**(15,238)**	(10,488)
Gain on disposal of property, plant and equipment	**–**	7
Impairment loss on finance lease receivables	**(914)**	(208)
Impairment loss on trade and other receivables	**–**	(271)
Net exchange (loss)/gain	**(103)**	2,291
Operating lease charges in respect of buildings	**(16)**	(14)
Total staff costs		
Director's emoluments	**(1,860)**	(1,848)
Other staff costs	**(18,434)**	(12,873)
Retirement benefit schemes contributions for other staffs	**(289)**	(915)
Termination benefit	**–**	(345)
	(20,583)	(15,981)
Gross rental income from investment properties	**4,124**	4,965
Less: Direct operating expenses from investment properties that generated rental income during the period	**(14)**	–
Direct operating expenses from investment properties that did not generated rental income during the period	**(354)**	(299)
	3,756	4,666

9. DIVIDEND

The Board does not declare an interim dividend for the six months ended 30 June 2020 (six months ended 30 June 2019: Nil).

10. (LOSS)/EARNINGS PER SHARE

The calculation of the basic and diluted (loss)/earnings per share is based on the loss attributable to the owners of the Company of approximately HK$31,119,000 (six months ended 30 June 2019: profit of HK$14,813,000) and on the number of 1,712,329,142 ordinary shares (six months ended 30 June 2019: 1,712,329,142 ordinary shares) in issue during the period.

For the six months ended 30 June 2020 and 2019, no dilutive (loss)/earnings per share has been presented as the exercise of the convertible notes would have an anti-dilutive effect on the basic (loss)/earnings per share.

11. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

Right-of-use assets

	30 June 2020 *HK$'000* **(unaudited)**	31 December 2019 *HK$'000* (audited)
At the beginning of the period/year	**988,067**	148,255
Additions during the period/year	**–**	879,246
Depreciation provided during the period/year	**(15,238)**	(25,566)
Adjustment on rental deposit	**(1,918)**	–
Exchange difference	**(19,388)**	(13,868)
At the end of the period/year	**951,523**	988,067

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 2020	31 December 2019
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Maturity analysis		
Contractual undiscounted cash flows:		
Within one year	**48,967**	17,427
In the second to third year inclusive	**97,115**	95,383
In the forth to fifth year inclusive	**100,772**	102,218
More than five years	**1,959,041**	2,079,628
Total undiscounted lease liabilities at the end of the period/year	**2,205,895**	2,294,656
Less: total future interest expenses	**(1,220,148)**	(1,269,826)
	985,747	1,024,830
Analysed as:		
Current	**48,967**	17,427
Non-current	**936,780**	1,007,403
At the end of the period/year	**985,747**	1,024,830

Amounts recognised in the condensed consolidated statement of financial position

	30 June 2020	31 December 2019
	HK$'000	*HK$'000*
	(unaudited)	(audited)
At the beginning of the period/year	**1,024,830**	150,430
Additions during the period/year	**–**	861,045
Interest charged to profit or loss	**24,796**	42,058
Payment during the period/year	**(41,263)**	(14,077)
Rental concession	**(2,497)**	–
Exchange difference	**(20,119)**	(14,626)
At the end of the period/year	**985,747**	1,024,830

12. FINANCE LEASE RECEIVABLES

	30 June 2020 *HK$'000* **(unaudited)**	31 December 2019 *HK$'000* (audited)
Analysed as:		
Current	**512,019**	523,544
Non-current	**1,079,522**	739,311
	1,591,541	1,262,855

	Minimum lease receivables		**Present value of minimum lease receivables**	
	30 June 2020 *HK$'000* **(unaudited)**	31 December 2019 *HK$'000* (audited)	**30 June 2020** *HK$'000* **(unaudited)**	31 December 2019 *HK$'000* (audited)
Finance lease receivables comprise:				
Within one year	**599,378**	590,252	**512,019**	523,544
In the second to third year inclusive	**480,813**	362,137	**422,296**	324,936
In the forth to fifth year inclusive	**714,096**	448,150	**660,009**	416,288
	1,794,287	1,400,539	**1,594,324**	1,264,768
Less: unearned finance income	**(199,963)**	(135,771)	**N/A**	N/A
Present value of minimum lease payment receivables	**1,594,324**	1,264,768	**1,594,324**	1,264,768
Less: impairment loss allowance – lifetime ECL allowance	**(2,783)**	(1,913)	**(2,783)**	(1,913)
	1,591,541	1,262,855	**1,591,541**	1,262,855

