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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)

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2021

AUDITED CONSOLIDATED ANNUAL RESULTS

The board of directors (the “Directors” or “Board”) of China Investments Holdings Limited (the “Company”) announces the audited consolidated annual results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2021 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2021

	NOTES	2021 HK\$'000	2020 HK\$'000
Continuing operations			
Revenue	3	520,846	293,555
Cost of sales and services		(315,608)	(137,763)
Gross profit		205,238	155,792
Other operating income	5	124,611	110,493
Selling and distribution costs		(9,278)	(9,049)
Administrative expenses		(200,244)	(148,689)
Share of profit of associates		25,361	67,897
Increase in fair value of investment properties		16,679	49
(Decrease)/increase in fair value of financial assets			
at fair value through profit or loss		(16,295)	20,094
Impairment loss on property held for sale		(1,900)	(1,598)
Net loss on step acquisition		–	(5,667)
Loss on the disposal of subsidiaries and an asset			
classified as held for sale		–	(39,177)
Allowance for expected credit losses on			
finance lease receivables	12	(9,847)	(14,589)
Impairment loss on other receivables		–	(38,033)
Finance costs	6	(107,065)	(123,696)

* For identification only

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

For the year ended 31 December 2021

	<i>NOTES</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Profit/(loss) before taxation		27,260	(26,173)
Income tax expense	7	<u>(16,382)</u>	<u>(39,333)</u>
Profit/(loss) for the year from continuing operations	8	10,878	(65,506)
Discontinued operation			
Profit/(loss) for the year from discontinued operation	11	<u>9</u>	<u>(530)</u>
Profit/(loss) for the year		<u>10,887</u>	<u>(66,036)</u>
Other comprehensive income, net of income tax			
<i>Items reclassified to profit or loss:</i>			
Release of exchange reserve upon step acquisition from an associate to a subsidiary		–	5,688
Release of exchange reserve upon disposal of subsidiaries and an asset classified as held for sale		–	21,231
<i>Item that will not be reclassified to profit or loss:</i>			
Surplus on revaluation of hotel properties		111	4,894
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		66,828	110,877
Share of exchange difference of associates		<u>18,284</u>	<u>33,654</u>
Other comprehensive income for the year, net of income tax		<u>85,223</u>	<u>176,344</u>
Total comprehensive income for the year		<u>96,110</u>	<u>110,308</u>

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

For the year ended 31 December 2021

	<i>NOTE</i>	2021 HK\$'000	2020 <i>HK\$'000</i>
Profit/(loss) for the year attributable to:			
Owners of the Company		(15,500)	(83,871)
Non-controlling interests		<u>26,387</u>	<u>17,835</u>
		<u>10,887</u>	<u>(66,036)</u>
Total comprehensive income attributable to:			
Owners of the Company		42,322	39,191
Non-controlling interests		<u>53,788</u>	<u>71,117</u>
		<u>96,110</u>	<u>110,308</u>
Loss per share	<i>10</i>		
From continuing and discontinued operations			
Basic		<u>(HK0.91 cents)</u>	<u>(HK4.90 cents)</u>
Diluted		<u>(HK0.91 cents)</u>	<u>(HK4.90 cents)</u>
From continuing operations			
Basic		<u>(HK0.91 cents)</u>	<u>(HK4.87 cents)</u>
Diluted		<u>(HK0.91 cents)</u>	<u>(HK4.87 cents)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	NOTES	2021 HK\$'000	2020 HK\$'000
Non-current assets			
Investment properties		774,554	350,058
Property, plant and equipment		1,419,433	1,216,148
Goodwill		136,530	132,151
Interests in associates		556,026	569,674
Financial assets at fair value through profit or loss		8,187	13,643
Finance lease receivables	12	2,453,338	1,348,274
Rental deposits		5,855	4,821
Right-of-use assets		1,016,208	1,014,500
Deductible value added tax		56,100	50,416
Deferred tax assets		7,014	–
		<u>6,433,245</u>	<u>4,699,685</u>
Current assets			
Properties held for sale		4,600	6,500
Inventories		9,900	5,257
Financial assets at fair value through profit or loss		54,868	63,881
Finance lease receivables	12	777,069	438,765
Trade and other receivables	13	143,764	66,585
Tax recoverable		–	967
Pledged bank deposits		349,418	25,468
Cash and cash equivalents		526,837	798,263
		<u>1,866,456</u>	<u>1,405,686</u>
Current liabilities			
Trade and other payables	14	175,787	94,576
Tax payables		21,893	28,988
Deferred income	15	–	312
Deferred tax liabilities		43,073	44,118
Deposits received from customers		11,626	3,207
Lease liabilities		52,708	50,675
Borrowings		1,610,078	1,250,142
		<u>1,915,165</u>	<u>1,472,018</u>
Net current liabilities		<u>(48,709)</u>	<u>(66,332)</u>
Total assets less current liabilities		<u><u>6,384,536</u></u>	<u><u>4,633,353</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 31 December 2021

		2021	2020
	NOTE	HK\$'000	HK\$'000
Capital and reserves			
Share capital		171,233	171,233
Reserves		<u>1,018,056</u>	<u>973,164</u>
Equity attributable to owners of the Company		1,189,289	1,144,397
Non-controlling interests		<u>1,003,167</u>	<u>843,935</u>
Total equity		<u>2,192,456</u>	<u>1,988,332</u>
Non-current liabilities			
Borrowings		2,626,041	1,305,803
Convertible notes		132,644	122,565
Deferred income	15	214,154	81,960
Deferred tax liabilities		15,162	17,559
Deposits received from customers		120,999	75,133
Lease liabilities		<u>1,083,080</u>	<u>1,042,001</u>
		<u>4,192,080</u>	<u>2,645,021</u>
		<u>6,384,536</u>	<u>4,633,353</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

1. BASIS OF PREPARATION

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

Going concern

Notwithstanding that the Group had incurred net current liabilities of approximately HK\$48,709,000 as at 31 December 2021, the consolidated financial statements at 31 December 2021 have been prepared on a going concern basis as the Directors of the Company are satisfied that the liquidity of the Group can be maintained in the coming year as up to the date of the consolidated financial statements authorised for issue, the Group obtained approval from bank for granting the bank facilities of USD90,000,000.

