



中國興業控股有限公司

China Investments Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 132)

2013

INTERIM REPORT

CORPORATE INFORMATION

Executive Directors	You Guang Wu (Chairman) Su Wenzhao (Managing Director) Wu Yongqing (Deputy Managing Director) Huang Zhihe (Deputy Managing Director)
Independent Non-executive Directors	Chan Kwok Wai Chen Da Cheng Deng Hong Ping
Audit Committee	Chan Kwok Wai (Chairman) Chen Da Cheng Deng Hong Ping
Remuneration Committee	Chen Da Cheng (Chairman) Chan Kwok Wai Deng Hong Ping You Guang Wu Su Wenzhao
Nomination Committee	You Guang Wu (Chairman) Su Wenzhao Chan Kwok Wai Chen Da Cheng Deng Hong Ping
Registered Office	Clarendon House 2 Church Street Hamilton HM 11 Bermuda
Principal Place of Business	Unit 601, Tsim Sha Tsui Centre 66 Mody Road Tsimshatsui Kowloon Hong Kong
Registrars	Butterfield Fulcrum Group (Bermuda) Limited 26 Burnaby Street Hamilton HM 11 Bermuda
Branch Registrars	Tricor Progressive Limited 26/F Tesbury Centre 28 Queen's Road East Hong Kong
Principal Bankers	Bank of China Bank of Communications Wing Hang Bank Ltd.
Solicitors	Woo, Kwan, Lee & Lo
Auditor	HLM CPA Limited <i>Certified Public Accountants</i>
Company Secretary	Lo Tai On
Stock Code	132
Website	http://chinainvestments.quamir.com

RESULTS

For the six months ended 30 June 2013, the Group's turnover amounted to HK\$15,646,000, representing a decrease of 62.8% as compared to the same period last year. The Group successfully turned loss to profit, recording profit of HK\$1,525,000, which included the interest income of HK\$5,884,000.

BUSINESS REVIEW

Hotel Business

As affected by a number of objective factors such as the uncertainty in the global economy, the continuous appreciation of Renminbi ("RMB") and the tightened control on government spending in entertainment in Mainland China, the overall tourist arrivals in Guilin decreased, leading to fierce competition in the industry. The occupancy rate of Guilin Plaza declined by 16.7% to 45% in the first half of the year, and the total turnover amounted to HK\$10,869,000, representing a decrease of 26.6% as compared to the same period last year. As for the costs control, Guilin Plaza continued to implement strict control over costs and expenses, achieving effective and remarkable results. During the period, despite the cost pressure on the hotel operation due to continuously rising prices, the cost rate recorded only a slight increase of 0.38% as compared to the same period last year. As at 30 June 2013, the operating results of Guilin Plaza recorded a loss of HK\$2,345,000.

Property Investment

As at 30 June 2013, the Group's rental income amounted to HK\$1,164,000, which was an increase of 7% over the same period last year. The property occupancy rate was 69.9%, representing an increase of 0.8% as compared to the same period last year.

Financial Position and Analysis

As at 30 June 2013, the Group had total assets of HK\$727,555,000 (31 December 2012: HK\$727,366,000). The Group had no bank loan and other long-term debts (31 December 2012: Nil). Net assets was HK\$592,240,000 (31 December 2012: HK\$587,780,000). Gearing ratio (being bank loans and long-term debts divided by total assets) was 0% (31 December 2012: 0%). Net assets per share amounted to HK49.84 cents (31 December 2012: HK49.46 cents).

The Group's net current assets amounted to HK\$471,425,000 (31 December 2012: HK\$464,200,000). Current ratio (being current assets divided by current liabilities) was approximately 4.48 times (31 December 2012: 4.33 times), while bank balances and cash amounted to HK\$535,797,000 (31 December 2012: HK\$375,422,000) and expected there would be sufficient funds to meet the capital requirements for the Group's operations and new projects or business development in the future.

Pledge of Assets

The Group had no mortgage borrowings during the period (2012: no mortgage borrowings).

Foreign Exchange Exposure

The Group's main operating income and costs are denominated in Renminbi. During the Group's operating process, the foreign exchange fluctuation of the income and costs can be mutually offset. Meanwhile, the Group also had currency assets and liabilities denominated in Renminbi, which can be mutually offset. However, due to the Hong Kong based Group putting a great deal of business loans into domestic wholly-owned subsidiaries, the RMB appreciation and depreciation should bring exchange gain and loss respectively. It is expected that, when the exchange rate of Renminbi to HK dollar appreciates or depreciates by 5%, it will cause an increase or decrease of approximately HK\$17,225,000 in the profit of this period. In retrospect of the past few years, Renminbi was always in the trend of appreciation, and gradually became stable until the second half of 2008. The Board believed that the stable Renminbi appreciation would last in the long run and would not bring material adverse foreign exchange exposure to the Group. Accordingly, it is unnecessary for the Group to hedge against any foreign exchange risk.

Outlook

The Board will implement the established operation and investment strategies fully leveraging on the existing resources available, focusing on investing quality property projects and expanding its hotel operation business, while seeking for other investment opportunities to gradually improve the Group's profitability and bring positive return for the shareholders.