12. FINANCE LEASE RECEIVABLES (Continued)

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

	30 June 2020	31 December 2019
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Balance at the beginning of the period/year	**1,913**	934
Impairment losses recognised	**914**	1,009
Exchange difference	**(44)**	(30)
Balance at the end of the period/year	**2,783**	1,913

All leases are denominated in RMB. The terms of the finance leases range from 1 to 5 years. The effective interest rate of the finance leases range 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 leased plant and machinery, as at 30 June 2020. 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.

Security deposits received from customers as at 30 June 2020 represent finance lease deposits received from customers, which will be repayable by end of the lease period of the respective finance leases. Deposits of HK$67,053,000 (31 December 2019: HK$56,874,000) have been received by the Group, in which deposits of HK$8,443,000 (31 December 2019: HK$13,076,000) 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.

None of the finance lease receivables at the end of the reporting period is past due.

13. TRADE AND OTHER RECEIVABLES

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

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

	30 June 2020	31 December 2019
	HK$'000	*HK$'000*
	(unaudited)	(audited)
0 – 60 days	**5,919**	4,269
61 – 90 days	**997**	1,769
91 –120 days	**1,036**	93
Over 120 days	**4,166**	4,853
Trade receivables	**12,118**	10,984
Other receivables *(Note i)*	**81,969**	68,456
	94,087	79,440

Note i: It includes VAT receivables, interest 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 based on the invoice date at the end of the reporting period:

	30 June 2020	31 December 2019
	HK$'000	*HK$'000*
	(unaudited)	(audited)
0 – 60 days	**1,295**	1,423
61 – 90 days	**621**	4
91 –120 days	**622**	12
Over 120 days	**4,768**	3,857
Trade payables	**7,306**	5,296
Other payables	**47,189**	49,206
	54,495	54,502

Other payables included the following items:

	30 June 2020	31 December 2019
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Contract liabilities	**450**	293
Other tax payable	**14,817**	12,569
Others *(Note i)*	**31,922**	36,344
	47,189	49,206

Notes:

i. Others include accrued staff salaries and welfare and other temporary receipts.

The Directors considered that the carrying amount of trade and other payables approximates 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 2020	31 December 2019
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Bank loans	**1,986,737**	1,953,911
Loan from an associate	**26,317**	26,846
Loan from an immediate holding company	**90,000**	90,000
Other loans	**77,734**	79,280
	2,180,788	2,150,037
Secured	**1,986,737**	1,953,911
Unsecured	**194,051**	196,126
	2,180,788	2,150,037
Carrying amounts repayable:		
Within one year	**1,284,891**	1,303,788
More than one year, but not exceeding two years	**295,408**	280,400
More than two years, but not more than five years	**508,383**	468,534
More than five years	**92,106**	97,315
	2,180,788	2,150,037
Amount shown under current liabilities	**1,284,891**	1,303,788
Amount shown under non-current liabilities	**895,897**	846,249
	2,180,788	2,150,037

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

15. BORROWINGS (Continued)

In March 2018, the Group obtained two two-year unsecured loans amounting to RMB70,000,000 (equivalent to approximately HK$76,754,000) in total from two independent third parties. In which the loan amounting to RMB40,000,000 (equivalent to approximately HK$43,860,000) carries 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. The remaining loan amounting to RMB30,000,000 (equivalent to approximately HK$32,894,000) carries at an floating interest rate of 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 two years to March 2022. Interest rates and any other terms and conditions of the loans remained unchanged.

On 16 April 2018, the Group obtained a loan facility of HK$40,000,000 (loan facility 1) from Hang Seng Bank. Since the facility limit would be reduced by 10% of the facility amount each year, it became HK$32,000,000 during the year. On 11 April 2019, the Group obtained another loan facility of HK$52,700,000 (loan facility 2) from Hang Seng Bank. These two loan facilities were secured by the Group's properties which are situated at Unit 01, 14 and 15 on 5th Floor, Wing On Plaza, No. 62 Mody Road, Kowloon, Hong Kong and 17th Floor, Sing-Ho Finance Building, Nos. 166/168 Gloucester Road, Hong Kong. As at 30 June 2020, the total outstanding amount of the loan was HK$68,350,000.