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

In the current year, the Group has applied the following amendments to HKFRSs issued by the HKICPA which are or have become effective for the Group’s financial year beginning on 1 January 2021:

HKFRS 4, HKFRS 7,	Interest rate Benchmark Reform – Phase 2
HKFRS 9, HKFRS 16	
and HKAS 39 (Amendments)	

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

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

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective. The Directors of the Group anticipate that the application of these new and amendments to HKFRSs will have no material impact on the results and the financial position of the Group.

HKFRSs (Amendments)	Annual Improvements to HKFRSs 2018-2020 cycle ¹
HKFRS 3 (Amendments)	Reference to the Conceptual Framework ¹
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
HKFRS 17	Insurance Contracts and Related Amendments ²
HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-current and Related Amendments to Hong Kong Interpretation 5 (2020) ²
HKAS 1 (Amendments) and HKFRS Practice Statement 2	Disclosure of Accounting Policies ²
HKAS 8 (Amendments)	Definition of Accounting Estimates ²
HKAS 12 (Amendments)	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ²
HKAS 16 (Amendments)	Property, Plant and Equipment: Process before Intended Use ¹
HKAS 37 (Amendments)	Onerous Contracts – Cost of Fulfilling a Contract ¹
Accounting Guideline 5 (Revised)	Merger Accounting for Common Control Combinations ⁴

¹ Effective for annual periods beginning on or after 1 January 2022.

² Effective for annual periods beginning on or after 1 January 2023.

³ Effective date to be determined.

⁴ Effective for common control combinations that occur on or after beginning of the first annual report period on or after 1 January 2022.

3. REVENUE

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

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i> (Restated)
Continuing operations		
Revenue from contracts with customers recognised at a point in time:		
Construction of platform and operating income from big data business	12,121	7,886
Consultancy service income from financial leasing	62,817	68,479
Logistics income from civil explosives business	11,032	3,492
Operating income from industrial parks and property development	7,126	693
Operating income from wellness elderly care business (<i>Note i</i>)	32,103	1,928
Other income from hotel operation	934	902
Sales of emulsion explosives	129,815	82,792
	<u>255,948</u>	<u>166,172</u>
Revenue from contracts with customers recognised over time:		
Service income from hotel operation	6,161	5,062
Service income from industrial parks and property development	1,149	5
Service income from wellness elderly care business (<i>Note ii</i>)	45,651	379
Technical service income from big data business	19,937	18,023
	<u>72,898</u>	<u>23,469</u>
Revenue from other sources:		
Rental income from hotel properties	5,036	4,233
Rental income from industrial parks and property development	22,509	588
Rental income from investment properties and properties held for sale	11,128	8,970
Interest income from financial leasing	153,327	90,123
	<u>192,000</u>	<u>103,914</u>
	<u><u>520,846</u></u>	<u><u>293,555</u></u>

Notes:

- i It includes medical care service income, operating income from elderly care services platform and others.
- ii It includes management service income, nursing care service income and service income from elderly care services platform.

4. SEGMENT INFORMATION

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

Principal activities are as follows:

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

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.

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

4. SEGMENT INFORMATION (Continued)

Segment information about these continuing operations presented below:

	Segment Revenue		Segment Result	
	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i> (Restated)	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i> (Restated)
Big data business	32,058	25,909	5,955	1,907
Civil explosives business	140,847	86,284	(12,048)	663
Financial leasing	216,144	158,602	85,187	81,111
Hotel operation	12,131	10,197	(6,422)	(7,898)
Industrial parks and property development	30,784	1,286	3,859	(28,814)
Property investments	11,128	8,970	16,245	(3,653)
Wellness elderly care business	77,754	2,307	2,876	(2,979)
Total	520,846	293,555	95,652	40,337
Bank interest income			7,722	14,510
(Decrease)/increase in fair value of financial assets at fair value through profit or loss			(16,295)	20,094
Finance costs (excluding interest on lease liabilities)			(51,831)	(72,659)
Gain on disposal of financial assets at fair value through profit or loss			–	1,620
Impairment loss on other receivables			–	(38,033)
Interest income from wealth management product			284	418
Loss on the disposal of subsidiaries and an asset classified as held for sale			–	(39,177)
Net central administration cost			(28,102)	(28,359)
Net exchange gain			389	17,308
Net loss on step acquisition			–	(5,667)
Professional fee			(5,920)	(4,462)
Share of profit of associates			25,361	67,897
Profit/(loss) before taxation			27,260	(26,173)
Income tax expense			(16,382)	(39,333)
Profit/(loss) for the year			10,878	(65,506)

4. SEGMENT INFORMATION (Continued)

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the current year (2020: Nil).

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

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

Segment assets and liabilities

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i> (Restated)
Segment assets		
Continuing operations		
Big data business	24,098	12,871
Civil explosives business	444,366	410,302
Financial leasing	3,260,087	1,801,201
Hotel operation	138,233	146,978
Industrial parks and property development	2,479,546	1,877,030
Property investments	355,306	292,309
Wellness elderly care business	31,414	12,201
	<hr/>	<hr/>
Total segment assets	6,733,050	4,552,892
Pledged bank deposit	349,418	25,468
Cash and cash equivalents	526,837	798,263
Interests in associates	556,026	569,674
Financial assets at fair value through profit or loss	63,055	77,524
Other unallocated assets	71,190	81,429
	<hr/>	<hr/>
	8,299,576	6,105,250
Assets relating to discontinued operation	125	121
	<hr/>	<hr/>
Consolidated assets	<u><u>8,299,701</u></u>	<u><u>6,105,371</u></u>

4. SEGMENT INFORMATION (Continued)

Segment assets and liabilities (Continued)

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i> (Restated)
Segment liabilities		
Continuing operations		
Big data business	19,186	14,537
Civil explosives business	121,889	131,688
Financial leasing	2,913,635	1,275,786
Hotel operation	2,648	4,455
Industrial parks and property development	1,844,354	1,464,788
Property investments	110,370	163,071
Wellness elderly care business	37,548	2,112
	<hr/>	<hr/>
Total segment liabilities	5,049,630	3,056,437
Convertible notes	132,644	122,565
Borrowings	877,706	886,216
Other unallocated liabilities	46,163	50,722
	<hr/>	<hr/>
	6,106,143	4,115,940
Liabilities relating to discontinued operation	1,102	1,099
	<hr/>	<hr/>
Consolidated liabilities	<u>6,107,245</u>	<u>4,117,039</u>

