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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in **China Investments Holdings Limited**, you should at once hand this circular to the purchaser(s) or transferee(s) or to the bank, licensed securities dealer or registered institution in securities, or other agent through whom the sale or transfer was effected, for transmission to the purchaser(s) or the transferee(s).

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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  
ENTERING INTO THE FINANCE LEASES AS THE LESSOR**

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A letter from the Board is set out on pages 5 to 13 of this circular.

The transaction being the subject matter of this circular has been approved by written shareholders' approval pursuant to the Listing Rules and this circular is being despatched to the Shareholders for information only.

9 January 2019

\* For identification purpose only

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## DEFINITIONS

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

“Asset 1”	shall have the meaning as disclosed in the section headed “INFORMATION ON THE ASSETS” in this circular
“Asset 2”	shall have the meaning as disclosed in the section headed “INFORMATION ON THE ASSETS” in this circular
“Asset 3”	shall have the meaning as disclosed in the section headed “INFORMATION ON THE ASSETS” in this circular
“Assets”	collectively, Asset 1, Asset 2 and Asset 3
“Board”	the board of Directors of the Company
“Business Day(s)”	any day(s) other than Saturday(s), Sunday(s) and statutory holiday(s) of the PRC
“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
“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
“controlling shareholder(s)”	shall have the meaning as ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company

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## DEFINITIONS

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“Finance Lease No. 1”	the finance lease agreement dated 14 December 2018 entered into between Canton Risen and the Lessees in relation to the transfer of ownership and lease back of Asset 1
“Finance Lease No. 2”	the finance lease agreement dated 14 December 2018 entered into between Canton Risen and the Lessees in relation to the transfer of ownership and lease back of Asset 2
“Finance Lease No. 3”	the finance lease agreement dated 14 December 2018 entered into between Canton Risen and the Lessees in relation to the transfer of ownership and lease back of Asset 3
“Finance Leases”	collectively, Finance Lease No. 1, Finance Lease No. 2 and Finance Lease No. 3
“Group”	the Company and its subsidiaries
“Guarantor”	Foshan City Nanhai District Songgang Land Resource Development Co., Ltd.* (佛山市南海區松崗土地資源開發有限公司), a company incorporated in the PRC with limited liability
“Historical Finance Leases and Incidental Documentation”	being the finance lease agreements and incidental documentation dated 7 November 2018 entered into between Canton Risen and the Lessees, the details of which have been disclosed in the announcement of the Company dated 9 November 2018
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HK\$”	Hong Kong Dollar, the lawful currency of Hong Kong

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## DEFINITIONS

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“Independent Third Party(ies)”	(an) independent third party(ies) not connected with the Group and any Director, chief executive or substantial shareholder of the Group or any of its subsidiaries or their respective associate of any of them as defined in the Listing Rules
“Latest Practicable Date”	7 January 2019, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information for inclusion in this circular
“Lessee 1”	Foshan City Nanhai District Shishan Meijing Sewage Treating Co., Ltd.* (佛山市南海區獅山美景污水處理有限公司), a company incorporated in the PRC with limited liability
“Lessee 2”	Foshan City Nanhai Huaqiao Cemetery Management Co., Ltd* (佛山市南海華僑永久墓園管理公司), a company incorporated in the PRC with limited liability
“Lessees”	collectively, Lessee 1 and Lessee 2
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PBOC”	the People’s Bank of China
“PRC”	the People’s Republic of China which, for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	the ordinary share(s) of the HK\$0.10 each of the Company

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## DEFINITIONS

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“Shareholder(s)” Shareholder(s) of the Company

“Stock Exchange” The Stock Exchange of Hong Kong Limited

“%” per cent

\* *For identification purposes only*

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## LETTER FROM THE BOARD

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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)**

*Executive Directors:*

He Xiangming (*Chairman of the Board*)

Lin Pingwu (*Managing Director*)

You Guang Wu (*Director*)

Huang Zhihe (*Deputy Managing Director*)

Wang Xin (*Deputy Managing Director*)

*Registered office:*

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

*Independent Non-executive Directors:*

Chan Kwok Wai

Chen Da Cheng

Deng Hong Ping

9 January 2019

*To the Shareholders*

Dear Sir or Madam,

### MAJOR TRANSACTION ENTERING INTO THE FINANCE LEASES AS THE LESSOR

#### INTRODUCTION

Reference is made to the announcement of the Company dated 14 December 2018 in relation to the entering into of the Finance Leases with the Lessees, to acquire the ownership of the Assets from the Lessees for an aggregate consideration of RMB221,000,000 (equivalent to approximately HK\$250,393,000), which would be leased back to the Lessees for their use and possession for a term of 2 years.