DIRECTORS INTERESTS IN SHARES

As at 30 June 2013, according to the register maintained by the Company pursuant to section 352 of the Securities and Future Ordinance (the "SFO"), none of the directors, or their associates, had any interests in any shares, underlying shares or debentures of the Company or any of its associated corporation.

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2013, according to the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO, the persons who were interested in 5% or more in the shares and underlying shares of the Company are as follows:

Names	Number of shares	Notes	Capacity	Approximate percentage of total issued share capital as at 30 June 2013
佛山市南海聯達投資 (控股)有限公司 (Foshan Nanhai Lian Da Investment (Holding) Co., Ltd.*)	203,703,703	1	Corporate interest	17.14%
廣東南海控股投資有限公司 (Guangdong Nanhai Holding Investment Co., Ltd.*)	203,703,703	1	Corporate interest	17.14%
Leung Siu Fai	151,610,779	2	Corporate interest	12.76%
Mighty Management Limited	151,610,779	2	Beneficial owner	12.76%
Industrial and Commercial Bank of China	131,657,142		Beneficial owner	11.08%
Nam Keng Van Investment Company Limited	121,864,487	3	Beneficial owner	10.26%
Cui Guo Jian	121,864,487	3	Corporate interest	10.26%
Pu Jian Qing	121,864,487	3	Corporate interest	10.26%

Notes:

1. These 203,703,703 shares were held by Prize Rich Inc which was wholly-owned by 佛山市南海聯達投資(控股)有限公司 (Foshan Nanhai Lian Da Investment (Holding) Co., Ltd.*), which was in turn wholly-owned by 廣東南海控股投資有限公司 (Guangdong Nanhai Holding Investment Co., Ltd.*).
2. These 151,610,779 shares were held by Mighty Management Limited which was wholly owned by Mr. Leung Siu Fai.
3. These 121,864,487 shares were held by Nam Keng Van Investment Company Limited which was wholly-owned by Mr. Cui Guo Jian and Mr. Pu Jian Qing equally.

Save as disclosed above, no other parties were recorded in the register as having an interest in 5% or more of the issued share capital of the Company.

* *For identification purpose only.*

INTERIM DIVIDEND

The Board does not declare any interim dividend for the six months ended 30 June 2013 (2012: Nil).

SHARE OPTIONS

A share option scheme was adopted by the Company on 20 May 2003 (the "Old Share Option Scheme"). The Old Share Option Scheme is for a term of 10 years from the date of adoption. The Old Share Option Scheme was terminated by shareholders of the Company at the annual general meeting held on 26 April 2013. No option has been granted since the adoption of the Old Share Option Scheme.

A new share option scheme was adopted by shareholders of the Company at the said annual general meeting held on 26 April 2013 (the "New Share Option Scheme"). The New Share Option Scheme is for a term of 10 years from the date of adoption. No option has been granted since the adoption of the New Share Option Scheme.

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

During the period, neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the Company's listed shares.

EMPLOYEES

The total number of employees of the Group is approximately 248 (31 December 2012: 257). The remuneration of each employee of the Group is determined on the basis of his or her responsibility and performance. The Group provides education allowances to the employees.

CORPORATE GOVERNANCE

The Company placed great emphasis in corporate governance, and reviewed and strengthened measures in corporate governance from time to time. The Company has adopted all the code provisions under the Corporate Governance Code (the “Code”) as set out in Appendix 14 of 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 practices. The Company has complied with all the code provisions under the Code during the six months ended 30 June 2013.

CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by the directors. On specific enquiries made, all directors have confirmed that, in respect of the six months ended 30 June 2013, 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 the management the accounting principles and practices adopted by the Group, and discussed auditing, internal control and financial reporting matters, including review of the unaudited interim results for the six months ended 30 June 2013.

By Order of the Board
China Investments Holdings Limited
You Guang Wu
Chairman

Hong Kong, 14 August 2013

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2013

		Six months ended 30 June	
		2013	2012
	<i>Notes</i>	HK\$'000	HK\$'000
		(unaudited)	(unaudited)
Continuing operations			
Turnover	4	13,254	15,889
Cost of sales and services		<u>(7,689)</u>	<u>(6,848)</u>
Gross profit		5,565	9,041
Other operating income	5	10,522	274
Selling and distribution costs		(289)	(309)
Administrative expenses		<u>(13,835)</u>	<u>(14,854)</u>
Profit/(loss) before taxation		1,963	(5,848)
Income tax (expense)/credit	6	<u>(1,287)</u>	<u>61</u>
Profit/(loss) for the period from continuing operations	7	676	(5,787)
Discontinued operations			
Profit/(loss) for the period from discontinued operations	11	<u>849</u>	<u>(7,110)</u>
Profit/(loss) for the period and attributable to owners of the Company		<u>1,525</u>	<u>(12,897)</u>
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss:			
Exchange differences arising on translation of foreign operations		<u>2,935</u>	<u>333</u>
Other comprehensive income for the period		<u>2,935</u>	<u>333</u>
Total comprehensive income/(expense) for the period and attributable to owners of the Company		<u>4,460</u>	<u>(12,564)</u>
Earnings/(loss) per share			
9			
From continuing and discontinued operations			
Basic		<u>HK0.13 cents</u>	<u>(HK1.09 cents)</u>
Diluted		<u>N/A</u>	<u>N/A</u>
From continuing operations			
Basic		<u>HK0.06 cents</u>	<u>(HK0.49 cents)</u>
Diluted		<u>N/A</u>	<u>N/A</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2013