Other segment information

2021

Continuing operations

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

4. SEGMENT INFORMATION (Continued)

Other segment information (Continued)

2020 (Restated)

Continuing operations

	Big data business HK\$'000	Civil explosives business HK\$'000	Financial leasing HK\$'000	Hotel operation HK\$'000	Industrial parks and property development HK\$'000	Property investments HK\$'000	Wellness elderly care business HK\$'000	Total HK\$'000
Depreciation of property, plant and equipment	367	4,115	862	9,276	652	2,707	1,192	19,171
Depreciation of right-of-use assets	–	58	–	–	31,024	–	–	31,082
Additions to property, plant and equipment	1,778	5,899	232	163	437,639	69	3,921	449,701
Additions to property, plant and equipment upon step acquisition from an associate to a subsidiary	–	233,720	–	–	–	–	–	233,720
Loss on disposal of property, plant and equipment	3	29	–	1	–	–	–	33
Allowance for expected credit losses on finance lease receivables	–	–	14,589	–	–	–	–	14,589

Geographical segments

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

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

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

	Revenue from external customers		Non-current assets*	
	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000
The PRC	520,285	293,314	1,970,946	1,475,941
Hong Kong	561	241	19,505	19,506
	520,846	293,555	1,990,451	1,495,447

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

Information about major customers

During the year, HK\$130,433,000 out of the Group's revenues from continuing operations of HK\$520,846,000 arising from civil explosives business were contributed by a customer. And the customer accounted for approximately 25% of Group's total revenue.

5. OTHER OPERATING INCOME

Other operating income included the following items:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Continuing operations		
Bank interest income	7,722	14,510
Compensation and government subsidies received		
– Direct government grant	11,306	21,746
– Recognition of deferred income	93,139	47,736
Gain on disposal of financial assets at fair value through profit or loss	–	1,620
Income from lending of emulsion matrix production capacity	4,540	–
Interest income from rental deposit	271	217
Interest income from wealth management product	284	418
Net exchange gain	389	17,308
Rent concession	–	5,085
	<u> </u>	<u> </u>

6. FINANCE COSTS

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Continuing operations		
Handling fee	–	9,526
Loan arrangement fee	3,202	3,140
Interest on:		
– Bank loans	25,195	39,096
– Convertible notes	13,404	12,437
– Lease liabilities	55,234	51,037
– Loan from an associate	–	782
– Loan from immediate holding company	3,136	2,745
– Loan from non-controlling interest	2,677	922
– Other loans	4,217	4,011
	<u> </u>	<u> </u>
	<u>107,065</u>	<u>123,696</u>

7. INCOME TAX EXPENSE

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Continuing operations		
Tax charges comprise:		
Current tax:		
Provision for PRC Enterprise Income Tax	(27,234)	(34,323)
(Under)/over provision in previous year:		
PRC Enterprises Income Tax	(1,339)	573
Deferred tax:		
Temporary differences arising in current year	<u>12,191</u>	<u>(5,583)</u>
	<u>(16,382)</u>	<u>(39,333)</u>

Hong Kong profits tax is calculated at the rate of 16.5% (2020: 16.5%) on the estimated assessable profits for the year, except for the first HK\$2,000,000 of a qualified entity's assessable profit which is calculated at 8.25% (2020: 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 year ended 31 December 2021 (2020: Nil).

PRC subsidiaries are subject to PRC Enterprise Income Tax at 25% for the year ended 31 December 2021 (2020: 25%).

8. PROFIT/(LOSS) FOR THE YEAR

	2021 HK\$'000	2020 HK\$'000
Continuing operations		
Profit/(loss) for the year has been arrived at after crediting/(charging):		
Auditor's remuneration		
Audit service	(1,800)	(1,700)
Non-audit service	(100)	(494)
Depreciation of property, plant and equipment	(37,011)	(21,796)
Depreciation of right-of-use assets	(33,459)	(31,082)
Loss on disposal of property, plant and equipment	(8,999)	(33)
Net exchange gain	389	17,308
Operating lease charges	(97)	(64)
Allowance for expected credit losses on trade receivables	(499)	–
Allowance for expected credit losses written back on trade receivables	5	15
Allowance for expected credit losses on finance lease receivables	(9,847)	(14,589)
Impairment loss on other receivables	–	(38,033)
Cost of inventories and goods recognised as expense	(179,360)	(41,876)
Total staff costs		
Directors' remuneration	(8,938)	(7,603)
Other staff cost	(148,707)	(69,446)
Retirement benefit schemes contributions for other staffs	(8,295)	(6,348)
Termination benefits	(43)	(11,341)
	<u>(165,983)</u>	<u>(94,738)</u>
Gross rental income from investment properties	29,593	9,309
Less:		
Direct operating expenses from investment properties that generated rental income during the year	(272)	(89)
Direct operating expenses from investment properties that did not generate rental income during the year	<u>(1,249)</u>	<u>(867)</u>
	<u>28,072</u>	<u>8,353</u>

9. DIVIDENDS

The Directors do not recommend payment of any dividend for the year ended 31 December 2021 (2020: Nil).

10. LOSS PER SHARE

From continuing and discontinued operations

The calculation of the basic and diluted loss per share is based on the loss attributable to the owners of the Company of approximately HK\$15,500,000 (2020: loss of approximately HK\$83,871,000) and on the number of 1,712,329,142 ordinary shares (2020: 1,712,329,142 ordinary shares) in issue during the year.

From continuing operations

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

	2021 HK\$'000	2020 HK\$'000
Loss for the year attributable to owners of the Company	(15,500)	(83,871)
<i>Add:</i>		
(Profit)/loss for the year from discontinued operation	<u>(9)</u>	<u>530</u>
Loss for the purpose of basic and diluted loss per share from continuing operations	<u><u>(15,509)</u></u>	<u><u>(83,341)</u></u>

Number of shares

	2021 '000	2020 '000
Number of ordinary shares for the purpose of basic loss per share	<u><u>1,712,329</u></u>	<u><u>1,712,329</u></u>

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

For the year ended 31 December 2021 and 2020, there was no diluted loss per share as the exercise of the convertible notes would have an anti-dilutive effect on the basic loss per share.

