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 2022

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 2022 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2022

	Notes	Six months ended 30 June **2022** ***HK$'000*** **(unaudited)**	 2021 *HK$'000* (unaudited)
Continuing operations			
Revenue	*3*	**353,747**	205,207
Cost of sales and services		**(221,308)**	(127,194)
Gross profit		**132,439**	78,013
Other operating income	*5*	**69,208**	36,147
Selling and distribution costs		**(5,946)**	(4,295)
Administrative expenses		**(112,164)**	(91,674)
Share of profit of an associate		**8,379**	31,590
Increase in fair value of financial assets at fair value through profit or loss		**41,838**	–
Finance costs	*6*	**(62,992)**	(50,623)
Profit/(loss) before taxation		**70,762**	(842)
Income tax expenses	*7*	**(24,183)**	(12,254)
Profit/(loss) for the period from continuing operations		**46,579**	(13,096)
Discontinued operation			
(Loss)/profit for the period from discontinued operation		**(4)**	3
Profit/(loss) for the period	*8*	**46,575**	(13,093)

* *For identification purpose only*

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

For the six months ended 30 June 2022

	Note	Six months ended 30 June 2022	2021
		HK$'000	HK$'000
		(unaudited)	(unaudited)
Other comprehensive (expenses)/income, net of income tax			
Items that may be reclassified subsequently to profit or loss:			
Exchange difference arising on translation of foreign operations		**(110,255)**	23,873
Share of exchange difference of an associate		**(25,648)**	6,882
Other comprehensive (expenses)/income for the period, net of income tax		**(135,903)**	30,755
Total comprehensive (expenses)/income for the period		**(89,328)**	17,662
Profit/(loss) for the period attributable to:			
Owners of the Company		**12,916**	(15,471)
Non-controlling interests		**33,659**	2,378
		46,575	(13,093)
Total comprehensive (expenses)/income for the period attributable to:			
Owners of the Company		**(76,277)**	5,970
Non-controlling interests		**(13,051)**	11,692
		(89,328)	17,662
Earnings/(loss) per share	*10*		
From continuing and discontinued operations			
Basic		**HK0.75 cents**	(HK0.90 cents)
Diluted		**HK0.75 cents**	(HK0.90 cents)
From continuing operations			
Basic		**HK0.75 cents**	(HK0.90 cents)
Diluted		**HK0.75 cents**	(HK0.90 cents)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2022

	Notes	30 June 2022 HK$'000 (unaudited)	31 December 2021 HK$'000 (audited)
Non-current assets			
Investment properties		**1,021,922**	774,554
Property, plant and equipment		**1,174,191**	1,419,433
Goodwill		**131,755**	136,530
Interests in an associate		**538,757**	556,026
Financial assets at fair value through profit or loss		**100,740**	8,187
Finance lease receivables	*12*	**2,549,813**	2,453,338
Rental deposits		**5,881**	5,855
Right-of-use assets	*11*	**953,557**	1,016,208
Deferred tax assets		**8,845**	7,014
Deductible value added tax		**51,017**	56,100
		6,536,478	6,433,245
Current assets			
Properties held for sale		**4,600**	4,600
Inventories		**8,884**	9,900
Financial assets at fair value through profit or loss		**–**	54,868
Finance lease receivables	*12*	**914,987**	777,069
Trade and other receivables	*13*	**149,382**	143,764
Pledged bank deposits		**6,373**	349,418
Cash and bank balance		**1,286,723**	526,837
		2,370,949	1,866,456
Current liabilities			
Trade and other payables	*14*	**189,920**	175,787
Tax payables		**19,124**	21,893
Deferred tax liabilities		**40,892**	43,073
Deposits received from customers	*12*	**6,370**	11,626
Lease liabilities	*11*	**53,572**	52,708
Borrowings	*15*	**1,737,673**	1,610,078
		2,047,551	1,915,165
Net current assets/(liabilities)		**323,398**	(48,709)
Total assets less current liabilities		**6,859,876**	6,384,536

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

At 30 June 2022

	Notes	30 June 2022 HK$'000 (unaudited)	31 December 2021 HK$'000 (audited)
Capital and reserves			
Share capital		**171,233**	171,233
Reserves		**941,815**	1,018,056
Equity attributable to owners of the Company		**1,113,048**	1,189,289
Non-controlling interests		**1,065,851**	1,003,167
Total equity		**2,178,899**	2,192,456
Non-current liabilities			
Borrowings	*15*	**3,126,317**	2,626,041
Convertible notes		**139,644**	132,644
Deferred income		**255,437**	214,154
Deferred tax liabilities		**15,543**	15,162
Deposits received from customers	*12*	**125,279**	120,999
Lease liabilities	*11*	**1,018,757**	1,083,080
		4,680,977	4,192,080
		6,859,876	6,384,536

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

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 and 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 2021.

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 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 2022 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2021.

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

The adoption of the revised HKFRSs has 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 new or revised HKFRSs that have been issued but are not yet effective.

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, 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 and consultancy fee income for services provided to outsiders during the period.

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

	Six months ended 30 June	
	2022	2021
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
		(restated)
Continuing operations		
Revenue from contracts with customers recognised at a point in time:		
Construction of platform and operating income from big data business	**296**	9,697
Consultancy service income from financial leasing	**46,401**	24,724
Sales of emulsion explosives	**78,636**	62,386
Logistics income from civil explosives business	**5,097**	6,018
Operating income from industrial parks and property development	**5,027**	2,361
Operating income from wellness elderly care business *(Note i)*	**22,276**	6,312
Other operating income from hotel operation	**532**	342
	158,265	111,840
Revenue from contracts with customers recognised over time:		
Technical service income from big data business	**4,542**	10,097
Income on explosives engineering from civil explosives business	**2,687**	–
Service income from wellness elderly care business *(Note ii)*	**29,576**	1,575
Service income from hotel operation	**811**	3,177
Service income from industrial parks and property development	**2,306**	–
	39,922	14,849
Revenue from other sources:		
Rental income from hotel property	**2,443**	2,511
Rental income from industrial parks and property development	**33,046**	2,565
Rental income from investment properties and properties held for sale	**5,588**	5,633
Interest income from financial leasing	**114,483**	67,809
	155,560	78,518
	353,747	205,207