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## LETTER FROM THE BOARD

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The purpose of this circular is to provide you with, among other things, further information on the Finance Leases and the incidental documentation and other information as required under the Listing Rules.

### **FINANCE LEASES AND THE INCIDENTAL DOCUMENTATION**

Set out below is a summary of the principal terms of the Finance Leases and the incidental documentation:

**Date:**

14 December 2018

**Parties:**

- (1) Canton Risen, a subsidiary of the Company, as the lessor;
- (2) the Lessees; and
- (3) the Guarantor (in relation to the relevant guarantees).

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, each of the Lessees, the Guarantor and their ultimate beneficial owners are Independent Third Parties.

### **Transfer of Assets and consideration**

Canton Risen will acquire the unencumbered ownership of Asset 1, Asset 2 and Asset 3 from the Lessees on an "as-is" basis for RMB110,000,000 (equivalent to approximately HK\$124,630,000), RMB21,000,000 (equivalent to approximately HK\$23,793,000) and RMB90,000,000 (equivalent to approximately HK\$101,970,000) respectively in cash and, payable within 1 month from the date of the Finance Leases to any of the Lessees as the Lessees may decide, pursuant to the transfer agreements entered into between Canton Risen and the Lessees on the date of the Finance Leases. As at the date of this circular, the consideration for the Assets transfer have been paid in full.



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## LETTER FROM THE BOARD

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Such consideration amount was determined following arm's length negotiations by the parties with reference to the original cost of Asset 1, Asset 2 and Asset 3 of RMB113,270,000 (equivalent to approximately HK\$128,334,910), RMB30,600,000 (equivalent to approximately HK\$34,669,800) and RMB93,880,000 (equivalent to approximately HK\$106,366,040) respectively. Approximately 80 percent of such consideration amount for the acquisition of the Assets amounting to RMB176,800,000 (equivalent to approximately HK\$200,314,400) is expected to be funded through external banking facilities and the remaining 20 percent amounting to RMB44,200,000 (equivalent to approximately HK\$50,078,600) is expected to be funded through the internal resources of the Group.

The consideration amount will provide additional liquidity for the Lessees.

### **Lease period**

Canton Risen will lease back the Assets to the Lessees for Lessee 1's use and possession for a term of 2 years commencing from the day the consideration for the Assets transfer has been paid by Canton Risen. Unless otherwise waived by Canton Risen, the release of payment of the consideration for the Assets transfer by Canton Risen is conditional upon the fulfilment of certain conditions within 1 month from the date of the Finance Leases including, mainly, the satisfactory provision of the relevant guarantees by the Guarantor.

### **Lease payments**

Pursuant to Finance Lease No.1, the total amount of lease payments is approximately RMB118,379,225 (equivalent to approximately HK\$134,123,662) (subject to changes of the benchmark interest rate for 2 years RMB loans published by the PBOC from time to time), comprising (a) the lease principal payment of RMB110,000,000 (equivalent to approximately HK\$124,630,000) and (b) the aggregate lease interest of approximately RMB8,379,225 (equivalent to approximately HK\$9,493,662) (subject to changes of the benchmark interest rate for 2 years RMB loans published by the PBOC from time to time). Both the lease principal and the interest shall be payable every six months in four (4) installments during the lease period with the first installment being payable on 18 June 2019.

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## LETTER FROM THE BOARD

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Pursuant to Finance Lease No.2, the total amount of lease payments is approximately RMB22,567,096 (equivalent to approximately HK\$25,568,520) (subject to changes of the benchmark interest rate for 2 years RMB loans published by the PBOC from time to time), comprising (a) the lease principal payment of RMB21,000,000 (equivalent to approximately HK\$23,793,000) and (b) the aggregate lease interest of approximately RMB1,567,096 (equivalent to approximately HK\$1,775,520) (subject to changes of the benchmark interest rate for 2 years RMB loans published by the PBOC from time to time). Both the lease principal and the interest shall be payable every six months in four (4) installments during the lease period with the first installment being payable on 18 June 2019.

