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CHINA INVESTMENTS HOLDINGS LIMITED

中國興業控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 132)

DISCLOSEABLE TRANSACTION FORMATION OF JOINT VENTURE

The Board is pleased to announce that, on 29 September 2017, China Investments entered into the Investment Agreement with T-Box Holdings and T-Box Investments for the establishment of the JV Company to engage in the platform operation, investment and management of the homestay accommodation and hotels and other related businesses in the PRC. The initial share capital of the JV Company will be HK\$12,000,000, which will be contributed as to 51% by China Investments, 30% by T-Box Holdings and 19% by T-Box Investments respectively.

LISTING RULES IMPLICATIONS

As the applicable percentage ratio of the Company in respect of the transactions under the Investment Agreement calculated under Chapter 14 of the Listing Rules is more than 5% but is less than 25%, the JV Formation constitutes a discloseable transaction of the Company and is subject to the requirements of notification and announcement under Chapter 14 of the Listing Rules.

* *For identification purpose only*

The Board is pleased to announce that, on 29 September 2017, China Investments entered into the Investment Agreement with T-Box Holdings and T-Box Investments for the establishment of the JV Company. The principal terms of the Investment Agreement are as follows:–

THE INVESTMENT AGREEMENT

Date: 29 September 2017

Parties: (i) China Investments;
(ii) T-Box Holdings; and
(iii) T-Box Investments.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, each of T-Box Holdings and T-Box Investments and their respective ultimate beneficial owner(s) are third parties independent of the Group and its connected persons.

Scope of business: Platform operation, investment and management, sales of supplies, planning and consultancy services, related internet products and sales of software, etc. for the homestay accommodation and hotels

Initial share capital: The total amount of HK\$12,000,000, which will be contributed in cash as to:–

- (1) HK\$6,120,000, representing 51% of the total amount, by China Investments, which will be funded by the internal resources of the Group;
- (2) HK\$3,600,000, representing 30% of the total amount, by T-Box Holdings; and
- (3) HK\$2,280,000, representing 19% of the total amount, by T-Box Investments.

The contributions are determined after arm's length negotiation of the parties and with reference to the initial funding needs of the JV Company and the agreed share of each party in the total amount of registered capital of the JV Company. Contributions from China Investments and T-Box Holdings will be payable in full within 30 days from the date of issue of the business registration certificate and contributions from T-Box Investments which will be payable in full within three years from the date of issue of the business registration certificate of the JV Company.

Board composition:

The board of the JV Company will consist of 5 directors, 3 of which will be nominated by China Investments, and the remaining 2 will be nominated by T-Box Holdings.

Management equity incentives:

If the JV Company will meet the listing requirements under the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange and prepare for the listing in the future, China Investments agrees to transfer 15% of its equity interest in the JV Company to T-Box Investments at a price not less than the then valuation of the net asset value of the JV Company, subject to compliance with the applicable requirements under the regulatory provisions on state-owned enterprises and the Listing Rules.

Credit support by China Investments:

Within the three years after the JV Company and its project company in the PRC commence business, China Investments will provide credit support for future financing of up to RMB75,000,000.

Legal compliance:

Any matter constituting China Investments's transaction under the Investment Agreement will have to comply with applicable requirements under the regulatory requirements for state-controlled enterprises and the Listing Rules. If, following the best endeavours by the parties, compliance with such applicable legal and regulatory requirements have not been or cannot be fulfilled, any unperformed provision in the Investment Agreement will not constitute a breach, and the parties will enter into further negotiations so as to fulfill the terms of the Investment Agreement in compliance with the relevant requirements.

REASONS FOR AND BENEFITS OF THE JV FORMATION

The Group is principally engaged in hotel investment, management and operation, and property investments in both properties held for sale and investment properties. T-Box Holdings is principally engaged in investment holding. T-Box Investments is a project company set up to incentivize, reward, remunerate and/or providing benefits to the core management members of the JV Company through the management equity incentives.

The Directors believe that the homestay accommodation and hotels businesses hold tremendous untapped potentials in the PRC. Moreover, the JV Company can make use of the extensive experience and expertise in respect of T-Box Holdings and T-Box Investments in homestay accommodation and hotels platform operation, investment and management. T-Box Holdings will also provide relevant technical support of the construction of T-box facilities and intelligent operation and management. The opportunity to invest in the JV Company will enable the Group to lay a foundation for its development of homestay accommodation business.

The Directors consider that the terms of the JV Formation are on normal commercial terms, fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

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DEFINITIONS

In this announcement, the following expressions shall have the respective meanings ascribed adjacently below, unless the context requires otherwise:

“Board”	the board of Directors of the Company
“Company”	China Investments Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 00132)
“China Investments”	China Investments Limited, a company incorporated in Hong Kong, is a wholly-owned subsidiary of the Company
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Investment Agreement”	the investment agreement executed by China Investments, T-Box Holdings and T-Box Investments on 29 September 2017
“JV Company”	Xingye Homestay Inn Union Limited, the joint venture company to be established in Hong Kong with limited liability by China Investments, T-Box Holdings and T-Box Investments
“JV Formation”	the proposed transaction for the establishment of the JV Company by the Company

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“percentage ratios”	has the meaning ascribed to it under the Listing Rules
“PRC”	The People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong and the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“T-Box Holdings”	T-Box Union (China) Financial Holdings Investments Limited, a company incorporated in Hong Kong with limited liability
“T-Box Investments”	T-Box Union Investments Limited, a company incorporated in the British Virgin Islands with limited liability
“%”	per cent

On behalf of
China Investments Holdings Limited
HE Xiangming
Chairman

Hong Kong, 29 September 2017

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