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

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

4. SEGMENT INFORMATION (Continued)

Segment information about these operations is presented below:

	Segment Revenue		Segment Result	
	Six months ended 30 June		Six months ended 30 June	
	2022	2021	**2022**	2021
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
		(restated)		(restated)
Big data business	**4,838**	19,794	**(869)**	1,780
Civil explosives business	**86,420**	68,404	**8,189**	(9,818)
Financial leasing	**160,884**	92,533	**60,537**	35,560
Hotel operation	**3,786**	6,030	**(4,586)**	(3,221)
Industrial parks and property development	**40,379**	4,926	**24,279**	(23,144)
Property investments	**5,588**	5,633	**320**	2,503
Wellness elderly care business	**51,852**	7,887	**(15,476)**	(4,260)
Total	**353,747**	205,207	**72,394**	(600)
Bank interest income			**4,455**	3,679
Finance costs (excluding interest on lease liabilities)			**(35,484)**	(23,356)
Increase in fair value of financial assets at fair value through profit or loss			**41,838**	–
Net central administration cost			**(11,015)**	(10,701)
Net exchange (loss)/gain			**(7,149)**	542
Professional fee			**(2,656)**	(1,996)
Share of profit of an associate			**8,379**	31,590
Profit/(loss) before taxation			**70,762**	(842)
Income tax expenses			**(24,183)**	(12,254)
Profit/(loss) for the period			**46,579**	(13,096)

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 2021: Nil).

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

4. SEGMENT INFORMATION (Continued)

Segment assets and liabilities

	30 June 2022 *HK$'000* **(unaudited)**	31 December 2021 *HK$'000* (audited)
Segment assets		
Continuing operations		
Big data business	**19,674**	24,098
Civil explosives business	**427,755**	444,366
Financial leasing	**3,500,194**	3,260,087
Hotel operation	**132,474**	138,233
Industrial parks and property development	**2,477,659**	2,479,546
Property investments	**299,808**	355,306
Wellness elderly care business	**46,840**	31,414
Total segment assets	**6,904,404**	6,733,050
Pledged bank deposit	**6,373**	349,418
Cash and bank balance	**1,286,723**	526,837
Interests in an associate	**538,757**	556,026
Financial assets at fair value through profit or loss	**100,740**	63,055
Other unallocated assets	**70,316**	71,190
	8,907,313	8,299,576
Assets relating to discontinued operation	**114**	125
Consolidated assets	**8,907,427**	8,299,701
Segment liabilities		
Continuing operations		
Big data business	**13,208**	19,186
Civil explosives business	**121,853**	121,889
Financial leasing	**3,185,028**	2,913,635
Hotel operation	**2,458**	2,648
Industrial parks and property development	**2,124,934**	1,844,354
Property investments	**97,472**	110,370
Wellness elderly care business	**49,090**	37,548
Total segment liabilities	**5,594,043**	5,049,630
Convertible notes	**139,644**	132,644
Borrowings	**947,748**	877,706
Other unallocated liabilities	**45,996**	46,163
	6,727,431	6,106,143
Liabilities relating to discontinued operation	**1,097**	1,102
Consolidated liabilities	**6,728,528**	6,107,245

4. SEGMENT INFORMATION (Continued)

Other segment information

For the six months ended 30 June 2022

Continuing operations

	Big data business *HK$'000* (unaudited)	Civil explosives *HK$'000* (unaudited)	Financing leasing *HK$'000* (unaudited)	Hotel operation *HK$'000* (unaudited)	Industrial parks and property development *HK$'000* (unaudited)	Property investments *HK$'000* (unaudited)	Wellness elderly care business *HK$'000* (unaudited)	Total *HK$'000* (unaudited)
Depreciation of property, plant and equipment	726	8,840	371	4,726	4,262	1,395	1,307	21,627
Depreciation of right-of-use assets	–	25	–	–	16,675	–	–	16,700
Additions to property, plant and equipment	38	6,573	420	13	108,914	594	3,045	119,597
Additions to property, plant and equipment upon acquisition of a subsidiary	–	190	–	–	–	–	–	190
Loss on disposal of property, plant and equipment	–	–	–	33	–	670	–	703
Allowance for expected credit losses on finance lease receivables	–	–	8,873	–	–	–	–	8,873

For the six months ended 30 June 2021 (Restated)

Continuing operations

	Big data business *HK$'000* (unaudited)	Civil explosives *HK$'000* (unaudited)	Financing leasing *HK$'000* (unaudited)	Hotel operation *HK$'000* (unaudited)	Industrial parks and property development *HK$'000* (unaudited)	Property investments *HK$'000* (unaudited)	Wellness elderly care business *HK$'000* (unaudited)	Total *HK$'000* (unaudited)
Depreciation of property, plant and equipment	437	6,959	486	4,779	575	1,379	820	15,435
Depreciation of right-of-use assets	–	93	–	–	16,555	–	–	16,648
Additions to property, plant and equipment	71	12,229	1	93	294,555	231	2,615	309,795
Loss on disposal of property, plant and equipment	–	8,814	–	4	–	–	–	8,818
Allowance for expected credit losses on finance lease receivables	–	–	4,928	–	–	–	–	4,928

4. SEGMENT INFORMATION (Continued)

Geographic Segments

The Group's big data business, civil explosive 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 customer		Non-current assets*	
	Six months ended 30 June		30 June	31 December
	2022	2021	2022	2021
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(unaudited)	(unaudited)	(unaudited)	(audited)
The PRC	**353,459**	204,934	**2,109,039**	1,970,946
Hong Kong	**288**	273	**18,505**	19,505
	353,747	205,207	**2,127,544**	1,990,451

* *Non-current assets excluded deductible value added tax, goodwill, financial assets at fair value through profit or loss, finance lease receivables, interest in an associate, 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	
	2022	2021
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Continuing operations		
Bank interest income	**4,455**	3,679
Compensation and government subsidies received		
– Direct government grant	**243**	4,091
– Recognition of deferred income	**54,398**	26,067
Income from emulsion matrix production capacity	**2,051**	–
Interest income from rental deposits	**302**	122