11. DISCONTINUED OPERATION

T-BOX® business was discontinued since year 2020. Profit for the year from discontinued operation included in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2021 was approximately HK\$9,000 (2020: Loss of approximately HK\$530,000).

12. FINANCE LEASE RECEIVABLES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Analysed as:		
Current	777,069	438,765
Non-current	<u>2,453,338</u>	<u>1,348,274</u>
At the end of the year	<u><u>3,230,407</u></u>	<u><u>1,787,039</u></u>

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
At 1 January	17,452	1,913
Allowance for expected credit losses recognised	9,847	14,589
Exchange difference	<u>759</u>	<u>950</u>
At 31 December	<u><u>28,058</u></u>	<u><u>17,452</u></u>

12. FINANCE LEASE RECEIVABLES (Continued)

All leases are denominated in RMB. The term of finance leases ranged from less than 1 year to 6 years (2020: 1 to 5 years). The effective interest rates of the finance leases ranged from 4.98% to 11.50% per annum (2020: 5.30% to 10.40% per annum).

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

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

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

As at 31 December 2021, the pledged finance lease receivables amounted to approximately HK\$2,643,168,000 (31 December 2020: HK\$1,211,168,000).

Security deposits received from customers represent finance lease deposits received from customers, which will be repayable by the end of the lease period of the respective finance leases. As at 31 December 2021, deposits of HK\$132,625,000 (2020: HK\$78,340,000) have been received by the Group, in which deposits of HK\$11,626,000 (2020: HK\$3,207,000) 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 and other receivables after deducting the allowance for expected credit losses presented based on invoice dates at the end of the reporting period:

	2021 HK\$'000	2020 HK\$'000
0-60 days	33,719	21,429
61-90 days	3,217	894
91-120 days	3,277	838
Over 120 days	6,620	670
Trade receivables	46,833	23,831
Other receivables (<i>Note i</i>)	96,931	42,754
	<u>143,764</u>	<u>66,585</u>

Note:

- i. It includes deductible value added tax, dividend receivables, interest receivables and prepayments.

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

At as 31 December 2021, trade receivables over 90 days amounted to HK\$9,897,000 (2020: HK\$1,508,000) were past due but not impaired as the balances were related to debtors with sound repayment history and no recent history of default.

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

	2021 HK\$'000	2020 HK\$'000
91-120 days	3,277	838
Over 120 days	6,620	670
	<u>9,897</u>	<u>1,508</u>

13. TRADE AND OTHER RECEIVABLES (Continued)

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

	2021 HK\$'000	2020 HK\$'000
Balance at the beginning of the year	251	251
Allowance for expected credit losses recognised	499	–
Allowance for expected credit losses written back	(5)	(15)
Exchange difference	17	15
	<u>17</u>	<u>15</u>
Balance at the end of the year	762	251

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivables from the date credit was initially granted up to the end of the reporting period. The concentration of credit risk is limited as most of the customers settled the amounts after the reporting date.

As at 31 December 2021, none (2020: Nil) of trade receivable over 120 days was impaired.

The carrying amounts of the other receivables were no past due.

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:

	2021 HK\$'000	2020 HK\$'000
0-60 days	32,680	6,668
61-90 days	330	249
91-120 days	1,329	34
Over 120 days	6,290	73
	<u>6,290</u>	<u>73</u>
Trade payables	40,629	7,024
Other payables	135,158	87,552
	<u>135,158</u>	<u>87,552</u>
	175,787	94,576

14. TRADE AND OTHER PAYABLES (Continued)

Other payables included the following items:

	2021 HK\$'000	2020 HK\$'000
Contract liabilities	588	4,224
Deposits received from customers	23,929	6,440
Receipts in advance	14,954	868
Other tax payable (<i>Note i</i>)	19,162	20,671
Staff salaries and welfare	45,196	23,449
Provision for termination benefits	9,057	11,876
Others (<i>Note ii</i>)	22,272	20,024
	<u>135,158</u>	<u>87,552</u>

Note:

- i. Other tax payable mainly includes value added tax payables.
- ii. Others include interest payables, accrued expenses and other temporary receipts.

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

15. DEFERRED INCOME

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

16. EVENT AFTER REPORTING PERIOD

- (i) On 14 January 2022, Canton Greengold Financial Leasing Limited (“Greengold Leasing”) entered into finance leases with a limited liability company incorporated in the PRC, an independent third party, to acquire the ownership of the assets from this company for an aggregate consideration of RMB19,808,000 (equivalent to approximately HK\$24,245,000), which would be leased back to this company for its own use and possession for a term of 3 years. Further details of the finance leases are set out in the Company’s announcement dated 14 January 2022.
- (ii) On 14 January 2022, Greengold Leasing entered into a finance lease with a limited liability company incorporated in the PRC, an independent third party, to acquire the ownership of the assets from this company for a consideration of RMB39,000,000 (equivalent to approximately HK\$47,736,000), which would be leased back to this company for its own use and possession for a term of 5 years. Further details of the finance lease are set out in the Company’s announcement dated 14 January 2022.
- (iii) On 20 January 2022, Greengold Leasing entered into a finance lease with a limited liability company incorporated in the PRC, an independent third party, to acquire the ownership of the assets from this company for a consideration of RMB50,000,000 (equivalent to approximately HK\$61,400,000), which would be leased back to this company for its own use and possession for a term of 5 years. Further details of the finance lease are set out in the Company’s announcement dated 20 January 2022.
- (iv) On 24 January 2022, Greengold Leasing entered into finance leases with three limited liability companies incorporated in the PRC, all independent third parties, to acquire the ownership of the assets from these companies for an aggregate consideration of RMB125,000,000 (equivalent to approximately HK\$153,500,000), which would be leased back to these companies for their own use and possession for a term of 5 years. Further details of the finance leases are set out in the Company’s announcement dated 24 January 2022.
- (v) On 25 January 2022, Greengold Leasing entered into a finance lease with a limited liability company incorporated in the PRC, an independent third party, to acquire the ownership of the assets from this company for a consideration of RMB35,000,000 (equivalent to approximately HK\$43,050,000), which would be leased back to this company for its own use and possession for a term of 5 years. Further details of the finance lease are set out in the Company’s announcement dated 25 January 2022.
- (vi) On 16 February 2022, Greengold Leasing entered into a finance lease with three limited liability companies incorporated in the PRC, all independent third parties, to acquire the ownership of the assets from these companies for a consideration of RMB95,000,000 (equivalent to approximately HK\$116,945,000), which would be leased back to these companies for their own use and possession for a term of 5 years. Further details of the finance leases are set out in the Company’s announcement dated 17 February 2022.