Pursuant to Finance Lease No.3, the total amount of lease payments is approximately RMB96,903,399 (equivalent to approximately HK\$109,791,551) (subject to changes of the benchmark interest rate for 2 years RMB loans published by the PBOC from time to time), comprising (a) the lease principal payment of RMB90,000,000 (equivalent to approximately HK\$101,970,000) and (b) the aggregate lease interest of approximately RMB6,903,399 (equivalent to approximately HK\$7,821,551) (subject to changes of the benchmark interest rate for 2 years RMB loans published by the PBOC from time to time). Both the lease principal and the interest shall be payable every six months in four (4) installments during the lease period with the first installment being payable on 18 June 2019.

Pursuant to the Finance Leases, the aggregate lease interest amounts are calculated on the then outstanding lease principal payment amount (being initially the amount of consideration for the Assets transfer paid by Canton Risen) at 20% above the benchmark interest rate for 2 years RMB loans published by PBOC from time to time (for reference purpose, the prevailing benchmark interest rate for 2 years RMB loans published by the PBOC is 4.75% and therefore the interest rate is approximately 5.7% p.a. as at the date hereof). Such interest rate was determined after arm's length negotiations between the parties to the Finance Leases with reference to the principal amount of the leases, the return of the Finance Leases for the Group (including the interest rate for the external banking facilities obtained by the Group for the acquisition of the Assets, which is set at 11% above the benchmark interest rate for 2 years RMB loans published by PBOC from time to time, and is lower than the interest rate charged for the Finance Leases) and the credit risks associated with the Finance Leases.

The Lessees will facilitate all credit checks by Canton Risen with the central credit appraisal system of the PBOC from time to time.

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## LETTER FROM THE BOARD

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### **Termination and purchase option**

The Lessees may terminate the Finance Leases provided that all outstanding amounts due thereunder have been settled by them. All payment obligations of the Lessees towards Canton Risen are joint and several, regardless of whether any of them may have actual possession and/or usage of the Assets. At the end of the lease period or in the event of an early termination of the Finance Leases, subject to the settlement of all outstanding amounts due, the Lessees will have the right to purchase the Assets at an aggregate nominal purchase price of RMB3 (equivalent to approximately HK\$3.399).

### **Guarantee deposit**

The Lessees will pay an interest-free deposit of RMB1,650,000 (equivalent to approximately HK\$1,869,450), RMB315,000 (equivalent to approximately HK\$356,895) and RMB1,350,000 (equivalent to approximately HK\$1,529,550) to Canton Risen on the same day the consideration for the Assets transfer has been paid by Canton Risen to secure their payment obligations under the Finance Lease No. 1, Finance Lease No. 2 and Finance Lease No. 3 respectively. As at the date of this circular, all guarantee deposits have been paid in full by the Lessees to Canton Risen.

### **Guarantees**

The Guarantor had executed guarantees on the date of the Finance Leases guaranteeing Canton Risen, effectively on a joint and several basis, the due and punctual settlement of any and all amounts payable by the Lessees under the Finance Leases.

### **Consultancy Agreements**

In addition, on 14 December 2018, Canton Risen entered into consultancy agreements with Lessee 1 whereby Canton Risen has agreed to provide financial consultancy service to Lessee 1 and Lessee 1 has agreed to pay an aggregate fee of RMB4,420,000 (equivalent to approximately HK\$5,007,860) to Canton Risen. As at the date of this circular, such consultancy fee has been paid in full by Lessee 1 to Canton Risen.

Such fee was determined after arm's length negotiations between the parties to the Finance Leases with reference to the return of the Finance Leases for the Group as a whole and be payable in lump sum to Canton Risen within three business days (but if the three-business-day period shall lie between two months, the consultancy fee shall be paid by the end of the earlier month) after Lessee 1 confirms in writing that Canton Risen has completed the provision of consultancy service pursuant to the agreements.

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## **LETTER FROM THE BOARD**

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### **REASONS FOR AND BENEFITS OF ENTERING INTO THE FINANCE LEASES AND THE INCIDENTAL DOCUMENTATION**

The entering into of the Finance Leases and the incidental documentation is part of Canton Risen's ordinary and usual course of business which is expected to provide a stable revenue and cashflow to the Group.