6. FINANCE COSTS

	Six months ended 30 June	
	2022	2021
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Continuing operations		
Handling fee	**1,158**	–
Effective interest on the following:		
– Bank loans	**22,211**	11,933
– Convertible notes	**7,000**	6,467
– Lease liabilities	**27,508**	27,267
– Loan from immediate holding company	**2,283**	1,358
– Loan from a non-controlling interest	**717**	1,477
– Other loans	**2,115**	2,121
	62,992	50,623

7. INCOME TAX EXPENSES

	Six months ended 30 June	
	2022	2021
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Continuing operations		
Tax charges comprise:		
Current tax:		
Provision for PRC Enterprise Income Tax	**23,617**	11,788
Under provision in previous year:		
Provision for PRC Enterprise Income Tax	**1,899**	1,475
Deferred tax:		
Temporary differences arising in current period	**(1,333)**	(1,009)
	24,183	12,254

Hong Kong profits tax is calculated at the rate of 16.5% (six months ended 30 June 2021: 16.5%) on the estimated assessable profits for the six months ended 30 June 2022, 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 2022 (six months ended 30 June 2021: Nil).

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

8. PROFIT/(LOSS) FOR THE PERIOD

	Six months ended 30 June	
	2022	2021
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Continuing operations		
Profit/(loss) for the period has been arrived at after crediting/(charging):		
Auditor's remuneration		
Audit service	**(800)**	(800)
Non-audit service	**(100)**	–
Depreciation of property, plant and equipment	**(22,878)**	(16,685)
Depreciation of right-of-use assets	**(16,700)**	(16,648)
Net loss on disposal of property, plant and equipment	**(703)**	(8,790)
Net exchange (loss)/gain	**(7,149)**	542
Operating lease charges	**(152)**	(65)
Allowance for expected credit losses on finance lease receivables	**(8,873)**	(4,928)
Allowance for expected credit losses on trade receivables	**–**	(138)
Cost of inventories recognised as expense	**(100,324)**	(47,671)
Total staff costs		
Director's emoluments	**(2,611)**	(1,953)
Other staff costs	**(84,472)**	(46,019)
Retirement benefit schemes contributions for other staffs	**(5,452)**	(3,354)
Termination benefits	**(22)**	–
	(92,557)	(51,326)
Gross rental income from investment properties	**34,706**	7,628
Less: Direct operating expenses from investment properties that generated rental income during the period	**(181)**	(35)
Direct operating expenses from investment properties that did not generated rental income during the period	**(1,044)**	(922)
	33,481	6,671

9. DIVIDEND

The Board does not declare an interim dividend for the six months ended 30 June 2022 (six months ended 30 June 2021: Nil).

10. EARNINGS/(LOSS) PER SHARE

The calculation of the basic and diluted earnings/(loss) per share is based on the profit attributable to the owners of the Company of approximately HK$12,916,000 (six months ended 30 June 2021: loss of HK$15,471,000) and on the number of 1,712,329,142 ordinary shares (six months ended 30 June 2021: 1,712,329,142 ordinary shares) in issue during the period.

For the six months ended 30 June 2022 and 2021, no dilutive earnings/(loss) per share has been presented as the exercise of the convertible notes would have an anti-dilutive effect on the basic earnings/(loss) per share.

11. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

Right-of-use assets

	30 June 2022	31 December 2021
	HK$'000	*HK$'000*
	(unaudited)	(audited)
At the beginning of the period/year	**1,016,208**	1,014,500
Addition	**–**	69
Disposal	**(55)**	–
Depreciation provided during the period/year	**(16,700)**	(33,459)
Adjustment on rental deposit	**–**	2,063
Exchange difference	**(45,896)**	33,035
At the end of the period/year	**953,557**	1,016,208

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 2022	31 December 2021
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Maturity analysis		
– Contractual undiscounted cash flows:		
Within one year	**53,572**	52,708
Over one year but less than two years	**53,503**	56,099
Over two years but less than three years	**54,113**	56,063
Over three year but less than five years	**115,344**	117,133
Over five years	**1,991,626**	2,134,733
Total undiscounted lease liabilities at the end of the period/year	**2,268,158**	2,416,736
Less: Total future interest expenses	**(1,195,829)**	(1,280,948)
	1,072,329	1,135,788
Analysed as:		
Current	**53,572**	52,708
Non-current	**1,018,757**	1,083,080
At the end of period/year	**1,072,329**	1,135,788

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

Amounts recognised in the condensed consolidated statement of financial position

	30 June 2022	31 December 2021
	HK$'000	*HK$'000*
	(unaudited)	(audited)
At the beginning of the period/year	**1,135,788**	1,092,676
Addition	**–**	69
Interest charged to profit or loss	**27,508**	55,234
Payment during the period/year	**(39,407)**	(48,515)
Disposal	**(56)**	–
Exchange difference	**(51,504)**	36,324
At the end of the period/year	**1,072,329**	1,135,788

12. FINANCE LEASE RECEIVABLES

	30 June 2022	31 December 2021
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Analysed as:		
Current	**914,987**	777,069
Non-current	**2,549,813**	2,453,338
	3,464,800	3,230,407

12. FINANCE LEASE RECEIVABLES (Continued)

	Minimum lease receivables		Present value of minimum lease receivables	
	30 June 2022	31 December 2021	**30 June 2022**	31 December 2021
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(unaudited)	(audited)	**(unaudited)**	(audited)
Finance lease receivables comprise:				
Within one year	**1,118,816**	967,370	**914,987**	777,069
Over one year but less than two years	**1,047,241**	1,038,634	**908,984**	902,321
Over two years but less than five years	**1,809,265**	1,702,841	**1,675,891**	1,572,212
Over five years	**322**	7,046	**318**	6,863
	3,975,644	3,715,891	**3,500,180**	3,258,465
Less: Unearned finance income	**(475,464)**	(457,426)	**N/A**	N/A
Present value of minimum lease payment receivables	**3,500,180**	3,258,465	**3,500,180**	3,258,465
Less: Allowance for expected credit losses	**(35,380)**	(28,058)	**(35,380)**	(28,058)
	3,464,800	3,230,407	**3,464,800**	3,230,407

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

	30 June 2022	31 December 2021
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Balance at the beginning of the period/year	**28,058**	17,452
Allowance for expected credit losses recognised	**8,873**	9,847
Exchange difference	**(1,551)**	759
Balance at the end of the period/year	**35,380**	28,058

All leases are denominated in RMB. The terms of the finance leases range from less than 1 year to 6 years (31 December 2021: less than 1 year to 6 years). The effective interest rate of the finance leases range from 4.98% to 11.50% per annum (31 December 2021: 4.98% to 11.50% per annum).

