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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)

MAJOR TRANSACTION

DEEMED DISPOSAL OF EQUITY INTEREST IN CANTON RISEN FINANCIAL LEASING CO., LTD.*

Reference is made to the announcement of the Company dated 28 September 2018 in relation to the First Capital Injection.

THE SECOND CAPITAL INJECTION AGREEMENT

On 28 December 2018 (after trading hours), CIH Finance (a wholly-owned subsidiary of the Company), ZCXX (a wholly-owned subsidiary of the Company), Yueqiao Assets Management and Canton Risen entered into the Second Capital Injection Agreement with Dali Water Supply in relation to the Second Capital Injection. Pursuant to the Second Capital Injection Agreement, Dali Water Supply agreed to contribute RMB52,146,900 (equivalent to approximately HK\$59,603,907) in cash to the capital of Canton Risen, thereby enlarging the equity of Canton Risen as disclosed below.

LISTING RULES IMPLICATIONS

Following the completion of the Second Capital Injection, the Group's equity interest in Canton Risen will be reduced, which will constitute a deemed disposal of the Company's interest in a subsidiary pursuant to Rule 14.29 of the Listing Rules. As the applicable percentage ratios calculated in accordance with the Listing Rules in respect of the Second Capital Injection are more than 5% but less than 25%, the Second Capital Injection Agreement and the transactions of the Group contemplated thereunder constitute a discloseable transaction of the Company pursuant to Chapter 14 of the Listing Rules.

Since the First Capital Injection and the Second Capital Injection both involve deemed disposal of equity interest by the Group in Canton Risen, and the Second Capital Injection is conducted within 12 months of the First Capital Injection, the Second Capital Injection is subject to aggregation with the First Capital Injection pursuant to Rule 14.22 of the Listing Rules. As the highest applicable percentage ratio calculated in accordance with the Listing Rules in respect of the Transactions on an aggregate basis is more than 25% but less than 75%, the Transactions constitute a major transaction of the Company and is therefore subject to the announcement, circular and shareholders' approval requirements pursuant to Chapter 14 of the Listing Rules.

As no Shareholder is materially interested in the Transactions and no Shareholder is required to abstain from voting at a general meeting of the Company approving the Transactions, and the Company has, pursuant to Rule 14.44 of the Listing Rules, obtained written approval of the Transactions from Prize Rich Inc., a Shareholder holding 1,222,713,527 issued ordinary shares of the Company (representing 71.41% of its entire issued share capital). As such, the Company is exempted from convening a general meeting to approve the Transactions.

A circular of the Company containing further details of the Transactions as required by the Listing Rules is expected to be despatched to the Shareholders on or before 21 January 2019.

INTRODUCTION

Reference is made to the announcement of the Company dated 28 September 2018 in relation to the First Capital Injection.

The Board is pleased to announce that on 28 December 2018 (after trading hours), CIH Finance, ZCXX, Yueqiao Assets Management and Canton Risen entered into the Second Capital Injection Agreement with Dali Water Supply in relation to the Second Capital Injection. Set out below is a summary of the principal terms of the Second Capital Injection Agreement.

THE SECOND CAPITAL INJECTION AGREEMENT

Date

28 December 2018 (after trading hours)

Parties

- (1) CIH Finance, a wholly-owned subsidiary of the Company;
- (2) ZCXX, a wholly-owned subsidiary of the Company;
- (3) Yueqiao Assets Management;
- (4) Dali Water Supply; and
- (5) Canton Risen, a subsidiary of the Company and the target company.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Yueqiao Assets Management, Dali Water Supply and their ultimate beneficial owners are third parties independent of the Group and its connected persons.

The Second Capital Injection

Pursuant to the terms of the Second Capital Injection Agreement, Dali Water Supply will contribute an amount of RMB52,146,900 (equivalent to approximately HK\$59,603,907) (of which RMB50,000,000 (equivalent to HK\$57,150,000) will be contributed to the registered capital of Canton Risen and the remainder to its capital reserve) in cash to the capital of Canton Risen.