	Notes	30.6.2013 HK\$'000 (unaudited)	31.12.2012 HK\$'000 (audited)
Non-current assets			
Investment properties	10	11,960	11,960
Property, plant and equipment	10	<u>108,855</u>	<u>111,620</u>
		<u>120,815</u>	<u>123,580</u>
Current assets			
Properties held for sale		59,540	59,540
Inventories		1,550	1,592
Trade and other receivables	13	8,874	153,614
Financial assets at fair value through profit or loss		1	1
Bank balances and cash		<u>535,797</u>	<u>375,422</u>
Assets classified as held for sale	12	<u>605,762</u> 978	<u>590,169</u> 13,617
		<u>606,740</u>	<u>603,786</u>
Current liabilities			
Trade and other payables	14	113,618	116,653
Tax payable		<u>21,697</u>	<u>22,933</u>
		<u>135,315</u>	<u>139,586</u>
Net current assets		<u>471,425</u>	<u>464,200</u>
Total assets less current liabilities		<u>592,240</u>	<u>587,780</u>
Capital and reserves			
Share capital	15	118,833	118,833
Reserves		<u>473,407</u>	<u>468,947</u>
Equity attributable to owners of the Company		<u>592,240</u>	<u>587,780</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2013

	Share capital	Share premium	Statutory reserve (Note)	Hotel properties revaluation reserve	Exchange reserve	Accumulated losses	Total
	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)
At 1 January 2013	118,833	484,159	31,753	40,304	(52,095)	(35,174)	587,780
Release of revaluation reserve of hotel properties	-	-	-	(661)	-	661	-
Exchange differences arising on translation of foreign operations	-	-	-	-	2,935	-	2,935
Profit for the period	-	-	-	-	-	1,525	1,525
At 30 June 2013	<u>118,833</u>	<u>484,159</u>	<u>31,753</u>	<u>39,643</u>	<u>(49,160)</u>	<u>(32,988)</u>	<u>592,240</u>
At 1 January 2012	118,833	484,159	31,753	38,555	(54,348)	(141,927)	477,025
Release of revaluation reserve of hotel properties	-	-	-	(612)	-	612	-
Exchange differences arising on translation of foreign operations	-	-	-	-	333	-	333
Loss for the period	-	-	-	-	-	(12,897)	(12,897)
At 30 June 2012	<u>118,833</u>	<u>484,159</u>	<u>31,753</u>	<u>37,943</u>	<u>(54,015)</u>	<u>(154,212)</u>	<u>464,461</u>

Note: Statutory reserve represents general reserve and enterprise expansion fund which are set up by subsidiaries established and operated in the People's Republic of China ("PRC") by way of appropriation from the profit after taxation in accordance with the relevant laws and regulations in the PRC. The rate of appropriation of the general reserve and enterprise expansion fund is subject to the decision of the board of directors of the PRC subsidiaries, but the minimum appropriation rate for the general reserve is 10% of the profit after taxation for each year, until when the accumulated balance reaches 50% of the total registered capital of the subsidiary. Pursuant to the relevant laws and regulations of the PRC, if approvals are obtained from the relevant government authorities, the general reserve can be used in setting off accumulated losses or to increase the capital, and the enterprise expansion fund can be used to increase the capital.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS*For the six months ended 30 June 2013*

	Six months ended 30 June	
	2013	2012
	HK\$'000	HK\$'000
	<i>(unaudited)</i>	<i>(unaudited)</i>
Net cash generated from operating activities	<u>137,080</u>	<u>26,291</u>
Investing activities		
Purchases of property, plant & equipment	(1,081)	(1,006)
Interest received	5,884	274
Net proceeds from disposal of fibreboard business assets	16,688	–
Net proceeds from disposal of property, plant & equipment	<u>–</u>	<u>13</u>
Net cash generated from/(used in) investing activities	<u>21,491</u>	<u>(719)</u>
Net increase in cash and cash equivalents	158,571	25,572
Cash and cash equivalents at beginning of period	375,422	117,009
Effect of foreign exchange rate changes	<u>1,804</u>	<u>151</u>
Cash and cash equivalents at end of period, represented by bank balances and cash	<u><u>535,797</u></u>	<u><u>142,732</u></u>

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the six months ended 30 June 2013

1. BASIS OF PREPARATION

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

The interim condensed consolidated financial statements have not been audited by the Company’s auditors but have been reviewed by the Company’s audit committee and auditors.

2. PRINCIPAL ACCOUNTING POLICIES AND APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRS”)

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

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statement for the year ended 31 December 2012.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2013 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2012.