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

On 26 June 2019, the Group signed an one-year loan contract with its associate, Guangdong Tiannuo Civil Explosives Co., Limited ("Tiannuo Civil Explosives") amounting to RMB24,000,000 (equivalent to approximately HK$26,316,000), in which the loan period of part of the loan amounting to RMB10,000,000 (equivalent to approximately 10,965,000) was from 27 June 2019 to 26 June 2020, while the loan period of another part of the loan amounting to RMB14,000,000 (equivalent to approximately HK$15,351,000) was from 24 September 2019 to 23 September 2020. The interest rate of the entire loan is 4.35%. The Group entered into the Supplemental Loan Agreement with Tiannuo Civil Explosives for extending the loan repayment period by one year to 2021. Interest rate and any other terms and conditions of the loan remained unchanged.

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

As at 30 June 2020, the Group also has an outstanding loan amount of USD90,000,000 (equivalent to HK$697,542,000) for which a controlling shareholder has provided the necessary corporate guarantee.

During the period, specifically for the operation of financial leasing business, the Group obtained additional loans from Guangdong Nanhai Rural Commercial Bank, Bank of DongGuan, China CITIC Bank and China Everbright Bank Co., Limited which amounted to RMB294,661,000 (equivalent to approximately HK$323,093,000) in total. As at 30 June 2020, the carrying amount of the loans that are interest bearing at floating rates ranging from 4.55% to 6.50% per annum (31 December 2019: 5.23% to 6.50% per annum) were approximately HK$992,119,000 (31 December 2019: HK$941,454,000), in which approximately HK$49,342,000 (31 December 2019: HK$100,671,000) of loans are secured by the Group's investment properties and property, plant and equipment, while approximately HK$833,128,000 (31 December 2019: HK$840,783,000) of loans are secured by the finance lease receivables of the Group. Such loans are repayable within 5 years according to their own repayment schedules.

15. BORROWINGS (Continued)

According to HK Int 5, which requires the classification of whole instalment loans containing the repayment on demand clause as current liabilities, the Group's loans with the aggregate carrying amounts of approximately HK$801,702,000 (31 December 2019: HK$802,706,000) have been classified as current liabilities in the Group's consolidated statement of financial position. Taking into account the Group's financial position and assets pledged for the loans, the Directors did not believe that it was probable that the lenders would exercise the discretionary rights to demand immediate payments. The Directors believed that the loans would be repaid in accordance with the repayment schedules set out in the loans agreements. The total cash outflows for the principals and interests of the loans amounted to approximately HK$828,151,000 (31 December 2019: HK$841,504,000).

The total secured bank loans of approximately HK$1,986,737,000 (31 December 2019: HK$1,953,911,000) are secured by the Group's investment properties and property, plant and equipment of approximately HK$519,544,000 (31 December 2019: HK$510,269,000) that is situated at Phase 1 of Guangdong– Hongkong Finance & Technology Park, 6 Jinke Road, Guicheng Street, Nanhai District, Foshan City, Guangdong Province, the PRC, Unit 01, 14 and 15 on 5th Floor, Wing On Plaza, No. 62 Mody Road, Kowloon, Hong Kong, 17th Floor, Sing-Ho Finance Building, Nos 166/168 Gloucester Road, Hong Kong and Block AB to F, Xianhuwan Commercial Plaza, No. 3 Yangguang Road, Danzao Xianhu Resort Area, Nanhai District, Foshan City, Guangdong Province, the PRC, the pledged finance lease receivables amounted to approximately HK$1,201,590,000 (31 December 2019: HK$1,136,206,000) and the pledged bank deposits amounted to approximately HK$13,535,000 (31 December 2019: HK$32,958,000).

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

	30 June 2020	31 December 2019
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Hong Kong Dollars	**182,028**	192,677
Renminbi	**1,301,218**	1,256,350
United States Dollars	**697,542**	701,010
	2,180,788	2,150,037

16. DEFERRED INCOME

Deferred income represents the government grants received by the subsidiaries in the PRC in connection with certain construction and income-generating projects. These government grants are released to profit or loss (i) on a systematic and rational basis over the useful lives of the assets related to the government grants received, or (ii) when the subsidiaries incurred expenditures and recognised them as expenses on these projects.