16. EVENT AFTER REPORTING PERIOD (Continued)

- (vii) On 2 March 2022, Greengold Leasing entered into a finance lease with a limited liability company incorporated in the PRC, an independent third party, to acquire the ownership of the assets from this company for a consideration of RMB150,000,000 (equivalent to approximately HK\$185,700,000), which would be leased back to this company for its own use and possession for a term of 5 years. Further details of the finance lease are set out in the Company's announcement dated 2 March 2022.
- (viii) On 17 March 2022, Greengold Leasing entered into a finance lease with a limited liability company incorporated in the PRC, an independent third party, to acquire the ownership of the assets from this company for a consideration of RMB35,000,000 (equivalent to approximately HK\$43,120,000), which would be leased back to this company for its own use and possession for a term of 5 years. Further details of the finance lease are set out in the Company's announcement dated 17 March 2022.
- (ix) On 21 March 2022, Greengold Leasing entered into a finance lease with a limited liability company incorporated in the PRC, an independent third party, to acquire the ownership of the assets from this company for a consideration of RMB120,000,000 (equivalent to approximately HK\$147,600,000), which would be leased back to this company for its own use and possession for a term of 5 years. Further details of the finance lease are set out in the Company's announcement dated 21 March 2022.
- (x) On 29 March 2022, Greengold Leasing entered into finance leases with a limited liability company incorporated in the PRC, an independent third party, to acquire the ownership of the assets from this company for an aggregate consideration of RMB85,000,000 (equivalent to approximately HK\$104,550,000), which would be leased back to this company for its own use and possession for a term of 5 years. Further details of the finance leases are set out in the Company's announcement dated 30 March 2022.

17. COMPARATIVE FIGURES

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

CHAIRMAN’S STATEMENT

BUSINESS REVIEW

Operating income increased by approximately HK\$54,563,000 due to consolidation of the operating income of Guangdong Tiannuo Investments Co., Ltd. (“Tiannuo”) upon completion of its acquisition by the Group in September 2020. Operating income from wellness elderly care business substantially increased by approximately HK\$75,447,000 as the Group took over Foshan City Nanhai District Taoyuan Nursing Home Company Limited (“Taoyuan Nursing Home”) and Foshan City Nanhai District Taoyuan Rehabilitation Hospital Co., Limited (“Taoyuan Rehabilitation Hospital”) in mid-May 2021 by leveraging the reorganization of the welfare center of Nanhai District. Operating income from property and industrial park investment business also substantially increased by approximately HK\$31,656,000 due to the operating income generated by the new energy industrial park in Danzao Town, Nanhai District, Foshan City, the PRC (“Danzao Industry Park”) following the completion of the construction and the inauguration of its first phase during the year. In addition, operating income from the growing financial leasing business increased by approximately HK\$57,542,000, and operating income of other businesses also delivered satisfactory performance as compared with the same period of last year. All these, together with other factors, contributed to a substantial increase in total revenue from continuing operations of the Group to HK\$227,291,000 for the year ended 31 December 2021, representing a significant increase of 77.4% year-on-year.

Compared with the loss of disposal amounting to approximately to HK\$39,177,000 and an impairment loss on other receivables of part of the remaining unpaid consideration amounting to HK\$38,033,000 generated from the disposal of 25% interest of Guangdong Financial Leasing Co., Ltd.*, there was no similar loss incurred for the year. Besides, other income for the year, including government grants for the Danzao Industrial Park project which can be included in profit and loss for the current period under Hong Kong Accounting Standards, increased by 60.8% year-on-year, with an increased profit contribution of approximately HK\$35,377,000. Additionally, as interest rate generally continued to decline, the Group refinanced a sum of US\$90,000,000 (equivalent to approximately HK\$701,756,000) last year, leading to decreased finance costs such as interest expenses and refinancing bank charges by approximately HK\$16,631,000 for the year as compared to that of last year. However, special fair value gains of approximately HK\$20,094,000 were recorded for financial assets at fair value through profit or loss last year, as compared to fair value loss of approximately HK\$16,295,000 for financial assets at fair value through profit or loss for the year. Moreover, the sharp rise in coal prices for the year resulted in a significant increase in costs and a decrease in profits for Nanhai Changhai Power Co., Ltd.* (“Changhai Power”), a 31.875%-owned associate of the Group, and thus the profit shared by the Group decreased substantially by approximately HK\$42,536,000 as compared with last year. Combined with other factors, the Group was able to turning net loss of HK\$66,036,000 last year into net profit of approximately HK\$10,887,000 for the year.

FINANCIAL LEASING BUSINESS

Although the financial leasing business was exposed to the challenges brought by the intensified market competition and the impact of the COVID-19 epidemic, the Group consistently adhered to the established strategic positioning and business direction, focused on stability while seeking progress and professional development in a strategically flexible manner. The Group closely focused on the strategic goal of developing into a first-class environmental-friendly and professional financial leasing company in China, continued to cultivate the subsectors of the municipal environmental protection industry, and capitalised on opportunities brought about by the national “Carbon Peak” and “Carbon Neutrality” macro policy and the green financial policy. In September 2021, Canton Greengold Financial Leasing Ltd.* (“Greengold Leasing”), a subsidiary of the Company, was certified as a G-1 (highest) green enterprise, which is conducive to the development of business and financing capabilities of Greengold Leasing. With the joint efforts of all staff of Greengold Leasing, the Group continued to carry out high-quality municipal environmental protection business in Nanhai District of Foshan City and China, and effectively managed relevant risks by strictly reviewing the financial leasing projects before leasing, selecting the best projects among the best and supervising the implementation of post-leasing management. Therefore, no bad debts have incurred so far. Thanks to our unremitting efforts, the operating income increased by 36.3% to approximately HK\$216,144,000 and the operating profit increased by 5.0% to approximately HK\$85,187,000 during the year.