The Directors consider that the Finance Leases and the incidental documentation and the transactions contemplated thereunder are on normal commercial terms which are made on an arm's length basis and are fair and reasonable and in the best interests of the Group and the Shareholders as a whole.

### **FINANCIAL EFFECTS OF THE FINANCE LEASE ARRANGEMENTS**

The Finance Leases are expected to attribute approximately RMB21,269,720 (equivalent to approximately HK\$24,098,593) to the Group's turnover, from the total interest income of approximately RMB16,849,720 (equivalent to approximately HK\$19,090,733) plus consultation service fee income of RMB4,420,000 (equivalent to approximately HK\$5,007,860) over the whole period of such Finance Leases. On the other hand, the Group are expected to bear the total interest payments of approximately RMB11,037,964 (equivalent to approximately HK\$12,506,013) to the Group's cost of sales in respect of external banking facilities over the whole period of such Finance Leases. As a result, a total net earnings amounting to approximately RMB10,231,756 (equivalent to approximately HK\$11,592,580) can be expected to be recorded in the Group's income statements for the year ended 31 December 2018 and the years ending 31 December 2019 and 31 December 2020.

As at the date when the consideration for the Assets transfer was paid, the Group had also recorded on its balance sheet the finance lease receivables of RMB221,000,000 (equivalent to approximately HK\$250,393,000) in respect of such Finance Leases and bank borrowings by the Group of RMB176,800,000 (equivalent to approximately HK\$200,314,000), and will decrease the cash and cash equivalents of RMB44,200,000 (equivalent to approximately HK\$50,078,600) of the Group, being the amount expected to be funded through the internal resources of the Group.

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## LETTER FROM THE BOARD

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### INFORMATION ON THE ASSETS

Asset 1 comprises the newly constructed offsite pipe network at Xiaotang Sewage Treatment Plant\* (小塘污水處理廠廠外管網) situated at Shishan Town, Nanhai District, Foshan City.

Asset 2 comprises the offsite pipe network of the Northwest Sewage Treatment Plant Phase II\* (西北污水處理廠二期廠外管網) situated at Shishan Town, Nanhai District, Foshan City.

Asset 3 comprises the pipe network of the First Stage of the Shishan Town River Environment Treatment Project\* (獅山鎮河涌水環境治理項目(一階段)) situated at Shishan Town, Nanhai District, Foshan City.

The Lessees will bear any maintenance, taxation and other costs and levies associated with the Assets.

### LISTING RULES IMPLICATION

As the applicable percentage ratios for the transactions contemplated under the Finance Leases and the incidental documentation, when calculated on an aggregated basis with the transactions contemplated under the Historical Finance Leases and Incidental Documentation, exceed 25% but are less than 100%, the entering into of such transactions constitute a major transaction for the Company under the Listing Rules and is subject to the announcement, circular and shareholders' approval requirements under the Listing Rules.

As no Shareholder is materially interested in the Finance Leases and the incidental documentation and no Shareholder is required to abstain from voting at a general meeting of the Company approving the transactions contemplated under the Finance Leases and the incidental documentation, the Company has, pursuant to Rule 14.44 of the Listing Rules, obtained written approval of the transactions contemplated under the Finance Leases and the incidental documentation from Prize Rich Inc., a Shareholder holding 1,222,713,527 issued Shares (representing 71.41% of the Company's entire issued share capital). As such, the Company is exempted from convening a general meeting to approve the transactions contemplated under the Finance Leases and the incidental documentation.

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## LETTER FROM THE BOARD

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### PRINCIPAL BUSINESSES OF THE PARTIES

#### **The Group**

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.

#### **Canton Risen**

Canton Risen is a subsidiary of the Company, which 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.

#### **The Lessees**

Lessee 1 is a limited liability company established in the PRC and is principally engaged in the investment, construction and operation management of sewage treatment and its ancillary facilities in the PRC.

Lessee 2 is a limited liability company established in the PRC and is principally engaged in the development, construction and sale of cemeteries and the sale of stone and funeral supplies in the PRC.

#### **The Guarantor**

The Guarantor is a limited liability company established in the PRC, and is principally engaged in land resource development, agency service for land resumption and other asset management activities in the PRC.