HKFRS 1 (Amendments)	Government Loans
HKFRSs (Amendments)	Annual Improvements to HKFRS 2009-2011 Cycle
HKFRS 7 (Amendments)	Disclosures – Offsetting Financial Assets and Financial Liabilities
HKFRS 10, HKFRS 11 and HKAS 12 (Amendments)	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income
HKAS 19 (as revised in 2011)	Employee Benefits
HKAS 27 (as revised in 2011)	Separate Financial Statements
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine

2. **PRINCIPAL ACCOUNTING POLICIES AND APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRS”) – continued**

HKFRS 13: Fair Value Measurement

The adoption of HKFRS 13 did not result in a change in the accounting policy relating to fair value measurement. HKFRS 13 defines fair values, establishes a framework for measuring fair value, and requires disclosures about fair value measurements.

HKAS 1 (Amendments): Presentation of Items of Other Comprehensive Income

The adoption of amendments to HKAS 1 does not result in a change in the Group’s accounting policy. The amendments to HKAS 1 require items of other comprehensive income to be grouped into two categories: (i) items that will not be reclassified to profit or loss and (ii) items that may be classified subsequently to profit or loss when specific conditions are met.

The application of the above new or revised to HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements. According, no prior period adjustments has been required.

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

HKFRS 7 and HKFRS 9 (Amendments)	Mandatory Effective Date of HKFRS 9 and Transition Disclosures ²
HKFRS 10, HKFRS 12 and HKAS 27 (Amendments)	Investment Entities ¹
HKFRS 9	Financial Instruments ²
HKAS 32 (Amendments)	Presentation – Offsetting Financial Assets and Financial Liabilities ¹
HKAS 36 (Amendments)	Recoverable Amount Disclosures for Non-financial Assets ¹
HKAS 39 (Amendments)	Financial Instruments: Recognition and Measurement –Novation of Derivatives and Continuation of Hedge Accounting ¹
HK(IFRIC) Interpretation 21	Levies ¹

¹ Effective for annual periods beginning on or after 1 January 2014

² Effective for annual periods beginning on or after 1 January 2015

3. FINANCIAL RISK MANAGEMENT

All aspects of the Group's financial risk management objectives and policies are consistent with those disclosed in the annual financial statements for the year ended 31 December 2012.

In 2013, there were no significant changes in the business or economic circumstances that affect the fair value of the group's financial assets and financial liabilities.

In 2013, there were no reclassifications of financial assets.

4. SEGMENT INFORMATION

Business segments – revenue and results

For the six months ended 30 June 2013

	Hotel operations HK\$'000 <i>(unaudited)</i>	Property investment HK\$'000 <i>(unaudited)</i>	Unallocated HK\$'000 <i>(unaudited)</i>	Consolidated HK\$'000 <i>(unaudited)</i>
Turnover	<u>10,869</u>	<u>1,164</u>	<u>1,221</u>	<u>13,254</u>
Depreciation	(3,743)	–	(369)	(4,112)
Segment results	<u>(2,345)</u>	<u>993</u>	<u>–</u>	<u>(1,352)</u>
Interest income	139	–	5,745	5,884
Net other unallocated corporate expense	–	–	(2,569)	<u>(2,569)</u>
Profit before taxation				1,963
Income tax expense				<u>(1,287)</u>
Profit for the period from continuing operations				<u>676</u>

CHINA INVESTMENTS HOLDINGS LIMITED

4. SEGMENT INFORMATION – continued

Segment Assets and Liabilities

As at 30 June 2013

	Hotel operations HK\$'000 (<i>unaudited</i>)	Property investment HK\$'000 (<i>unaudited</i>)	Unallocated HK\$'000 (<i>unaudited</i>)	Total segment asset HK\$'000 (<i>unaudited</i>)	Assets relating to Fibreboards (now discontinued) HK\$'000 (<i>unaudited</i>)	Consolidated HK\$'000 (<i>unaudited</i>)
ASSETS						
Segment assets	110,595	72,600	-	183,195	978	184,173
Financial assets at fair value through profit or loss	-	-	1	1	-	1
Bank balances and cash	-	-	535,797	535,797	-	535,797
Other unallocated corporate assets	-	-	7,584	7,584	-	7,584
Consolidated total assets	<u>110,595</u>	<u>72,600</u>	<u>543,382</u>	<u>726,577</u>	<u>978</u>	<u>727,555</u>
LIABILITIES						
Segment liabilities	5,454	669	-	6,123	-	6,123
Other unallocated corporate liabilities	-	-	129,192	129,192	-	129,192
Consolidated total liabilities	<u>5,454</u>	<u>669</u>	<u>129,192</u>	<u>135,315</u>	<u>-</u>	<u>135,315</u>

Other Information

For the six months ended 30 June 2013

	Hotel operations HK\$'000 (<i>unaudited</i>)	Property investment HK\$'000 (<i>unaudited</i>)	Unallocated HK\$'000 (<i>unaudited</i>)	Consolidated HK\$'000 (<i>unaudited</i>)
Additions to non-current assets	968	-	113	1,081
Depreciation	<u>3,743</u>	<u>-</u>	<u>369</u>	<u>4,112</u>