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

12. FINANCE LEASE RECEIVABLES (Continued)

The finance lease receivables are secured by the leased assets, mainly leased plant and machinery, as at 30 June 2022. The Group is not permitted to sell, or repledge the collaterals of the finance lease receivables without consent from the lessees in the absence of default by the lessees.

Security deposits received from customers as at 30 June 2022 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$131,649,000 (31 December 2021: HK$132,625,000) have been received by the Group, in which deposits of HK$6,370,000 (31 December 2021: HK$11,626,000) were classified as current liabilities and the balances were classified as non-current liabilities, based on the final lease installment due date stipulated in the finance lease agreements. All deposits are non-interest bearing.

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 date at the end of the reporting period:

	30 June 2022	31 December 2021
	HK$'000	*HK$'000*
	(unaudited)	(audited)
0-60 days	**41,686**	33,719
61-90 days	**4,387**	3,217
91-120 days	**3,813**	3,277
Over 120 days	**12,800**	6,620
Trade receivables	**62,686**	46,833
Other receivables *(Note i)*	**86,696**	96,931
	149,382	143,764

Note i: It includes deductible value added tax, dividend receivables, interest receivables from financial leasing business, and prepayments.

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 2022	31 December 2021
	HK$'000	*HK$'000*
	(unaudited)	(audited)
0-60 days	**10,116**	32,680
61-90 days	**731**	330
91-120 days	**101**	1,329
Over 120 days	**16,928**	6,290
Trade payables	**27,876**	40,629
Other payables	**162,044**	135,158
	189,920	175,787

Other payables included the following items:

	30 June 2022	31 December 2021
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Contract liabilities *(Note iii)*	**558**	588
Deposits received from customers	**24,896**	23,929
Receipts in advance	**19,089**	14,954
Other tax payable *(Note i)*	**22,600**	19,162
Staff salaries and welfare	**24,809**	45,196
Provision for termination benefits	**8,643**	9,057
Dividend payable	**25,396**	–
Others *(Note ii)*	**36,053**	22,272
	162,044	135,158

Note:

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

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

14. TRADE AND OTHER PAYABLES (Continued)

Notes: (Continued)

iii. Movements of contract liabilities are as follows:

	30 June 2022	31 December 2021
	HK$'000	*HK$'000*
	(unaudited)	(audited)
At the beginning of the period/year	**588**	4,224
Decrease in contract liabilities as a result of recognising revenue during the period/year that was included in the contract liabilities at the beginning of the period/year	**(482)**	(4,581)
Increase in contract liabilities during the period/year	**478**	928
Exchange difference	**(26)**	17
At the end of the period/year	**558**	588

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

15. BORROWINGS

	30 June 2022	31 December 2021
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Asset-backed securities *(Note a)*	**428,162**	471,225
Bank loans *(Note b)*	**3,678,239**	3,180,632
Loan from immediate holding company *(Note c)*	**136,000**	136,000
Loan from non-controlling interests *(Note d)*	**30,254**	31,655
Other bonds *(Note e)*	**351,288**	147,239
Other loans *(Note f)*	**240,047**	269,368
	4,863,990	4,236,119
Secured	**4,127,885**	3,654,972
Unsecured	**736,105**	581,147
	4,863,990	4,236,119
Carrying amount repayable:		
Within one year	**1,737,673**	1,610,078
Over one year but less than two years	**782,702**	758,706
Over two years but less than five years	**1,799,606**	1,632,250
Over five years	**544,009**	235,085
	4,863,990	4,236,119
Analysed as:		
Current liabilities	**1,737,673**	1,610,078
Non-current liabilities	**3,126,317**	2,626,041
	4,863,990	4,236,119

During the period, the Group settled borrowings amounting to HK$1,586,717,000 (year ended 31 December 2021: HK$788,833,000).

15. BORROWINGS (Continued)

Notes:

(a) At 30 June 2022, Asset-backed Securities ("ABS") amounted to HK$428,162,000 (31 December 2021: HK$471,225,000) are fixed rate borrowings which carry effective interest rates ranging from 6.05% to 6.07% (31 December 2021: 6.05% to 6.07%) per annum.

(b) At 30 June 2022, bank loans amounted to HK$2,326,119,000 (31 December 2021: HK$2,646,377,000) are variable-rate borrowings which carry effective interest rates ranging from 1.99% to 5.75% (31 December 2021: 1.42% to 6.18%) per annum. The remaining bank loans amounted to HK$1,352,120,000 (31 December 2021: 534,255,000) are fixed rate borrowings which carry effective interest rates ranging from 3.55% to 6% (31 December 2021: from 4.05% to 7.50%) per annum.

(c) At 30 June 2022, loan from immediate holding company amounted to HK$136,000,000 (31 December 2021: HK$136,000,000) are fixed rate borrowings which carry effective interest rates ranging from 3% to 4% (31 December 2021: 3% to 4%) per annum.

(d) At 30 June 2022, loan from non-controlling interests amounted to HK$29,274,000 (31 December 2021: HK$30,675,000) are variable rate borrowings which carry effective interest rate at 4.75% (31 December 2021: 4.75%) per annum. The remaining loan from non-controlling interests amounted to HK$980,000 (31 December 2021: HK$980,000) are fixed rate borrowings which carry effective interest rate at 4.65% (31 December 2021: 4.65%) per annum.

(e) At 30 June 2022, other bonds amounted to HK$351,288,000 (31 December 2021: HK$147,239,000) is fixed rate borrowing which carries effective interest rate ranging from 6% to 6.50% (31 December 2021: 6%) per annum.