The Lessees and the Guarantor are ultimately controlled by the same shareholder.

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## LETTER FROM THE BOARD

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### RECOMMENDATIONS

The Directors consider that the Finance Leases and the incidental documentation and the transactions contemplated thereunder are on normal commercial terms which are made on an arm's length basis and are fair and reasonable, and in the best interests of the Group and the Shareholders as a whole.

### ADDITIONAL INFORMATION

Your attention is drawn to the financial and general information as set out in the appendices to this circular.

On behalf of  
**China Investments Holdings Limited**  
**HE Xiangming**  
*Chairman*

\* *For identification purpose only*

**1. FINANCIAL INFORMATION OF THE GROUP**

Details of the audited financial information of the Group for each of the three years ended 31 December 2015, 2016 and 2017 are disclosed in the following annual reports of the Company for the years ended 31 December 2015, 2016, 2017, respectively, and details of the unaudited interim financial information of the Group for the six months ended 30 June 2018 are disclosed in the following interim report of the Company for the six months ended 30 June 2018, which have been published and are available on the website of the Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk)) and the website of the Company (<http://chinainvestments.oceanwir.com>):

- the annual report 2015 of the Company for the year ended 31 December 2015 which was published on 15 April 2016 (available on: <http://www.hkexnews.hk/listedco/listconews/SEHK/2016/0415/LTN20160415877.pdf>), please refer to pages 27 to 103 in particular;
- the annual report 2016 of the Company for the year ended 31 December 2016 which was published on 20 April 2017 (available on: <http://www.hkexnews.hk/listedco/listconews/SEHK/2017/0420/LTN201704201313.pdf>), please refer to pages 33 to 121 in particular;
- the annual report 2017 of the Company for the year ended 31 December 2017 which was published on 18 April 2018 (available on: <http://www.hkexnews.hk/listedco/listconews/SEHK/2018/0418/LTN20180418892.pdf>), please refer to pages 49 to 178 in particular; and
- the interim report of the Company for the six months ended 30 June 2018 which was published on 7 September 2018 (available on: <http://www.hkexnews.hk/listedco/listedconews/SEHK/2018/0907/LTN20180907555.pdf>), please refer to pages 16 to 80 in particular.



**2. INDEBTEDNESS STATEMENT**

As at the close of business on 30 November 2018, the Group had outstanding secured interest bearing bank loans of approximately HK\$1,154,177,000. Among such loans, a small number of them have a maturity profile in the near term (maturing in 2019 and 2020) with the rest in the mid (maturing in 2021, 2023 and 2024) to long term (maturing in 2028 and 2035). The Group also had an unsecured interest bearing loan from its immediate holding company and other independent third parties of approximately HK\$90,000,000 and HK\$79,310,000 respectively, all of which will mature in 2020. In addition, the Group had outstanding convertible notes in the aggregate principal amount of HK\$166,232,000 issued by the Company on 13 October 2014.

The Group has obtained a loan facility from a bank of approximately USD110,090,000 which a controlling shareholder has provided the necessary corporate guarantee. As at the close of business on 30 November 2018, the Group has drawn down USD100,000,000 of the loan facility.

Save as aforesaid or otherwise discussed herein, as at the close of business on 30 November 2018, the Group did not have any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages, charges, hire purchase commitments, guarantees or other material contingent liabilities.

**3. MATERIAL ADVERSE CHANGE**

References are made to the profit warning announcement dated 16 August 2018 and the interim results announcement for the six months ended 30 June 2018 dated 21 August 2018 regarding the loss for the period attributable to the owners of the Company of approximately HK\$7,824,000 for the six months ended 30 June 2018, which was mainly attributable to the substantial increase in financial costs. Save as disclosed above, as at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2017, being the date to which the latest published audited consolidated financial statements of the Company were made up.

**4. WORKING CAPITAL**

The Directors are of the opinion that, after taking into account the existing cash and bank balances, other internal resources and available existing unutilised credit facilities, the Group has sufficient working capital for its present requirements and to satisfy its requirements for at least the next 12 months from the date of publication of this circular in the absence of unforeseen circumstances.