17. EVENT AFTER REPORTING PERIOD

On 2 July 2020, Canton Greengold Financial Leasing Ltd. ("Greengold Leasing") entered into finance leases with two limited liability companies incorporated in the PRC, all belonged to independent third parties, to acquire the ownership of the assets from these companies for an aggregate consideration of RMB30,000,000 (equivalent to approximately HK$32,910,000), which would be leased back to these companies for their own use and possession for a term of 5 years.

Further details of these finance leases are set out in the Group's announcement dated 3 July 2020.

On 17 July 2020, Greengold Leasing entered into finance leases with four limited liability companies incorporated in the PRC and belonged to independent third parties, to acquire the ownership of the assets from these companies for an aggregate consideration of RMB80,000,000 (equivalent to approximately HK$88,720,000), which would be leased back to these companies for their own use and possession for a term of 5 years.

Further details of these finance leases are set out in the Group's announcement dated 20 July 2020.

RESULTS

BUSINESS REVIEW

With the continuous development of the financial leasing business and the big data business, operating income increased by approximately HK$37,418,000 and approximately HK$2,815,000, respectively. Although rental incomes from hotel and other properties were affected by the COVID-19 epidemic in the first half of this year, resulting in a year-on-year decrease in operating income of approximately HK$3,049,000 and HK$841,000, respectively, the Group still recorded a total revenue of approximately HK$95,611,000 for the six months ended 30 June 2020, representing a significant year-on-year increase of 61%.

Despite the increased profit contribution to the Group from the aforesaid development of the financial leasing business, as well as the receipt of other income in total of approximately RMB83,718,000, which was more than that received in the same period last year, including government subsidies for the development of Industrial Park in Danzao, only approximately HK$27,383,000 was included in profit or loss for the current period under Hong Kong accounting standards, representing a decline of 60%, and profit contribution decreased by HK$40,779,000 as compared to the same period last year. In addition, the development of industrial Park in Danzao has been resulted in the increase in the financing costs (including the interest expenses on investments) and depreciation of land use right assets. Moreover, the profit sharing between Changhai Power and Tiannuo as well as the operating income and rental income from hotel properties suffered the outbreak of the COVID-19 epidemic (the "Epidemic"); and further provision for impairment loss of approximately HK$20,170,000 were required for the 25% equity trading assets of Guangdong Financial Leasing held for sale. Therefore, the Group saw a decline in profit and recorded a net loss of approximately HK$17,939,000 in the first half of the year.

FINANCIAL LEASING BUSINESS

Although the financial leasing business was faced with unprecedented challenges and difficulties brought about by the Epidemic, the Group resolutely adhered to its established policy and firmly followed the path of professional development of environmental protection business with pragmatic strategies and flexible tactics, consistently focusing on municipal environmental protection fields such as solid waste, sewage and biogas power generation. The Group carried out a series of inspections on its existing customers to understand and track the fallout on delayed production resumption, product sales and collection of receivables, in a bid to mitigate adverse impact of the Epidemic on relevant assets and maintain the overall high quality of assets. So far, the Group has not encountered the problem of customers' bad debts. In addition, to establish a brand image of professional environmental protection, the Group officially renamed "Canton Risen Financial Leasing Co., Limited", a subsidiary of the Group specialising in financial leasing, as "Canton Greengold Financial Leasing Ltd." ("Greengold Leasing") on 5 June 2020, which fully reflects its strategic goal of becoming a leading financial leasing company specialising in environmental protection in China. Although China's economy suffered a blow from the Epidemic and the tension of Sino-US relations, and China's financial leasing industry faced mounting pressure in respect of risks related to bad debts, the Group believes that it will be able to effectively manage relevant risks and achieve solid development results through continuous efforts as the demand for financial leasing rises and the impact of the financial leasing industry on the economy increases with the diversification of financing models required for China's economic development. In the first half of the year, the segment recorded an operating income of approximately HK$76,179,000 and an operating profit of approximately HK$42,409,000, representing a significant increase of 97% and 135% respectively as compared to the same period last year. The segment is expected to become the Group's main source of profit in the future.