INVESTMENTS IN PROPERTIES AND INDUSTRIAL PARKS

With its solid position in the property development and investment sector and by leveraging its experience in such fields, the Group is striving to develop the new energy industrial park in Danzao Town, Nanhai District, Foshan City, the PRC, which comprises production plant, pilot test base, research and development center and related supporting facilities. During the year, phase I project has been partially completed, with a leasable area of approximately 240,000 square meters. In 2021, the Group entered into plant lease agreements with 18 enterprises and completed relevant delivery works. As of 31 December 2021, the cumulative area actually delivered reached approximately 165,000 square meters, and the occupancy rate at the end of the year reached approximately 68.75% based on the leasable area. The Group will continue to strengthen business attraction, step up publicity and planning, identify relevant industry customers for investment attraction in a targeted manner and carefully select suitable customers. The Group will also control the proportion of various types of customers to establish a healthier industrial structure of the parks. Meanwhile, we will maintain full communication with the settled enterprises, strengthen the service awareness of our team, strictly supervise the quality of property management services, and effectively carry out supporting work and provide services for the settled enterprises. Accordingly, with the completion, delivery and commencement of operation of some factories and related supporting facilities, the operating income during the year amounted to approximately HK\$30,784,000.

In terms of rental income from other properties, rental income increased by 24.1% to approximately HK\$11,128,000 for the year as compared with the decreased rental income last year as a result of our rental concessions offered to some tenants suffering from the COVID-19 pandemic. Specifically, the overall occupancy rate of China Holdings Building rose to approximately 98.69%, contributing to an increase of 24.3% in rental income to approximately HK\$10,427,000 due to rental adjustment during the period. Shantou Commercial Plaza recorded a decreased by 58.7% in rental income year-on-year to approximately HK\$140,000 as the lease term was not renewed upon maturity in May 2021 and it did not secure new tenants. As for properties in Hong Kong, despite the rental reduction measures offered last year, the tenants terminated the lease in May 2020 ahead of expiration due to the impact of the pandemic, and leases with new tenants were not signed until November 2020, leading to an increase in rental income by 132.8% year-on-year to approximately HK\$561,000.

Based on the aforesaid operating results, the operating income from the business of investments in properties and industrial parks recorded an increase of 308.7% to approximately HK\$41,912,000 during the year, making the operating profit turn from loss to a profit of approximately HK\$20,104,000.

WELLNESS ELDERLY CARE BUSINESS

The Group will continue to develop a three-tier elderly care system comprising institutions, communities and households in Nanhai District. During the year, capitalizing on the reorganization of welfare center of Nanhai District, the Group took over Foshan City Nanhai District Taoyuan Nursing Home Company Limited (“Taoyuan Nursing Home”) and Foshan City Nanhai District Taoyuan Rehabilitation Hospital Co., Limited (“Taoyuan Rehabilitation Hospital”) in mid-May by virtue of entrusted management, thereby successfully extending the institutional elderly care services. Currently, Taoyuan Nursing Home and Taoyuan Rehabilitation Hospital have 990 nursing beds and 250 hospital beds, respectively. As of 31 December 2021, the occupancy rates of nursing beds and hospital beds were 98% and 77%, respectively. In addition, Jiujiang Taoyuan Nursing Home, which is under the Group’s entrusted management, temporarily suspended admission of new elderly residents last year due to the prevention and control of the pandemic, which affected the occupancy rate, and is currently open to accept application for nursing beds. As such, the occupancy rate of nursing beds has improved from only approximately 43% as of 31 December 2020 to approximately 60% as of 31 December 2021. In order to promote the further growth of institutional elderly care service leveraging the premium elderly model “integrating medical and care services”, and to cater for the nursing needs of Jiujiang Taoyuan Nursing Home which is under the Group’s entrusted management, the Group established the self-operated Foshan City Nanhai District Taoyuan Nursing Home Company Limited* (“Taoyuan Nursing Home”) and officially commenced private trial operation on 26 April 2021. As the bed occupation rate is temporarily low, no immediate benefit has been produced at this stage. In addition, the Group will continue to improve the elderly care environment and facilities, including the renovation and refurbishment of Comprehensive Services Building for the Disabled* (殘疾人綜合服務業務用房), also known as the Composite Building for the Disabled* (殘聯大樓), a 15-storey building with a gross floor area of 18,359 square metre situated in Luocun, Shishan Town, Nanhai District, Foshan City, Guangdong Province, the PRC for medical rehabilitation use so as to improve the facilities of Taoyuan Rehabilitation Hospital. The Group will also adjust elderly care services according to needs and optimize nursing services for the elderly, striving to achieve standardized, quality and brand-oriented operation. At present, welfare center of Nanhai District and Jiujiang Nursing Home have been rated as provincial “five-star” and “four-star” elderly care institutions. On the other hand, the Group will vigorously promote the upgrade of the Smart Elderly Care Services Platform, continue to introduce home-based elderly care service providers, innovate home-based elderly care service offerings, diversify product portfolios and simultaneously employ multiple channels to promote home-based elderly care business. The Group will also explore the operating model integrating home-based and community elderly care services through combining online and offline operations. For the year ended 31 December 2021, the wellness elderly care business recorded revenue of approximately HK\$77,754,000, representing a significant increase of 32.7 times as compared with last year, and turned operating loss into a slight operating profit of approximately HK\$2,876,000.

BIG DATA BUSINESS

The Group will continue to actively develop big data industry projects, focusing on special construction and qualification declaration, construction of existing projects, expansion of new projects and market-oriented business development. In 2021, the Group obtained the first national secondary node service license for industrial Internet logo analysis issued by the Guangdong Communications Administration, and received the honorary title of “2021 Science and Technology Small and Medium-sized Enterprise”* and won awards in the Foshan Industrial and Internet Security Staff Skills Competition*, evidencing our improving corporate image and market competitive strength. In terms of technology and industry research, the Group completed 4 patent applications and applied for a total of 5 patents, of which 2 have been granted. The Group also actively participated in the formulation of industry standards and the compilation of industry guidelines, with a view to creating a favourable industry environment. In terms of the marketisation of technology research and development, however, the Group’s scale of market-oriented operation of projects is still small. The Group shall further explore the breakthrough point of long-term operation, expand the scale of market-oriented operation and secure more excellent market-oriented operation projects to step up technology transformation efforts and continue to deepen the exploration of innovative applications and business models. It will not only proactively promote existing special projects, enrich business qualifications, and strengthen the establishment and management of existing projects, but also actively venture into new projects and continue to advance big data business with an emphasis on industrial Internet. Moreover, the Group will deepen the application and promotion of the industrial Internet identification analysis system, promote the construction of the industrial Internet security public service platform projects, explore the breakthrough point of market-oriented operation, focus on the open platform of Internet of Things and extend business presence into the fields of smart hospitals, smart energy and smart city and develop related products. During the year, despite the COVID-19 pandemic, the operating income increased by 23.7% year-on-year to approximately HK\$32,058,000, and the operating profit increased by 212.3% year-on-year to approximately HK\$5,955,000.