4. SEGMENT INFORMATION – continued

Business segments-revenue and results*For the six months ended 30 June 2012*

	Hotel operations HK\$'000 <i>(unaudited)</i>	Property investment HK\$'000 <i>(unaudited)</i>	Unallocated HK\$'000 <i>(unaudited)</i>	Consolidated HK\$'000 <i>(unaudited)</i>
Turnover	<u>14,801</u>	<u>1,088</u>	<u>–</u>	<u>15,889</u>
Depreciation	(3,564)	–	(128)	(3,692)
Segment results	<u>(290)</u>	<u>862</u>	<u>–</u>	<u>572</u>
Interest income	37	–	237	274
Net other unallocated corporate expense	–	–	(6,694)	<u>(6,694)</u>
Loss before taxation				(5,848)
Income tax credit				<u>61</u>
Loss for the period from continuing operations				<u><u>(5,787)</u></u>

CHINA INVESTMENTS HOLDINGS LIMITED

4. SEGMENT INFORMATION – continued

Segment Assets and Liabilities

As at 31 December 2012

	Hotel operations HK\$'000 (audited)	Property investment HK\$'000 (audited)	Unallocated HK\$'000 (audited)	Total segment asset HK\$'000 (audited)	Assets relating to Fibreboards (now discontinued) HK\$'000 (audited)	Consolidated HK\$'000 (audited)
ASSETS						
Segment assets	110,095	75,636	–	185,731	13,617	199,348
Financial assets at fair value through profit or loss	–	–	1	1	–	1
Bank balances and cash	–	–	375,422	375,422	–	375,422
Other unallocated corporate assets	–	–	152,595	152,595	–	152,595
Consolidated total assets	<u>110,095</u>	<u>75,636</u>	<u>528,018</u>	<u>713,749</u>	<u>13,617</u>	<u>727,366</u>
LIABILITIES						
Segment liabilities	7,334	807	–	8,141	–	8,141
Other unallocated corporate liabilities	–	–	131,445	131,445	–	131,445
Consolidated total liabilities	<u>7,334</u>	<u>807</u>	<u>131,445</u>	<u>139,586</u>	<u>–</u>	<u>139,586</u>

Other Information

For the six months ended 30 June 2012

	Hotel operations HK\$'000 (unaudited)	Property investment HK\$'000 (unaudited)	Unallocated HK\$'000 (unaudited)	Consolidated HK\$'000 (unaudited)
Additions to non-current assets	1,006	–	–	1,006
Depreciation	<u>3,564</u>	<u>–</u>	<u>128</u>	<u>3,692</u>

4. SEGMENT INFORMATION – continued

Geographic segments – revenue and results

For the six months ended 30 June 2013

	Sales revenue from external customers by geographical market		Contribution to profit/(loss) for the period	
	2013 HK\$'000 (<i>unaudited</i>)	2012 HK\$'000 (<i>unaudited</i>)	2013 HK\$'000 (<i>unaudited</i>)	2012 HK\$'000 (<i>unaudited</i>)
The PRC	11,677	15,586	(1,697)	331
Hong Kong	1,577	303	345	241
	<u>13,254</u>	<u>15,889</u>	(1,352)	572
Interest income			5,884	274
Net other unallocated corporate expenses			(2,569)	(6,694)
Profit/(loss) before taxation			1,963	(5,848)
Income tax (expense)/credit			(1,287)	61
Profit/(loss) for the period from continuing operations			<u>676</u>	<u>(5,787)</u>

4. SEGMENT INFORMATION – continued

The following is an analysis of the carrying amount of segment assets and additions to property, plant and equipment analysed by the geographical area in which the assets are located:

	Carrying amount of segment assets		Additions to property, plant and equipment for the six months ended 30 June	
	30.6.2013 HK\$'000 (<i>unaudited</i>)	31.12.2012 HK\$'000 (audited)	2013 HK\$'000 (<i>unaudited</i>)	2012 HK\$'000 (unaudited)
The PRC	691,743	517,940	968	1,006
Hong Kong	<u>34,834</u>	<u>195,809</u>	<u>113</u>	<u>–</u>
	<u><u>726,577</u></u>	<u><u>713,749</u></u>	<u><u>1,081</u></u>	<u><u>1,006</u></u>

All of the segment turnover reported above is from external customers.

Segment result represents the profit earned by each segment without allocation of investment income, central administration costs and directors' salaries, other gains and losses, and change in fair value of investment properties. This is the measure reported to the Group's management for the purposes of resource allocation and performance assessment.

The total assets of the Group as at the end of the interim period date do not differ significantly since the latest annual report.