(f) At 30 June 2022, several loans of other loans amounted to HK$46,838,000 (31 December 2021: HK$49,080,000) are variable-rate borrowings which carry effective interest rate at 5.23% (31 December 2021: 5.23%) per annum. The remaining loans of other loans amounted to HK$193,209,000 (31 December 2021: HK$220,288,000) are fixed rate borrowings which carry effective interest rates ranging from 4.75% to 6.30% (31 December 2021: 5.73% to 6.30%) per annum.

At 30 June 2022 and 31 December 2021, certain borrowings of the Group are secured by investment properties, property, plant and equipment, pledged bank deposit, pledged lease receivables, pledged paid-up capital of a non-wholly owned subsidiary and future rental receivables.

15. BORROWINGS (Continued)

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

	30 June 2022	31 December 2021
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Hong Kong Dollars	**207,334**	212,017
Renminbi	**3,950,391**	3,357,433
USD	**706,265**	666,669
	4,863,990	4,236,119

16. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current period's presentation.

17. EVENT AFTER REPORTING PERIOD

On 5 July 2022, Canton Greengold Financial Leasing Ltd. ("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 a consideration of RMB100,000,000 (equivalent to approximately HK$117,100,000), which would be leased back to the company for its own use and possession for a term of 53 months. Further details of the finance lease are set out in the Company's announcement dated 5 July 2022.

On 6 July 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 a consideration of RMB50,000,000 (equivalent to approximately HK$58,450,000), which would be leased back to another company for its use and possession for a term of 5 years. Further details of the finance lease are set out in the Company's announcement dated 6 July 2022.

On 12 August 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 a consideration of RMB50,000,000 (equivalent to approximately HK$58,100,000), which would be leased back to the company for its use and possession for a term of 5 years. Further details of the finance lease are set out in the Company's announcement dated 12 August 2022.

RESULTS

BUSINESS REVIEW

Leveraging the restructuring of the welfare center of Nanhai District, Foshan City Nanhai District Taoyuan Welfare Center Co, Limited. ("Taoyuan Welfare Center") and Foshan City Nanhai District Taoyuan Rehabilitation Hospital Co., Limited. ("Taoyuan Rehabilitation Hospital"), the wholly-owned subsidiaries of the Group, took over the operation of the assets of the Welfare Centre of Nanhai District in mid-May 2021, significantly boosting the operating income of our elderly care and wellness business, representing a year-on-year increase of approximately HK$43,965,000. Meanwhile, our financial leasing business continued to develop, boosting operating income by approximately HK$68,351,000. In addition, following the completion of the construction, delivery and operation the first phase of the new energy industrial park in Danzao Town, Nanhai District, Foshan City, the PRC ("Danzao Industry Park"), income such as rental income from the industrial park saw a continuous increase, significantly enhancing the operating income of our business in investments in properties and industrial parks by approximately HK$35,453,000. For the six months ended 30 June 2022, taking into account other factors, the Group recorded a total income of approximately HK$353,747,000, representing a substantial increase of 72.4% compared with that of last year.

Despite the increase in operating income from wellness elderly care business resulted from the operation of Taoyuan Welfare Center and Taoyuan Rehabilitation Hospital, the loss of wellness elderly care business widened to approximately HK$11,216,000, due to the fact that occupancy rate and outpatient services were affected by lockdown measures caused by repeated COVID-19 outbreaks and the failure to raise prices as expected. Moreover, the sharp rise in coal prices during the period resulted in a significant increase in costs and a decrease in profits for Nanhai Changhai Power Co., Ltd.* ("Changhai Power") which is owned as to 31.875% by the Group, so its profit attributable to the Group decreased substantially by approximately HK$23,211,000 as compared with the same period of last year. In addition, the United States has entered a rate hike cycle, pushing up interest rates, and the Company increased financing in line with business development needs and refinanced a sum of US$90,000,000, resulting in an increase of approximately HK$12,128,000 in finance costs such as interest expenses and refinancing bank charges. However, the growth in rental and other income after Phase 1 of the Danzao Industrial Park was completed and put into use, and the year-on-year increase in other income including government grants for the Danzao Industrial Park project which shall be included in profit or loss for the current period under Hong Kong Accounting Standards, contributed a total of HK$47,423,000 to profit. With the continuous development of its business, Greengold Leasing's profit contribution increased by approximately HK$24,977,000 compared with the same period of last year. In the first half of the year, the civil explosives business turned loss into profit and contributed an additional net profit of HK$18,007,000, as it did not need to carry out the disposal and/or scrapping of fixed assets due to transformation, and properly used the excess mixed assembly and detonating cord production capacity to increase income. In addition, the fair value of financial assets at fair value through profit or loss increased by approximately HK$41,838,000 in the first half of the year. Taking into account other factors, the Group was able to turning net loss of HK$13,093,000 for the corresponding period last year into net profit of approximately HK$46,575,000.

FINANCIAL LEASING BUSINESS

The financial leasing business mainly provides financial leasing and related consulting services in China. Financial leasing services are provided primarily through sale and leaseback arrangements, and the segment's main target customers are players in environmental protection sectors such as sewage treatment, waste incineration, new energy power generation, cogeneration, kitchen waste disposal, biogas power generation, solid waste treatment, etc. With the strategic goal to become a leading environment-friendly and professional financial leasing company in China, the Group continued to develop the subsectors of the municipal environmental protection industry, and seized opportunities arising from China's macro policy of "carbon peaking and neutrality" and green finance policy to target small and medium-sized enterprises, particularly those engaged in providing municipal environmental services. Specifically, the Group solicited customers through the E20 forum, local environmental protection associations and other platforms, referrals from existing customers, referrals from banks and business partners of the peers in the industry, and online marketing of management and business personnel. As a result, in the first half of the year, the operating income increased by 73.9% to approximately HK$160,884,000, 58% of which was contributed by customers in the environmental protection industry. In addition, the Group used finance lease receivables as collateral to raise funds by various means including bank financing and bond issuance to meet most capital needs of the financial leasing business (with the rest needs to be met with its own funds), and continuously diversified financing channels, including equity and debt financing, to enhance the financial strength of the financial leasing business. Despite the challenges from intensifying market competition and the impact of COVID-19, the financial leasing segment adhered to its strategic positioning and business vision, sought professional development while maintaining stability, and continued to develop high-quality municipal environmental protection business in Nanhai District of Foshan and across the country thorough the joint efforts of all employees of Greengold Leasing. Moreover, it carried out risk management including rigorous pre-lease review of financial leasing projects to select the best among the best, and conducted post-lease management and supervision to reduce the risk of bad debts. Thanks to such efforts, the segment recorded an operating profit of HK$60,537,000, a year-on-year increase of 70.2%.