CIVIL EXPLOSIVES BUSINESS

The Group completed acquisition of Tiannuo in September 2020 and consolidated the results of the business of Tiannuo, facilitating the Group to improve its profitability and explore domestic civil explosives business. However, as Tiannuo is currently at the critical stage for technology upgrade and transformation, certain of its production lines have accordingly suspended operation, leading to a slump in production volume and in turn a substantial impact on sales activities. In addition, disposal and/or scrapping of existing fixed assets due to the transformation resulted in millions of one-off losses, which therefore incurred losses of HK\$12,048,000 to Tiannuo. Nevertheless, Tiannuo has completed all technical upgrading and transformation projects and trial production by the end of 2021, and some of the production lines have passed the acceptance and inspection. The Group expects that Tiannuo will significantly improve its future performance by carrying out such technological upgrade and modification, releasing excessive mixed assembly production capacity and effectively implementing corresponding cost-reduction reform measures.

HOTEL BUSINESS

As Guilin Plaza (“Guilin Plaza”) was deeply impacted by the COVID-19 pandemic in the past year, the hotel room sales business was suspended until late March 2020. Even after it resumed business, the operating results were not satisfactory as it continued to suffer from the repeated outbreaks of the pandemic. Due to numerous uncertainties in the prospects of the tourism market, recovery of guests from foreign markets was especially difficult, with most of the tourists coming from domestic markets. The hotel flexibly adjusted its customer mix through adopting flexible strategies, but its income was still deeply dented with an unsatisfactory occupancy rate. Although the occupancy rate undesirably fell by 3.78% to 40.41%, the average room rate increased by approximately 10.87% year-on-year, the operating income increased by 19.0% year-on-year to approximately HK\$12,131,000, and the operating loss narrowed by 18.7% year-on-year to approximately HK\$6,422,000.

PROFIT FROM INVESTMENTS IN ASSOCIATES

Due to the soaring unit price of raw coal, Changhai Power suffered an increase in cost. Even if the unit price of sales increased as compared with last year, it was not enough to fully offset the incremental cost, resulting in a significant decline in operating results in 2021. Accordingly, it recorded an operating profit of approximately HK\$80,273,000, contributing a profit of approximately HK\$25,361,000 to the Group, down by 62.6% year-on-year.

FINANCIAL POSITION AND ANALYSIS

As at 31 December 2021, the Group had total assets of HK\$8,299,701,000 (31 December 2020: HK\$6,105,371,000), total liabilities of HK\$6,107,245,000 (31 December 2020: HK\$4,117,039,000), a gearing ratio (being total liabilities divided by total assets) of 73.6% (31 December 2020: 67.4%), net assets of HK\$2,192,456,000 (31 December 2020: HK\$1,988,332,000), and equity attributable to owners of the Company per share of HK69.45 cents (31 December 2020: HK66.83 cents).

Notwithstanding that the Group had incurred net current liabilities of approximately HK\$48,709,000 as at 31 December 2021, the consolidated financial statements at 31 December 2021 have been prepared on a going concern basis as the Board is satisfied that the liquidity of the Group can be maintained in the coming year as up to the date of the consolidated financial statements authorised for issue, the Group obtained approval from bank for granting the bank facilities of USD90,000,000. On the other hand, the Group had bank balance and cash of HK\$526,837,000 (31 December 2020: HK\$798,263,000), are sufficient for capital requirements for future operation and new projects or business development of the Group.

PLEDGE OF ASSETS

As at 31 December 2021, properties of the Group for own use and investment, bank deposits, paid-up capital of a non-wholly owned subsidiary held by the Group and finance lease receivables with a carrying value of approximately HK\$4,073,813,000, in which approximately HK\$2,643,168,000 were pledged finance lease receivables, were pledged to banks as the security for the bank borrowings granted to the Group (31 December 2020: properties of the Group for own use and investment, bank deposits, paid-up capital of a non-wholly owned subsidiary held by the Group and finance lease receivables with a carrying value of approximately HK\$2,011,973,000, in which approximately HK\$1,211,168,000 were pledged finance lease receivables, 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 invested substantial borrowings into domestic wholly-owned subsidiaries in the Mainland whilst owning substantial RMB-denominated monetary assets, an exchange gain or loss will be recorded due to the appreciation or depreciation of RMB. It is expected that an increase or a decrease of approximately HK\$5,214,000 in the Group's profit for the year would be resulted if the exchange rate of RMB to HK dollars appreciates or depreciates by 5%. Due to the Sino-US trade war and the deterioration of Sino-US relations in recent years, the exchange rate of RMB against USD continuously weakened; however, China's economy began to recover vigorously after controlling the pandemic effectively while the global economy was staggered by the impact of the COVID-19 outbreak last year, stimulating the appreciation of RMB. As a result, an exchange gain of approximately HK\$17,308,000 was recorded last year, as compared to only approximately HK\$389,000 this year. In addition, the Board expects that USD will enter an interest rate hike cycle in 2022, and the war in Ukraine will lead to risk aversion, which will also have an incalculable impact on the exchange rate of USD and the RMB. Therefore, the Board believes that RMB will be immensely affected by Sino-US relations, pandemic developments, USD interest rate hike cycle and developments of the Ukraine war in the short term, the path of which is hard to predict, but in the long run, it is expected that RMB will remain stable and will not expose the Group to significant and long term adverse foreign exchange risk. Accordingly, it is not necessary for the Group to hedge against foreign exchange risk for the time being.