**5. FINANCIAL AND TRADING PROSPECT OF THE GROUP**

The Group's multifaceted businesses are more resilient to sector-specific fluctuations in the economy, with diversified fields spanning from hotel investment, management and operation, property investments in both properties held for sale and investment properties, wellness elderly care business, and finance leasing. Through its joint ventures and associates, the Group also participates and invests in fast-growing sectors, including power generation, civil explosives and financial leasing in the PRC.

The Group has engaged in the operation and management of financial leasing business and gradually accumulated related experience through Guangdong Financial Leasing Co., Ltd.\* (廣東粵科融資租賃有限公司), a 25%-owned associate of the Group. The Group holds an optimistic view on the prospects of the development of financial leasing business in China, and has established a wholly-owned subsidiary Canton Risen to further develop the financial leasing business which contributed to and is expected to grow and enhance both the revenue and profit to the Group.

During the year, the Group, through merger and acquisition, acquired 49% of Guangdong Tiannuo Civil Explosives Co., Ltd.\* (廣東天諾民爆有限公司) and the Guangdong Nanhong Chemical Co., Ltd.\* (廣東南虹化工有限公司). It is hoped that the merger and acquisition will help improve the profitability of the Group, enabling the Group to explore the potential of the domestic civil explosive business.

During the course of transformation and upgrade in the past few years, with industry experience accumulated therefrom, the Group has basically confirmed its development focus and direction through continuous exploration, survey and steady investment. The Group will seize opportunities for market development and continue its efforts to adjust and optimize its business. The Group will develop its business towards finance, technology and wellness elderly care sectors in coming years. In respect of the finance sector, the Group will further develop the financial leasing business, and initially intends to focus on business areas including public utilities projects, environmental protection and energy-saving projects, new energy projects and tele-communication projects. In respect of the technology sector, taking advantages of the opportunity arising from the new smart city construction plan in Nanhai District, the Group will actively research on and develop the Big Data industry projects. Regarding the wellness elderly care sector, the Group will continue to develop towards the goal of establishing a 3-tier elderly care system comprising institutes, communities and households in Nanhai District based on the foundation of the Smart Elderly Care Services Platform. The Group will be able to expand its business coverage with the above development plans, thereby gradually achieving the goal of increasing and maintaining a solid return for the Shareholders.

\* For identification purpose only

## 1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

## 2. DISCLOSURE OF INTERESTS

### (a) Interests and short positions of Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company and any associated corporations (within the meaning of Part XV of the SFO) which were required to be (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and chief executives of the Company were taken or deemed to have pursuant to Divisions 7 and 8 of Part XV of the SFO), or (ii) entered in the register required to be kept under Section 352 of the SFO or (iii) required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) adopted by the Company were as follows:

#### *Long positions in the Shares*

Name of Director	Capacity	Nature of interest	Number of Shares held	Approximate percentage of total issued Shares as at the Latest Practicable Date <sup>1</sup>
He Xiangming	Beneficial owner	Personal	1,441,000	0.08%

#### *Notes:*

- The percentage was calculated based on 1,712,329,142 Shares in issue as at the Latest Practicable Date.

Save as disclosed above, none of the Directors and chief executives of the Company had, as at the Latest Practicable Date, any interests or short positions in any shares and underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and chief executives of the Company were taken or deemed to have pursuant to Divisions 7 and 8 of Part XV of the SFO), or which were entered in the register required to be kept by the Company under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

**(b) Interests and short positions of the Shareholders in the Shares, underlying Shares of the Company**

As at the Latest Practicable Date, so far as is known to any Director or chief executive of the Company, the interests and short positions of the Shareholders (other than directors or chief executives of the Company) who had interests or short positions in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were entered in the register required to be kept by the Company pursuant to Section 336 of the SFO, were as follows:–

Name of Shareholder	Capacity of Shareholder	Number of Shares/ underlying Shares		Approximate percentage of total issued Shares as at the Latest Practicable Date <sup>1</sup>
		Long position	Short position	
廣東南海控股投資 有限公司 (Guangdong Nanhai Holding Investment Co., Ltd.*)	Corporate interest	1,441,439,842 <sup>2</sup>	–	84.18%
Nam Keng Van Investment Company Limited	Beneficial owner	121,864,487 <sup>3</sup>	–	7.12%
Cui Guo Jing	Corporate interest	121,864,487 <sup>3</sup>	–	7.12%
Pu Jian Qing	Corporate interest	121,864,487 <sup>3</sup>	–	7.12%

*Notes:*

1. The percentage was calculated based on 1,712,329,142 Shares in issue as at the Latest Practicable Date.
2. These 1,441,439,842 Shares comprises (i) 1,222,713,527 Shares held by Prize Rich Inc. which was wholly-owned by Guangdong Nanhai Holding Investment Co., Ltd.\* (廣東南海控股投資有限公司) ; and (ii) 218,726,315 new Shares to be allotted and issued by the Company to Prize Rich Inc. upon the exercise of conversion rights attaching to the convertible bonds issued by the Company to Prize Rich Inc. pursuant to an acquisition agreement as part of the consideration.
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.