PROPERTY INVESTMENTS

To alleviate the hardship suffered by tenants as a result of the Epidemic, the Group offered a series of rental reduction measures. As such, the Group's overall rental income from investment properties in the first half of 2020 decreased by 17% year-on-year to approximately HK$4,124,000. Specifically, the overall occupancy rate of China Holdings Building was 92.83%, similar to that for the same period last year. However, due to the rental reduction measures, its rental income decreased by 5% year-on-year to approximately HK$3,746,000. Meanwhile, as the majority of the remaining properties of Shantou Commercial Plaza were sold out at the end of last year, its rental income for the year decreased by 73% year-on-year to approximately HK$168,000. As for the properties in Hong Kong sales, despite the rental reduction measures offered by the Group, the tenants terminated the lease in May 2020 ahead of expiration due to the impact of the Epidemic, leading to a decrease in rental income for the period by 44% year-on-year to HK$210,000.

With its solid position in the property development and investment sector and by capitalizing on experience in such fields, the Group is endeavoring to develop the Industrial Park in Danzao Town, Nanhai District, Foshan City, the PRC, which is designed to house the main and spare production plants, pilot base, research and development center and ancillary facilities for new energy vehicles. The project was scheduled be completed and put into operation this year. However, project construction and investment attraction were hindered by the Epidemic. The schedules of various construction projects were delayed due to a severe shortage of staff on duty caused by the late return of project workers to work. As such, the completion date of the industrial park is expected to be postponed. The Group will quickly make appropriate adjustments to construction plans, strengthen the construction of the industrial park, and maintain stringent anti-Epidemic measures. As for investment attraction, although the plans of some enterprises to settle in the industrial park were hampered by the Epidemic, the Group overcame difficulties and proceeded with the investment attraction plan for the industrial park in line with the industrial planning of Danzao Town. In May 2020, the Group completed the delivery of a factory building to the first enterprise settling in the industrial park. To intensify investment attraction, the Group combined online and offline publicity to increase the visibility of the park and attract interests of target customers in the investment attraction information of the park.

WELLNESS ELDERLY CARE BUSINESS

The Group will continue to develop a three-tier elderly care system comprising institutions, communities and households in Nanhai District. Last year, the Group successfully collaborated with Jiujiang Town to launch the first town-level elderly care service project in Nanhai District, and was responsible for investing in and operating Jiujiang Taoyuan Nursing Home (九江桃苑頤養院). Yet, as the project was still at the start-up investment stage, and the Epidemic broke out early this year, to implement anti-Epidemic measures and ensure high-quality elderly care services, the Group adopted closed management and initially suspended admission of new elderly residents, which affected the occupancy rate. As at 30 June 2020, the occupancy rate of nursing beds was only 40%, failing to reach the breakeven point. Accordingly, the Group temporarily waived the operation and management fees from the nursing home, and failed to record any income from the project.

As for the Smart Elderly Care Services Platform, due to the Epidemic outbreak, the Shuangyashan platform project failed to progress as scheduled, which affected acceptance inspection and income recognition. Moreover, the Epidemic also disrupted the promotion of elderly care services platform and the development of platform-based value-added services such as referral of home elderly care services and assistance and quality supervision. As a result, operating income decreased by 31% year-on-year to HK$170,000, and the segment recorded a operating loss of approximately HK$1,739,000, a increase of 70% in loss compared to the same period last year.

BIG DATA BUSINESS

In the first half of this year, the big data business conscientiously implemented the anti-Epidemic measures and the arrangements for work and production resumption in the face of the sudden COVID-19 outbreak. It emphasized both epidemic prevention and business operations, actively carried out business activities, and endeavored to promote project development and improve technology R&D capabilities, managing to achieve business growth despite the Epidemic. In the first half of the year, its operating income increased by 29% year-on-year to approximately HK$12,402,000, and its net profit was approximately HK$1,042,000, an increase of 145% over the same period last year.