The equity-holding structures of Canton Risen both before and after the Second Capital Injection with reference to the registered capital and the currently paid-up capital are illustrated below:

Equity holders of Canton Risen before the Second Capital Injection

	Registered capital (RMB)	Approximate Percentage	Paid-up capital (RMB)	Approximate Percentage
CIH Finance	325,000,000	59.09%	33,068,400	15.03%
ZCXK	175,000,000	31.82%	137,000,000	62.25%
Yueqiao Assets Management	50,000,000	9.09%	50,000,000	22.72%
Total	550,000,000	100%	220,068,400	100%

Equity holders of Canton Risen after the Second Capital Injection

	Registered capital (RMB)	Approximate Percentage	Paid-up capital (RMB)	Approximate Percentage
CIH Finance	325,000,000	54.17%	33,068,400	12.25%
ZCXK	175,000,000	29.17%	137,000,000	50.73%
Yueqiao Assets Management	50,000,000	8.33%	50,000,000	18.51%
Dali Water Supply	50,000,000	8.33%	50,000,000	18.51%
Total	600,000,000	100%	270,068,400	100%

Basis of determining the amount of the Second Capital Injection

The amount of the Second Capital Injection was determined after arm's length negotiations amongst the parties to the Second Capital Injection Agreement with reference to the net asset value of Canton Risen in the amount of RMB177,370,800 (equivalent to approximately HK\$202,734,824) as valued by an independent third party valuer as at 31 August 2018 and the percentages of equity interest as held by the parties on a fully paid-up and enlarged basis.

Timing for the Second Capital Injection

Dali Water Supply will pay the amount of the Second Capital Injection to Canton Risen in full by a lump sum payment before 31 January 2019.

Management Structure

Pursuant to the Second Capital Injection Agreement, except that Dali Water Supply is entitled to nominate a supervisor to Canton Risen, the current management structure of Canton Risen will remain unchanged.

Equity holders' rights and benefits and sharing of profit and loss

During the Relevant Period, Dali Water Supply will not share the profit and loss resulting from the operation of Canton Risen.

Upon completion of the Second Capital Injection, each of the equity holders will be entitled to such rights and benefits (including dividends) in proportion to its respective paid-up capital.

Registration procedures

Canton Risen will proceed with the change of industrial and commercial registration procedures and change of Sino-foreign joint venture filing and registration procedures within 5 business days from the effective date of the Second Capital Injection Agreement as well as all incidental documentation (including the amended constitutional documents and the supplemental joint venture agreement in relation to Canton Risen).

Termination of the Second Capital Injection Agreement by CIH Finance, ZCXX, Yueqiao Assets Management and Canton Risen

CIH Finance, ZCXX, Yueqiao Assets Management and Canton Risen will be entitled to terminate the Second Capital Injection Agreement if Dali Water Supply fails to pay the amount of the Second Capital Injection within 90 days from 31 January 2019.

INFORMATION ON CANTON RISEN

Canton Risen, established in the PRC on 19 December 2017, is principally engaged in the provision of finance, including through finance leasing, with an initial focus on government public utility, environmental protection, new energy and telecommunication projects in the PRC.

According to the unaudited financial statements of Canton Risen, the net asset value of Canton Risen was approximately RMB233,320,419 (equivalent to approximately HK\$266,685,239) as at 30 November 2018 and its net profits for the period since 1 January 2018 and ended 30 November 2018 before and after taxation were approximately RMB14,809,358 (equivalent to approximately HK\$16,927,096) and RMB11,107,019 (equivalent to approximately HK\$12,695,323) respectively.

INFORMATION ON OTHER PARTIES TO THE SECOND CAPITAL INJECTION AGREEMENT

The Group is engaged in hotel investment, management and operation, property investments in both properties held for sale and investment properties, wellness elderly care businesses and finance leasing. Through its joint ventures and associates, the Group also participates and invests in fast-growing sectors, including electric utilities, civil explosives and finance leasing in the PRC.

CIH Finance, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company, is principally engaged in finance and project investment.

ZCXX, a wholly foreign-owned enterprise incorporated in the PRC and a wholly-owned subsidiary of the Company, is principally engaged in investment holding.

Yueqiao Assets Management, a company incorporated in the PRC with limited liability, is principally engaged in assets management.

Dali Water Supply, a company incorporated in the PRC, is principally engaged in real estate rental.

FINANCIAL EFFECT OF THE DEEMED DISPOSAL TO THE GROUP

Upon completion of the Second Capital Injection, Canton Risen will remain a subsidiary of the Company. The financial results of Canton Risen will continue to be consolidated by the Group. Therefore, it is expected that the Group will not record any gain or loss from the deemed disposal in the consolidated income statement of the Group.

USE OF THE AMOUNT RECEIVED FROM THE SECOND CAPITAL INJECTION

The amount of the Second Capital Injection provided by Dali Water Supply will be used by Canton Risen in its ordinary course of business.