INVESTMENTS IN PROPERTIES AND INDUSTRIAL PARKS

Based on the solid foundation of its property development and investment segment and its experience in the field, the Group is striving to develop the new energy industrial park in Danzao Town, Nanhai District, Foshan City, the PRC, which comprises a production plant, a pilot test base, a research and development hub and related supporting facilities. Phase 1 of the project has been basically completed, and the production plant and the pilot test base have been put into operation, with a leasable area of approximately 182,000 square meters and 117,000 square meters, respectively. The production plant still has 3,000 square meters yet to be completed. As of 30 June 2022, a total of 30 enterprises had settled in the production plant and the pilot test base, with a leased area of approximately 158,000 square meters and 31,000 square meters, representing an occupancy rate of approximately 87% and 26%, respectively. Other related supporting facilities have also been completed and put into use one after another. In the future, the Group will continue to step up efforts in investment promotion, publicity and planning and ensure the quality of property services, so as to increase the rental and operating income of the industrial park. Meanwhile, the Group will maintain good communication with the enterprises in the park, enhance the service awareness of the Company's team, strictly supervise the quality of property management services, and provide sufficient support and services for these enterprises. For the six months ended 30 June 2022, the industrial park and property development segment recorded an operating income of approximately HK$40,379,000, representing a substantial increase of about 7.2 times over the same period of last year, and an operating profit of approximately HK$24,279,000 as opposed to a loss for the same period of last year.

The rental income from other properties was HK$5,588,000, remaining flat compared to the same period of last year. As the self-occupied area of China Holdings Building was reduced to increase the leasable area, the occupancy rate would decline due to a larger base before the newly added leasable area is leased to new tenants. Moreover, some tenants terminated their leases during the period. As a result, its occupancy rate decreased by approximately 7.67% in the same period of last year to approximately 86.27%. Nevertheless, the adjustment of rent and the extra rental income brought by the lease of the newly added leasable area offset the impact of lease termination, enabling the rental income to remain flat at HK$5,300,000 compared to the same period of last year. In contrast, Shantou Commercial Plaza had no new tenants and rental income for the period, since the last tenant did not renew its lease upon expiration in mid-May last year. The rental income from properties in Hong Kong was approximately HK$288,000, remaining flat compared to the same period of last year.

ELDERLY CARE AND WELLNESS BUSINESS

The Group will continue to develop a three-tier elderly care system comprising institutions, communities and households in Nanhai District. In mid-May last year, the Group took over the operation of the assets of the Welfare Center of Nanhai District by means of entrusted management, leading to a substantial increase in the operating income of wellness elderly care business. For the six months ended 30 June 2022, the segment recorded an operating income of HK$51,852,000, representing a significant increase of 5.6 times over the same period of last year. However, in the first half of the year, in order to cope with repeated COVID-19 outbreaks, lockdown measures were implemented to protect the safety and health of nursing personnel and clients, which affected occupancy rate and outpatient services. Not only did they fail to recruit more elderly people as expected, but they also increased the check-out rate of self-care elderly people due to the impact of COVID-19 and lockdown measures. As a result, the average number of people living in Taoyuan Welfare Center in the first half of the year was approximately 941, representing an average occupancy rate of approximately 95%, a slight decline from approximately 98% as at the end of last year; the average number of people living in Foshan City Nanhai District Jiujiang Taoyuan Nursing Home ("Jiujiang Nursing Home") in the first half of the year was approximately 158, representing an average occupancy rate of approximately 60%, which remained flat compared to that as at the end of last year. In the first half of the year, the average occupancy rates of beds of Taoyuan Rehabilitation Hospital and Foshan City Nanhai District Company Limited, whose outpatient services were suspended during lockdown period, were 82% and 5%, respectively. Meanwhile, the progress of community service projects was affected to varying degrees due to the impact of COVID-19. Overall, the lingering COVID-19 pandemic compromised the operating income of the wellness elderly care business, but its operating costs and expenses did not decline due to COVID-19 and selling had not been raised as expected, resulting in a sharp decline in the operating profit of the wellness elderly care business. For the six months ended 30 June 2022, the segment's operating loss increased by 2.6 times to approximately HK$15,476,000, which is expected to change for the better in the second half of the year after COVID-19 eases.

BIG DATA BUSINESS

The Group will continue to vigorously develop big data business and promote business development and technology enhancement with a focus on increasing the scale of market-oriented operations. Guangdong Sinsing Technology Ltd.*, a wholly-owned subsidiary of the Group, was among the third batch of enterprises passing the national high-tech enterprise certification in the first half of the year, and won the gold medal in the finals of South China Division of the first National Industrial Internet Logo Application Innovation Competition and entered the national finals, thereby improving its corporate image and competitiveness. In terms of technology and industry research, the Group successfully obtained one patent, making the total number of patents to five. Yet, the existing projects ended one after another, while new project development progressed slowly due to repeated COVID-19 outbreaks. As the scale of market-oriented operations is still small, the Group needs to further expand cooperation channels to find more excellent market-oriented operation projects and increase market-oriented income, while strengthening the translation of technologies, deepening the exploration of innovative applications and business models, and improving the awareness of cost-effectiveness. In the first half of the year, the segment recorded a lower-than-expected operating income of HK$4,838,000, representing a substantial decrease of 75.6% from the same period of last year, and an operating loss of HK$869,000 as opposed to a profit for the same period of last year.