HOTEL BUSINESS

Guilin Plaza ("Guilin Plaza") felt the pinch of the Epidemic outbreak in early 2020 with the closure of scenic spots and hotels in Guilin, cancellation of tour groups and temporary stagnation of the tourism market. As a result, the hotel room sales business was suspended until late March 2020. Even when it resumed business, the tourism market recovered slowly, and inter-provincial tourism was still restricted. The hotel flexibly adjusted its strategy and increased promotion efforts with a focus on business travelers and old customer groups in Guangxi, but its income was still deeply dented with an unsatisfactory occupancy rate in the first half of the year. The average occupancy rate decreased by 35% year-on-year to 18.46%. The average room rate also dropped by approximately 13% year-on-year. The operating income decreased significantly by 53% year-on-year to approximately HK$2,735,000, and the operating loss widened by 27% year-on-year to approximately HK$4,774,000. It is expected that the revenue and operating results of Guilin Plaza will remain pessimistic in the second half of the year.

As to the small hotel business, as the Epidemic severely shocked business in the industry, China Select Small Hotel Union Limited, a 51%-owned subsidiary of the Group, experienced continued operating difficulties. On 1 July 2020, it decided to terminate the small hotel business, and initiated the liquidation procedures.

PROFIT FROM INVESTMENTS IN ASSOCIATES

The outbreak of the Epidemic at the beginning of the year not only affected the resumption of work and production, but also continuously affected the Chinese and global economies. Consequentially, 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, saw a decline in operating performance with an operating profit of approximately HK$94,333,000, weighed down by dampened customer demands and affected by the on-going technological modification project. It contributed earnings of approximately HK$30,014,000 to the Group, representing a year-on-year decrease of 17%.

Meanwhile, Guangdong Tiannuo Civil Explosives Co., Ltd.*（廣東天諾民爆有限公司）("Tiannuo Civil Explosives"), a 49%-owned associate of the Group, was also affected by the outbreak of the Epidemic, which led to temporary suspension of some production lines and a decline in sales volume. In addition, its production was affected by the on-going technological modification project. Moreover, due to the expected reduction in the demand for employees after the technological modification, it reorganized its personnel in the first half of the year and terminated labor contracts with some employees, paying approximately RMB8,860,000 in economic compensation, which led to a turnaround in performance from profit to loss. It recorded a loss of approximately HK$3,254,000 after adjusting for depreciation of fair value of the assets acquired. The Group had to bear an attributable loss of approximately HK$1,594,000. Although the profit of Tiannuo is expected be lower than last year as it continues to be affected by technological upgrade and modification in the second half of the year, the Group believes that Tiannuo can significantly improve its future performance by carrying out technological upgrade and modification and implementing corresponding cost-reduction reform measures. The Group entered into an agreement on 22 June 2020 to further acquire an additional 2% equity interest in Tiannuo. Upon completion of the transaction, Tiannuo will become one of the subsidiaries of the Group, which will help the Group implement and complete relevant technological modification and reform measures as soon as possible. This will not only greatly improve the future performance of Tiannuo, but also increase the profitability of the Group.

FINANCIAL POSITION AND ANALYSIS

As at 30 June 2020, the Group had total assets of HK$5,199,450,000 (31 December 2019: HK$5,147,666,000), total liabilities of HK$3,567,218,000 (31 December 2019: HK$3,441,696,000), a gearing ratio (being total liabilities divided by total assets) of 68.6% (31 December 2019: 66.9%), net assets of HK$1,632,232,000 (31 December 2019: HK$1,705,970,000), and equity attributable to owners of the Company per share of HK60.55 cents (31 December 2019: HK64.54 cents).

The Group had net current assets of HK$80,015,000 (31 December 2019: HK$505,414,000), a current ratio (being current assets divided by the current liabilities) approximately 1.05 times (31 December 2019: 1.36 times) and the bank balance and cash of HK$696,626,000 (31 December 2019: HK$1,028,396,000), 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 2020, properties of the Group for own use and investment, bank deposits, entity interest of a subsidiary and finance lease receivables with a carrying value of approximately HK$1,957,257,000 were pledged to banks as the security for the bank borrowings granted to the Group (31 December 2019: properties of the Group for own use and investment, bank deposits, entity interest of a subsidiary held by the Group, and finance lease receivables with a carrying value of approximately HK$1,906,513,000 were pledged to banks).