REASONS FOR AND BENEFITS OF ENTERING INTO OF THE SECOND CAPITAL INJECTION AGREEMENT

The principal business of Canton Risen continues to develop rapidly. The Company believes that the businesses of Canton Risen will be further strengthened with a broader equity holder base and the Second Capital Injection will provide further source of capital for Canton Risen to develop its existing businesses.

The Directors are of the view that the terms of the Second Capital Injection Agreement are on normal commercial terms and fair and reasonable and the Second Capital Injection and the transactions contemplated thereunder are in the interests of the Company and its Shareholders as a whole.

LISTING RULES IMPLICATIONS

Following the completion of the Second Capital Injection, the Group's equity interest in Canton Risen will be reduced, which will constitute a deemed disposal of the Company's interest in a subsidiary pursuant to Rule 14.29 of the Listing Rules. As the applicable percentage ratios calculated in accordance with the Listing Rules in respect of the Second Capital Injection are more than 5% but less than 25%, the Second Capital Injection Agreement and the transactions of the Group contemplated thereunder constitute a discloseable transaction of the Company pursuant to Chapter 14 of the Listing Rules.

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A circular of the Company containing further details of the Transactions as required by the Listing Rules is expected to be despatched to the Shareholders on or before 21 January 2019.

DEFINITIONS

In this announcement, unless the context requires otherwise, the following terms have the meanings as respectively ascribed below:

“Board”	the board of Directors of the Company
“Canton Risen”	Canton Risen Financial Leasing Co., Ltd.* (廣東粵盛科融資租賃有限公司), a company incorporated in the PRC with limited liability and a subsidiary of the Company
“CIH Finance”	CIH Finance Investments Holdings Limited (中國興業金融投資控股有限公司), a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company
“Company”	China Investments Holdings Limited (中國興業控股有限公司), a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 132)
“connected persons”	shall have the meaning as ascribed to it under the Listing Rules
“Dali Water Supply”	Foshan City Nanhai Dali Water Supply Company* (佛山市南海大瀝自來水公司), a collectively-owned enterprise incorporated in the PRC
“Director(s)”	the director(s) of the Company
“First Capital Injection”	the injection of RMB52,145,000 (equivalent to approximately HK\$59,601,735) by Yueqiao Assets Management in cash to the capital of Canton Risen pursuant to the terms of the First Capital Injection Agreement

“First Capital Injection Agreement”	the capital injection agreement dated 27 September 2018 entered into amongst CIH Finance, ZCXK, Yueqiao Assets Management and Canton Risen in relation to the First Capital Injection
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong Dollar, the lawful currency of Hong Kong
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“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 People’s Republic of China and Taiwan
“Relevant Period”	the period between 31 August 2018 up to and including the date of completion of the Second Capital Injection (which will be the date on which Dali Water Supply has paid the amount of the Second Capital Injection to Canton Risen in full)
“RMB”	Renminbi, the lawful currency of the PRC
“Second Capital Injection”	the injection of RMB52,146,900 (equivalent to approximately HK\$59,603,907) made by Dali Water Supply in cash to the capital of Canton Risen pursuant to the terms of the Second Capital Injection Agreement

“Second Capital Injection Agreement”	the capital injection agreement dated 28 December 2018 entered into amongst CIH Finance, ZCXK, Yueqiao Assets Management, Dali Water Supply and Canton Risen in relation to the Second Capital Injection
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transactions”	the transactions contemplated under the First Capital Injection Agreement and the Second Capital Injection Agreement and the transactions of the Group contemplated thereunder
“Yueqiao Assets Management”	Foshan City Yueqiao Assets Management Co., Ltd.* (佛山市粵樵資產管理有限公司), a company incorporated in the PRC with limited liability
“ZCXK”	Zhong Chuang Xing Ke (Shenzhen) Investments Company Limited* (中創興科(深圳)投資有限公司), a wholly foreign-owned enterprise incorporated in the PRC and a wholly-owned subsidiary of the Company
“%”	per cent

On behalf of
China Investments Holdings Limited
HE Xiangming
Chairman

Hong Kong, 28 December 2018

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.

For the purpose of this announcement, amounts denominated in RMB have been translated into HK\$ at the exchange rate of RMB1 = HK\$1.143. Such translations should not be construed as a representation that the amounts in question have been, could have been or could be converted at any particular rate at all.

** For identification purpose only*