5. OTHER OPERATING INCOME

Other operating income for the period has been arrived at after crediting:

	Six months ended 30 June	
	2013	2012
	HK\$'000	HK\$'000
	(<i>unaudited</i>)	(<i>unaudited</i>)
Continuing operations		
Interest income	5,884	274
Exchange gain	<u>4,638</u>	<u>–</u>

6. TAXATION

	Six months ended 30 June	
	2013	2012
	HK\$'000	HK\$'000
	(<i>unaudited</i>)	(<i>unaudited</i>)
Continuing operations		
Current tax – Provision for PRC enterprises income tax	1,287	–
Over-provision in prior year for PRC enterprises income tax	<u>–</u>	<u>(61)</u>
	<u>1,287</u>	<u>(61)</u>

No provision for Hong Kong Profits Tax has been made in the financial statements as the Company and its subsidiaries in Hong Kong have no assessable profits for both periods.

Taxation of subsidiaries in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

6. TAXATION – continued

The tax charge for the period can be reconciled to the profit/(loss) before taxation per the condensed consolidated statement of profit or loss and other comprehensive income as follows:

	Six months ended 30 June	
	2013 HK\$'000 <i>(unaudited)</i>	2012 HK\$'000 <i>(unaudited)</i>
Profit/(loss) before taxation from continuing operations	<u>1,963</u>	<u>(5,848)</u>
Tax at the domestic income tax rates applicable to profit/(loss) in the respective country	607	(990)
Tax effect of non-deductible expenses	2,414	1,562
Tax effect of non-taxable revenue	(2,447)	(572)
Prior year over provision for PRC enterprises income tax	–	(61)
Tax effect of tax losses not recognised	<u>713</u>	<u>–</u>
Tax effect for the period (relating to continuing operations)	<u>1,287</u>	<u>(61)</u>

7. PROFIT/(LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS

	Six months ended 30 June	
	2013	2012
	HK\$'000	HK\$'000
	<i>(unaudited)</i>	<i>(unaudited)</i>
Continuing operations		
Profit/(loss) for the period has been arrived at after charging/(crediting):		
Depreciation of property, plant and equipment	4,112	3,692
Auditor's remuneration	350	290
Staff cost (including directors remuneration and retirement benefit scheme)	6,821	6,827
Loss/(gain) on disposal of property, plant and equipment	24	(10)
Exchange (gain)/loss	(4,638)	1,641
Gross rental income from investment properties	(1,164)	(1,088)
Less: Direct operating expenses from investment properties that generated rental income during the period	781	11
Direct operating expenses from investment properties that did not generated rental income during the period	151	152
	<u>(232)</u>	<u>(925)</u>

8. DIVIDEND

The Board does not declare any interim dividend for the six months ended 30 June 2013 (six months ended 30 June 2012: Nil).

9. EARNINGS/(LOSS) PER SHARE

From continuing and discontinued operations

The calculation of the basic and diluted earnings/(loss) per share is based on the profit attributable to owners of the Company of approximately HK\$1,525,000 (six month ended 30 June 2012: loss of HK\$12,897,000) and on the number of 1,188,329,142 ordinary shares (30 June 2012: 1,188,329,142 ordinary shares) in issue during the period.

No diluted earnings/(loss) per share has been presented as there were no diluting events existing for both periods.

From continuing operations

The calculation of the basic and diluted earnings/(loss) per share from continuing operations attributable to owners of the Company is based on the following data:

Profit/(loss) figures are calculated as follows:

	Six months ended 30 June	
	2013	2012
	HK\$'000	HK\$'000
	<i>(unaudited)</i>	<i>(unaudited)</i>
Profit/(loss) for the period attributable to owners of the Company	1,525	(12,897)
Less: Profit/(loss) for the period from discontinued operations	<u>849</u>	<u>(7,110)</u>
Profit/(loss) for the purpose of basic/diluted earning/(loss) per share from continuing operations	<u><u>676</u></u>	<u><u>(5,787)</u></u>

The denominators used are the same as those detailed above for both basis and diluted earnings/(loss) per share.

From discontinued operations

Basic/diluted earnings per share for the discontinued operation is HK0.07 cent per share (30 June 2012: HK0.6 cents loss per share), based on the profit for the period from the discontinued operations of HK\$849,000 (six months ended 30 June 2012: loss of HK\$7,110,000) and the denominators detailed above for the both basic and diluted earnings/(loss) per share.

10. MOVEMENTS IN INVESTMENT PROPERTIES AND PROPERTY, PLANT AND EQUIPMENT

During the period, the Group spent approximately HK\$812,000 (six months ended 30 June 2012: HK\$805,000) on construction costs for hotel premise in the PRC.

The Group's hotel properties and investment properties as at 30 June 2013 were fair valued by the directors and valuation was arrived by reference to market evidence of transaction prices for similar properties.

The Directors considered that the carrying amount of the Group's hotel properties and investment properties approximately to the fair value as at 30 June 2013. There was no further revaluation surplus or deficit arising from the revaluation in respect of the Group's hotel properties and the investment properties as at 30 June 2013 (six months ended 30 June 2012: Nil). Consequently, no revaluation surplus or deficit has been recognized in the current period.