FOREIGN EXCHANGE EXPOSURE

The Group's main operating income and costs are denominated in RMB. In the business operation of the Group, foreign exchange fluctuation of income and costs would be mutually offset. However, as the Hong Kong-based Group has injected a substantial amount of current borrowings into domestic wholly-owned subsidiaries in Mainland China and held a huge amount of monetary assets denominated in RMB, an exchange gain or loss would generate from the appreciation or depreciation of RMB. It is expected that an increase or a decrease of approximately HK$6,465,000 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, starting to fluctuate upward and downward repeatedly. However, with the Sino-US trade war breaking out in recent years, the Chinese economy affected by the "COVID-19 Epidemic" early this year, which led to a dispute between China and the US over the Epidemic, and the "Hong Kong National Security Law" further escalating the tension between China and the US, the exchange rate of RMB against USD continuously weakened, resulting in an exchange loss of approximately HK$103,000 incurred by the Group. The Board believes that RMB will be immensely affected by any change in the Sino-US trade war and the tension between China and the US in the short term. A turnaround in the Sino-US trade war and an ease of the tension between China and the US may lead to a 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

Although the Group suffers from the impact of the Chinese and global economic downturn brought about by the Epidemic, as the Chinese economy begins to recover after China brings the Epidemic under control, the Group will proactively adjust its strategies to seize opportunities arising from the market recovery. With experience accumulated during the course of transformation and upgrade over past years, the Group will strive to optimize its businesses in response to market changes, shifting to segments such as industrial parks/property development and investment, financial service, technology, wellness elderly care, and civil explosives. In respect of the property development and investment, building on its solid foundation in the property development and investment sector and capitalizing on experience in such fields, the Group will continue to develop the new energy industrial park in Danzao Town, Nanhai District, Foshan City, China by rapidly advancing the construction of the industrial park and intensifying promotion efforts in business attraction, so that the industrial park will be put into operation as soon as possible and generate revenue for the Group. In respect of the financial service sector, in light of the overcast of Sino-US trade war and tension and the impact of the Epidemic outbreak, the Group will continue to "abide by the general strategy of focusing on stability while seeking progress", stick to the direction of environmental protection as the main business, and comprehensively build up the core competitiveness of financial leasing in the environmental protection segment. In respect of the technology sector, by taking advantages of the opportunities arising from the new smart city construction plan in Nanhai District, the Group will continue its research and development efforts in the big data industry projects, marketize technological research and development, explore innovation applications and business models, enhance independent research and development capabilities, improve research and development efficiency, and strive to create key products meeting market demands as a main driver to our profit growth in the future. In the wellness elderly care sector, given that the elderly are a group highly susceptible to infection and at high risk of disease amidst the Epidemic, the Group will prioritize the safety of the elderly, prudently promote business development while properly carrying out various Epidemic prevention tasks, and continue to head in the direction of the development of a 3-tier elderly care system comprising institutes, communities and households in Nanhai District. In the civil explosives sector, the Group has been engaged in the operation and management of civil explosives business and gradually accumulated substantial experience through Tiannuo, a 49%-owned associate, and entered into an agreement on 22 June 2020 to further acquire an additional 2% equity interest in Tiannuo. Upon completion of the transaction, Tiannuo will become one of the subsidiaries of the Group, which will help enhance the profitability of the Group and develop its civil explosives business in China. In addition, the Group will, through its joint ventures and associates, participate and invest in power generation and other high-growth industries in the PRC. With the aforesaid business development directions, the Group will continuously expand its business and gradually achieve the goal of increasing and maintaining stable returns for shareholders of the Company.

EMPLOYEES

The total number of employees of the Group is approximately 196 (31 December 2019: 197). 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 2020 (six months ended 30 June 2019: Nil).

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

During the six months ended 30 June 2020, 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 2020, 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 2020, 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 2020.

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

Hong Kong, 27 August 2020

As at the date of this announcement, the Board consists of five executive directors, namely Mr. HE Xiangming (Chairman), Mr. LIN Pingwu (Managing Director), Mr. YOU Guang Wu (Director), Mr. HUANG Zhihe (Deputy Managing Director) and Ms. WANG Xin (Deputy Managing Director) and three independent non-executive directors, namely Mr. CHAN Kwok Wai, Mr. CHEN Da Cheng and Mr. DENG Hong Ping.