CIVIL EXPLOSIVES BUSINESS

In the first half of the year, Guangdong Tiannuo Investments Co., Ltd.* ("Tiannuo") faced dual pressures. On the one hand, due to a variety of factors, including COVID-19, restructuring of mines, shrinking real estate and infrastructure investment, and low-price competition from products of other provinces, the civil explosives market in Guangdong Province remained sluggish and saw a sharp drop in demand, resulting in worse-than-expected sales and a decrease in output. On the other hand, the substantial increase in the unit prices of raw materials led to an increase in unit cost. To cope with the headwinds, Tiannuo strengthened communication with key customers, and expanded the scope of services to provide one-stop services from supply guarantee to after-sales service and technical support in order to win the trust of customers. Moreover, Tiannuo raised product prices to cope with the increase in cost, and properly used excess mixed assembly and detonating cord production capacity to increase income. In order to increase the usage of mixed assembly capacity, the Group acquired a 51% stake in Zhaoqing Huaxin Blasting Engineering Co., Ltd. ("Huaxin") to expand blasting operations, thus enabling the mixed assembly capacity to release in blasting operations and generating synergy. In addition, last year's technological transformation of production lines resulted in the disposal and/or scrapping of existing fixed assets, which generated a one-off loss, but there was no such loss for the first half of this year. For the six months ended 30 June 2022, the segment not only saw an increase of 26.3% in operating income to approximately HK$86,420,000, but also recorded an operating profit of approximately HK$8,189,000 as opposed to a loss for the same period of last year.

* *For identification purpose only*

HOTEL BUSINESS

In the first half of the year, in order to strengthen the prevention and control of COVID-19, various localities took restrictive measures such as strictly controlling the flow of people, preventing people from gathering, and particularly, restrictions on inter-provincial travel and conferences, which had a lasting impact on the hotel industry and made it very difficult for the industry to operate normally. Until mid-June 2022 inter-provincial travel restrictions were gradually lifted, and the conference and group travel markets began to recover slowly. Guilin Plaza Hotel ("Guilin Plaza") took a series of response measures to cope with COVID-19 outbreaks, and made efforts to alleviate the impact of COVID-19 on hotel operations. Even though the hotel adjusted its customer mix using flexible strategies, concentrated on developing individual customers online and achieved certain results, strictly controlled expenditures and reduced costs and expenses, its income was still deeply dented. The occupancy rate dropped substantially by approximately 32.44% to only approximately 11.61% compared with the same period of last year, while the average room rate increased slightly by 3.2% compared with the same period of last year. As a result of these and other factors, the segment's operating income decreased significantly by 37.2% to HK$3,786,000 compared with the same period of last year, and operating loss widened by 42.4% to HK$4,586,000 compared with the same period of last year.

PROFIT FROM INVESTMENTS IN ASSOCIATES

Due to the surge in the unit price of raw coal, Changhai Power suffered a significant increase in cost, which could not be entirely offset even if the year-on-year unit sale price was higher, resulting in a significant year-on-year decrease in operating results. Accordingly, it recorded an operating profit of approximately HK$26,686,000 and contributed profit of approximately HK$8,379,000 representing a significant year-on-year decrease of 73.5%.

FINANCIAL POSITION AND ANALYSIS

As at 30 June 2022, the Group had total assets of HK$8,907,427,000 (31 December 2021: HK$8,299,701,000), total liabilities of HK$6,728,528,000 (31 December 2021: HK$6,107,245,000), a gearing ratio (being total liabilities divided by total assets) of 75.5% (31 December 2021: 73.6%), net assets of HK$2,178,899,000 (31 December 2021: HK$2,192,456,000), and equity per share attributable to owners of the Company of HK$65.00 cents (31 December 2021: HK$69.45 cents).

The Group had net current assets of HK$323,398,000 (31 December 2021: net current liabilities of HK$48,709,000), a current ratio (being current assets divided by current liabilities) of approximately 1.16 times (31 December 2021: 0.97 times) and the Group had bank balance and cash of HK$1,286,723,000 (31 December 2021: HK$526,837,000), sufficient for capital requirements for future operation and new projects or business development of the Group.

PLEDGE OF ASSETS

As at 30 June 2022, properties of the Group for own use and investment, bank deposits, beneficial interest in a subsidiary held by the Group and the carrying value of finance lease receivables amounted to approximately HK$3,333,413,000, with approximately HK$2,295,211,000 of finance lease receivables pledged to banks as the security for bank borrowings granted to the Group (31 December 2021: properties of the Group for own use and investment, bank deposits, beneficial interest in a subsidiary held by the Group and the carrying value of finance lease receivables amounted to approximately HK$4,073,813,000, with approximately HK$2,643,168,000 of finance lease receivables pledged to banks).

FOREIGN EXCHANGE EXPOSURE

The Group's main operating income and costs are denominated in RMB. In the business operation of the Group, foreign exchange fluctuation in income and costs would be mutually offset. However, as the Hong Kong-based Group has injected a substantial amount of current borrowings into domestic wholly-owned subsidiaries in Mainland China and held a huge amount of monetary assets denominated in RMB, an exchange gain or loss would arise from the appreciation or depreciation of RMB. It is expected that an increase or a decrease of approximately HK$2,589,000 in the Group's profit for the year would arise if the exchange rate of RMB to HKD appreciates or depreciates by 5%. Over the few past years, RMB constantly showed an upward trend and gradually became stable in the second half of 2008, starting to fluctuate upward and downward repeatedly. Due to the impact of the Sino-US trade war, deteriorating Sino-US relations and fluid epidemic dynamics in recent years, the exchange rate of RMB against USD fluctuated upward and downward repeatedly within a substantially widened band. While an exchange gain of approximately HK$542,000 was recorded in the corresponding period last year, the outbreak of the war between Russia and Ukraine in the first half of this year led to higher prices in fuel and food, etc. and aggravated inflation across the globe. The United States formally began its rate hike cycle to contain escalating inflation, boosting the appeal and relative strength of USD compared with other currencies. Although the adoption of pegged exchange rate by Hong Kong would alleviate the pressure of exchange loss in respect of HKD against USD, it would increase the risk of exchange loss arising from depreciation of RMB against HKD, resulting in an exchange loss of approximately HK$7,149,000 instead. Therefore, the Board believes that RMB will be immensely affected by the Sino-US relations, fluid epidemic dynamics, USD rate hike cycle and evolving war in Ukraine in the short term, the path of which is hard to predict, but in the long run, it is expected that RMB will remain stable and will not expose the Group to significant and long term adverse foreign exchange risk. Accordingly, it is not necessary for the Group to hedge against foreign exchange risk at the moment.