11. DISCONTINUED OPERATIONS

On 20 December 2011, the Foshan City Nanhai District Environment, Transport and City Management Authority 「佛山市南海區環境運輸和城市管理局」 ("Foshan Environment Authority") issued a notice to Foshan City Nanhai Kang Sheng Timber Company Limited ("Kang Sheng") and Foshan City Nanhai Jia Shun Timber Company Limited ("Jia Shun"), the wholly-owned subsidiaries of the Group and the Associate, Foshan Nanhai Kangyao Board Co. Ltd ("Kangyao") the Group's 42%-owned associate which carried out all of the Group's fibreboards operations, requiring them to cease fibreboard business operations at the landed property (including land use rights and the buildings and structures thereon) situated at Foshan City which was leased to Kang Sheng and Jia Shun ("the property") before 31 December 2011, in order to reduce the emission of pollutants and improving the environment in the region.

The company has signed Compensation Memorandum with the Foshan City Nanhai District People's Government 「佛山市南海區人民政府」 ("Foshan Nanhai Government"). Pursuant to the compensation Memorandum, Foshan Nanhai Government shall resume the property situated at Foshan City that is currently leased to Kang Sheng and Jia Shun and a lump sum payment of not less than RMB300 million will be made to the Group as compensation for the cessation of fibreboard business. Details of this transaction and terms of compensations have been given in the Company's announcement dated 20 December 2011.

11. DISCONTINUED OPERATIONS – continued

The inventories owned by Kang Sheng and Jia Shun were revalued at their fair value by Directors. The Directors considered that the carrying amount of the inventories approximately to the fair value as at 30 June 2013. No impairment losses were recognized in the condensed consolidated statement of profit or loss and other comprehensive income.

The result of the discontinued operations included in the condensed consolidated statement of profit or loss and other comprehensive income and condensed consolidated statement of cash flow are set out below.

	Six months ended 30 June	
	2013	2012
	HK\$'000	HK\$'000
	<i>(unaudited)</i>	<i>(unaudited)</i>
Profit/(loss) for the period from discontinued operations		
Turnover	2,392	26,163
Cost of sales	(1,973)	(26,377)
	<hr/>	<hr/>
Gross profit/(loss)	419	(214)
Other operating income	2,844	4,039
Selling and distribution cost	–	(75)
Administrative expenses	(2,414)	(9,500)
Share of loss of an associate	–	(107)
Impairment loss on inventories	–	(1,253)
	<hr/>	<hr/>
Profit/(loss) before taxation from discontinued operations	849	(7,110)
Income tax expense	–	–
	<hr/>	<hr/>
Profit/(loss) for the period from discontinued operations and attributable to owners of the Company	849	(7,110)
	<hr/> <hr/>	<hr/> <hr/>

11. DISCONTINUED OPERATIONS – continued

Profit/(loss) for the period from discontinued operations includes the following:

	Six months ended 30 June	
	2013	2012
	HK\$'000	HK\$'000
	<i>(unaudited)</i>	<i>(unaudited)</i>
Depreciation	–	–
Auditor's remuneration	–	60
	<u> </u>	<u> </u>

Cash flows from discontinued operations

	Six months ended 30 June	
	2013	2012
	HK\$'000	HK\$'000
	<i>(unaudited)</i>	<i>(unaudited)</i>
Net cash (outflows)/inflows from operating activities	(792)	7,085
Net cash inflows from investing activities	<u>13,037</u>	<u>431</u>
Net cash inflows	<u>12,245</u>	<u>7,516</u>

12. ASSETS CLASSIFIED AS HELD FOR SALE

	30.6.2013 HK\$'000 <i>(unaudited)</i>	31.12.2012 HK\$'000 <i>(audited)</i>
Assets related to fibreboard business (<i>Note</i>)	<u>978</u>	<u>13,617</u>

Note:

The major classes of the fibreboard business at the end of the reporting period are as follows:

	30.6.2013 HK\$'000 <i>(unaudited)</i>	31.12.2012 HK\$'000 <i>(audited)</i>
Property, plant and equipment	–	10,656
Inventories	<u>978</u>	<u>2,961</u>
Net of assets classified as held for sale	<u>978</u>	<u>13,617</u>

13. TRADE AND OTHER RECEIVABLES

The Group allows an average credit period of 90 days to its trade customers. The following is an ageing analysis of the Group's trade receivables which presented based on the invoice date at the end of the reporting period:

	30.6.2013 HK\$'000 <i>(unaudited)</i>	31.12.2012 HK\$'000 <i>(audited)</i>
0 – 60 days	1,458	1,151
61 – 90 days	175	446
91 – 120 days	1	69
Over 120 days	<u>10</u>	<u>386</u>
Trade receivables	1,644	2,052
Other receivables	<u>7,230</u>	<u>151,562</u>
	<u><u>8,874</u></u>	<u><u>153,614</u></u>

The fair value of the Group's trade receivables and other receivables as at 30 June 2013 equal approximately to the corresponding carrying amounts.