OUTLOOK

Although the Group faces the impact of economic uncertainty worldwide and in China brought about by epidemic rebounds, coupled with the fact that the economic sanctions against Russia triggered by the war in Ukraine in early 2022 are expected to impact the global economy and bring more uncertainties, the Group will continue to proactively adjust business layouts based on market trends to rise to potential challenges ahead and navigate through adversities. With experience accumulated during the course of transformation and upgrade over past years, the Group will strive to constantly enhance its business activities, and steadily develop wellness elderly care, financial leasing, industrial parks/property investment, big data and civil explosives businesses. The year of 2021 marked a breakthrough year for the wellness elderly care business. Capitalizing on the reorganization of the welfare center of Nanhai District, the Group took over Taoyuan Welfare Center and Taoyuan Rehabilitation Hospital by virtue of entrusted management, thereby not only successfully extending the institutional elderly care services, but also fully gaining the recognition and support of the People's Government of Nanhai District for the Group's elderly care business. In the context of the "national strategy of proactively addressing population aging" proposed in the Outline of the 14th Five-Year Plan (2021-2025) for National Economic and Social Development, and the Long-Range Objectives Through the Year 2035*, Nanhai District attaches great importance to the elderly care efforts, and will focus on the construction and improvement of the elderly care service system. It is believed that, on top of taking over and operating the welfare center of Nanhai District and Jiujiang Nursing Home, the Group can further take the initiative to expand cooperation with the towns (sub-districts) under the People's Government of Nanhai District. Regarding Nanhai as the core, the Group will establish business presence in Foshan and achieve radiative effect on Guangdong, aiming to build a first-class wellness elderly care industry investment group in the Greater Bay Area. The Group will continue to develop a three-tier elderly care system comprising institutions, communities and households, and strive to build "Taoyuan" wellness elderly care brand as the industry benchmark through the premium elderly model of "integrating medical and care services", thereby developing the wellness elderly care business into the core business of the Group. In terms of the financial leasing business, despite the challenges posed by ever-intensifying market competition and volatile COVID-19 pandemic, the Group will continue to "abide by the general strategy of focusing on stability while seeking progress", stick to the direction of professionalism in green environmental protection financial leasing, and comprehensively build up the core competitiveness of financial leasing in the environmental protection segment, striving to grow into a leading environmental-friendly finance leasing company in China. The Group will continue to carry out the marketing of state-owned enterprises, municipal environmental protection and green energy projects in Foshan and various districts, and selectively develop high-quality environmental protection and green energy projects commissioned by state-owned enterprises and municipal government in the Greater Bay Area and the Pan-Pearl River Delta region, while continuously diversifying financing channels, including equity and debt financing, aiming to enhance the financial strength of the financial leasing business so as to meet the capital needs for future business development. In respect of the property and industrial park business, building on its solid foundation in the property development and investment sector and leveraging its experience in such fields, the Group will continue to focus on developing the new energy industrial park in Danzao Town,

Nanhai District, Foshan City, China, by rapidly completing all construction and acceptance works for the first phase of the project, so that it can be rented and delivered for use. At the same time, the Group will continue to increase its investment and promotion efforts, progressively introduce enterprises to settle in, maintain full communication with the settled enterprises, strengthen the service awareness of the team, and strictly supervise the quality of property management services. In addition, the Group will effectively provide support and services to the settled enterprises to generate stable rental income and related incomes for the Group, aiming to develop it into one of the main sources of stable profit for the Group as soon as practical. In terms of big data business, by taking advantages of the opportunities arising from the new smart city construction plan in Nanhai District, the Group will continue its development efforts in the big data industry projects, and actively carry out project operation and derivative business development from the perspective of marketization, endeavor to secure new projects, explore new markets and ensure rapid overall business growth, thereby creating a growth engine to our profitability in the future. In terms of civil explosives business, Tiannuo will earnestly complete technological upgrade and transformation as soon as practicable, increase its revenue by releasing excessive mixed assembly production capacity, and proactively adopt cost reduction measures to substantially improve its future performance and contribute steady revenue streams to the Group in future. In addition, the Group will aggressively explore opportunities to carry out investment and M&A of biopharmaceutical and high-tech enterprises or projects to seek leapfrog development of the business of the Company, thereby delivering good returns to the shareholders of the Company.

EMPLOYEES

The total number of employees of the Group is approximately 946 (31 December 2020: 527). The remuneration of the employees of the Group is determined on the basis of performance and responsibility of the employees. The Group provides education allowances to the employees.

DIVIDEND

The Directors resolved not to recommend or declare payment of any dividend for the year ended 31 December 2021 (2020: Nil).

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

During the year ended 31 December 2021, neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the Company's listed shares.

CORPORATE GOVERNANCE

The Company puts great emphasis on corporate governance which is reviewed and strengthened on a continued basis. The Company has adopted all the code provisions under the Corporate Governance Code (“the Code”) as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) as its own code on corporate governance practice. For the year ended 31 December 2021, the Company has complied with all the code provisions that were in force under the Code, except the deviation from code provision A.2.1 as set out below.

According to the code provision A.2.1 of the Code, the roles of the chairman and chief executive (i.e. managing director) should be separate and should not be performed by the same individual.

During the year, the roles of the chairman of the Board and the managing Director were performed concurrently by Mr. He Xiangming during the period from 5 September 2020 to 1 October 2021. The Board believed that the balance of power and authority for the then arrangement was not impaired and the then arrangement enabled the Company to make and implement decisions promptly and efficiently. With effect from 1 October 2021, Mr. Fu Weiqiang was appointed as the managing Director in place of Mr. He Xiangming and Mr. He Xiangming remains as the chairman of the Board. Thereafter, Mr. He Xiangming no longer performed the roles of the chairman of the Board and the managing Director concurrently. This arrangement brought the Company back to conformity with the Code Provision A.2.1 of the CG Code.

CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuer (“the Model Code”) set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by Directors. On specific enquiry made, all Directors have confirmed that, in respect of the year ended 31 December 2021, they have complied with the required standard as set out in the Model Code.

AUDIT COMMITTEE

The audit committee comprising the three independent non-executive Directors has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, risk management, internal control and financial reporting matters including a general review of the audited consolidated financial statements for the year ended 31 December 2021.

SCOPE OF WORK OF HLM CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2021 as set out in this announcement have been agreed by the Group's auditor, HLM CPA Limited to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by HLM CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by HLM CPA Limited on this announcement.

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

Hong Kong, 30 March 2022

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

* For identification purpose only