OUTLOOK

Although the Group faces the impact of economic uncertainty worldwide and in China brought about by fluid epidemic dynamics, and the outbreak of the war between Russia and Ukraine early this year has triggered economic sanctions imposed by various countries on Russia that shook the global economy and created elevated uncertainty, the Group will continue to rise to the challenge, proactively adjust its business presence based on market trends and navigate through adversities. With experience accumulated during the course of transformation and upgrade over past years, the Group will strive to constantly enhance its business activities, steadily develop its business in elderly care and wellness, financial leasing, industrial parks and property development, big data and civil explosives. For our elderly care and wellness business, although the deep impact of the epidemic in the first half of the year put pressure on our business results in the short run, we will remain steadfast to focus on the long-term and extensive development prospects of our elderly care and wellness business and continue to head towards the direction of developing a three-tier elderly care and wellness system comprising institutions, communities and households. The Outline of the Fourteenth Five-Year Plan for the National Economic and Social Development and the Long-Range Objectives through the Year 2035 of the People's Republic of China has put forward a national strategy in response to population aging, under this overall backdrop, Nanhai District attaches great importance to elderly care efforts, and the establishment and improvement of the elderly care service system will be the focus. We consider that the Group can ride on the opportunity to gain the recognition and support of the Nanhai District Government for the Group's elderly care business on the back of taking over the operation of Nanhai District Welfare Center and Jiujiang Nursing Home, and proactively strive to further expand its cooperation with various towns and streets under the Nanhai District Government. With Nanhai as the core, we can establish our presence in Foshan, extend to Guangdong and the Guangdong-Hong Kong-Macao Greater Bay Area to build a first-rate elderly care and wellness industry investment group in the Greater Bay Area. We can build our "Taoyuan" elderly care and wellness brand in full swing to make it an industrial benchmark and push forward our elderly care and wellness business as the Group's principal core business. For our financial leasing business, despite the challenges brought about by the increasingly fierce market competition landscape and the fluid COVID-19 epidemic dynamics, we will focus on the strategic goal of developing it into a leading domestic professional financial leasing company featuring environmental protection. We will continue to intensively tap into segments of the municipal environmental protection industry, make every effort to overcome challenges and difficulties, step up customer visits, focus on intensive cultivation of core customers, and vigorously tap into target customers from the club and business school of the E20 Environment Platform as well as local environmental protection associations. We will also continue to carry out marketing activities targeting state-owned enterprises, municipal environmental protection authorities and green energy projects in Foshan and various regions in China, selectively develop quality municipal environmental protection and green energy projects of state-owned enterprises in the Greater Bay Area and the Pan-Pearl River Delta region, and adhere to the general strategy of putting stability first and making progress while maintaining stability when we conduct stringent pre-leasing reviews, select the best among the best, and implement post-leasing management and supervision to reduce the risk of bad debts. Meanwhile, we will continue to diversify financing channels, including equity and debt financing. In the second half of the year, we will vigorously promote the issuance of Asset Backed Security (ABS) and other financing plans to enhance the financial strength of our financial leasing business to meet the capital needs for future business development of the Group. For our property and industrial park business, building on its solid foundation in the property development and investment sector and leveraging its experience in such fields, the Group will continue to develop the new energy industrial park in Danzao Town, Nanhai District, Foshan City, the PRC by rapidly completing the remaining work of acceptance and settlement for the first phase of the project and proactively arrange for the preparation work for development of the next phase of the project. Meanwhile, we will intensify promotion efforts in business attraction, in a bid to successively introduce enterprises into the park, maintain full communication with settled enterprises and ensure the quality of property management services to boost the occupancy rate of the park, so as to generate stable rental income and related gains for the Group and expedite the process of forging such income into a major growth driver of the Group in future. For our big data business, we will proactively consolidate internal resources riding on our previous experience in business development and accumulated resources, strive to improve corporate qualifications and merits, expedite the development of market-oriented business, make every effort to develop new projects, reverse adverse circumstances and achieve development goals. For our civil explosives business, Tiannuo will vigorously unleash excessive mixed assembly production capacity to increase revenue, and proactively implement reform measures including enhancement of staff mix and remuneration system to reduce costs and boost efficiency. Meanwhile, it will continue push forward technological innovation and enhance processes and formulae to achieve greater breakthroughs through boosting efficiency by technology, so as to substantially improve its future performance and contribute steady revenue streams to the Group in future. In addition, the Group will aggressively explore opportunities to carry out investment and merge and acquisition of biopharmaceutical and high-tech enterprises or projects to seek leapfrog development of the business of the Company, thereby delivering good returns to the shareholders of the Company.

EMPLOYEES

The total number of employees of the Group is approximately 990 (31 December 2021: 946). The remuneration of the employees of the Group is determined on the basis of performance and responsibility of the employees. The Group provides education allowances to the employees.

INTERIM DIVIDEND

The Directors resolved not to declare payment of an interim dividend for the six months ended 30 June 2022 (six months ended 30 June 2021: Nil).

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

During the six months ended 30 June 2022, neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the Company's listed shares.

CORPORATE GOVERNANCE

The Company puts great emphasis on corporate governance which is reviewed and strengthened on a continued basis. The Company has adopted all the code provisions under the Corporate Governance Code ("the Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") as its own code on corporate governance practice. For the six months ended 30 June 2022, 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 2022, they have complied with the required standard as set out in the Model Code.

AUDIT COMMITTEE

The audit committee comprising the three independent non-executive Directors of the Company has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, risk management, internal control and financial reporting matters including a general review of the audited consolidated financial statements for the six months ended 30 June 2022.

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

Hong Kong, 26 August 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. DENG Hong Ping and Mr. PENG Xinyu.