14. TRADE AND OTHER PAYABLES

The following is an ageing analysis of the Group's trade payables at the end of the reporting period:

	30.6.2013 HK\$'000 <i>(unaudited)</i>	31.12.2012 HK\$'000 <i>(audited)</i>
0 – 60 days	1,018	1,341
61 – 90 days	175	180
91 – 120 days	167	83
Over 120 days	<u>4,157</u>	<u>4,137</u>
Trade payables	5,517	5,741
Other payables	<u>108,101</u>	<u>110,912</u>
	<u><u>113,618</u></u>	<u><u>116,653</u></u>

14. TRADE AND OTHER PAYABLES – continued

On 9 May 2002, the Group issued HK\$230,000,000 convertible notes (the “Notes”) which were due on 9 May 2007 (the “Maturity Date”), bearing interest at 1% per annum and in units of HK\$1,000,000 each. As at 30 June 2013 and 31 December 2012, the balance of HK\$75,000,000 notes were due but not converted. Such principal monies together with all interest accrued thereon up to maturity, amounting to HK\$3,908,000, was classified as other payables and become repayable on demand.

The fair value of the Group’s trade and other payables as at 30 June 2013 equal approximately to the corresponding carrying amounts.

15. SHARE CAPITAL

	Number of shares		Nominal value	
	30.6.2013	31.12.2012	30.6.2013	31.12.2012
			HK\$’000	HK\$’000
	<i>(unaudited)</i>	<i>(audited)</i>	<i>(unaudited)</i>	<i>(audited)</i>
Ordinary shares of HK\$0.10 each				
Authorised:	<u>3,000,000,000</u>	<u>3,000,000,000</u>	<u>300,000</u>	<u>300,000</u>
Issued and fully paid:	<u>1,188,329,142</u>	<u>1,188,329,142</u>	<u>118,833</u>	<u>118,833</u>

16. OPERATING LEASE ARRANGEMENTS

The Group as lessee

As at 30 June 2013, the Group had outstanding lease commitments for future minimum lease payments under non-cancellable operating lease in respect of rented premises and plant and machinery, which fall due as follows:

	30.6.2013	31.12.2012
	HK\$’000	HK\$’000
	<i>(unaudited)</i>	<i>(audited)</i>
Within one year	1,638	5,672
In the second to fifth year inclusive	292	19,150
Over fifth year	—	13,308
	<u>1,930</u>	<u>38,130</u>

16. OPERATING LEASE ARRANGEMENTS – continued

The Group as lessor

As at 30 June 2013, the Group had contracted with tenants for the following future minimum lease payments:

	30.6.2013 HK\$'000 (unaudited)	31.12.2012 HK\$'000 (audited)
Within one year	4,599	4,081
In the second to fifth years inclusive	11,069	4,406
Over fifth year	8,838	1,895
	<u>24,506</u>	<u>10,382</u>

17. CONTINGENT LIABILITIES

The Group had a maximum contingent consideration of HK\$48,000,000 in respect of the acquisition of the entire issued share capital of Can Manage Trading Limited (“Can manage”). This amount would become payable, among others, if the consolidated net profit of Can Manage and its subsidiary, Foshan City Nanhai Jia Shun Timber Company Limited (“Jia Shun”), achieved an amount of HK\$70,000,000 for the year ended 31 December 2002 and HK\$80,000,000 for the year ended 31 December 2003.

However, the operation of Jia Shun was suspended during the period from 17 August 2003 to 10 October 2003 due to a failure in the supply of electricity and steam from the power plant operated under the power supply agreement and a court order dated 19 August 2003 to freeze Jia Shun’s assets in relation to an alleged claim from the Shenzhen Development Bank Foshan Branch. In addition, the production facilities were substantially different from those prior to the suspension. In view of all the above incidences, and as the consolidated net profit of Can Manage and Jia Shun for the year ended 31 December 2003 did not reach HK\$80,000,000, the Board consider that the Group is not liable to pay any contingent consideration.

However, as the vender is not contactable up to the date of this report, the Board decide to reflect this amount as a contingent liability.

18. CAPITAL COMMITMENT

	30.6.2013 HK\$'000 (<i>unaudited</i>)	31.12.2012 HK\$'000 (<i>audited</i>)
Commitment for renovation of leasehold improvement	<u>50</u>	<u>–</u>

19. RELATED PARTY TRANSACTIONS

During the period from 1 January to 30 June 2013, the Group entered into the following transactions with related key management personnel of the Group:

(a) Transactions with an associate:

	Six months ended 30 June	
	2013 HK\$'000 (<i>unaudited</i>)	2012 HK\$'000 (<i>unaudited</i>)
Purchase of raw material and consumable stock from an associate	<u>–</u>	<u>7</u>

All transactions were carried out in the ordinary course of business, on normal commercial terms and at terms mutually agreed between both parties.

The amounts are unsecured, interest-free and the amounts repayable within one year are classified.

(b) Compensation of key management personnel of the Group:

	Six months ended 30 June	
	2013 HK\$'000 (<i>unaudited</i>)	2012 HK\$'000 (<i>unaudited</i>)
Salary and other short term benefits	1,648	1,629
Post-employment employee benefits	<u>46</u>	<u>60</u>
	<u>1,694</u>	<u>1,689</u>

20. FAIR VALUE MEASUREMENT

The fair value of financial asset at fair value through profit or loss is measured using quoted price in active market. Trade and other receivables and trade and other payables are carried at cost or amortised cost which are not materially different from their fair values as at 30 June 2013 and 31 December 2012.