Saved as disclosed above, as at the Latest Practicable Date, the Company had not been notified by any person (other than Directors and chief executives of the Company) who had interests or short positions in the Shares and underlying Shares under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were entered in the register required to be kept under Section 336 of the SFO.

As at the Latest Practicable Date, no Director or proposed Director is a director or employee of a company which has an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

### **3. COMPETING INTERESTS**

As at the Latest Practicable Date, none of the Directors or his or her respective close associates was considered to have an interest in a business which competes or was likely to compete, either directly or indirectly, with the business of the Group other than those business to which the Directors or his or her close associates were appointed to represent the interests of the Company and/or the Group.

**4. DIRECTORS' INTEREST IN CONTRACTS AND ASSETS OF THE GROUP**

As at the Latest Practicable Date,

- (a) none of the Directors were materially interested in any contract or arrangement subsisting and which was significant in relation to the business of the Group; and
- (b) none of the Directors had any interest, direct or indirect, in any assets which had been acquired or disposed of by or leased to any member of the Group or were proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2017, being the date to which the latest published audited consolidated financial statements of the Company were made up.

**5. MATERIAL CONTRACTS**

The following are contracts entered into by the members of the Group within the two years immediately preceding the date of this circular and which is or may be material:

- (a) the provisional sale and purchase agreement dated 25 July 2017 entered into among Greenswood Property Limited (建和物業有限公司) (“**Greenswood**”) (a wholly-owned subsidiary of the Company) as vendor, China Queen Investment Limited (中崑投資有限公司) (“**China Queen**”) as purchaser and Flourish Property Agency (C. I. S.) Limited as the selling agent, pursuant to which Greenswood has agreed to sell Portion A on the Ground Floor of Kai Yip Factory Building, Nos. 15-17 Sam Chuk Street, San Po Kong, Kowloon, Hong Kong to China Queen for the consideration of HK\$33,800,000;

- (b) the letter of intent dated 31 August 2017 entered into between China Investments Limited (“**CIL**”) (a wholly-owned subsidiary of the Company) as vendor and LIN Zhongxing (“**LIN**”) as purchaser, pursuant to which CIL agreed to sell and LIN agreed to purchase 33 offices and 4 shops located at Shantou Commercial Plaza, 106 Jinsha Road, Shantou of Guangdong Province in the PRC (the “**Properties**”) and the tenancies of the Properties (if any) by way of disposal by CIL of the entire equity interest of 13 companies being the indirect wholly-owned subsidiaries of the Company incorporated in Hong Kong with limited liability and holding the Properties at the consideration of RMB39,500,000; as LIN has failed to settle any of the consideration payments, the letter of intent has been terminated;
- (c) the investment agreement dated 29 September 2017 entered into amongst CIL and T-Box Union (China) Financial Holdings Investments Limited (“**T-Box Holdings**”) and T-Box Union Investments Limited (“**T-Box Investments**”) in relation to the establishment of Xingye Homestay Inn Union Limited (re-named as China Select Small Hotel Union Limited) (“**Small Hotel Union**”) to engage in the platform operation, investment and management of the homestay accommodation and hotels and other related business in the PRC, under which CIL will contribute HK\$6,120,000 to Small Hotel Union (representing 51% of the total initial share capital), T-Box Holdings will contribute HK\$3,600,000 (representing 30% of the total initial share capital) and T-Box Investments will contribute HK\$2,280,000 (representing 19% of the total initial share capital);
- (d) the joint venture agreement dated 16 November 2017 entered into amongst CIH Finance Investments Holdings Limited (中國興業金融投資控股有限公司) (“**CIH Finance**”), a wholly-owned subsidiary of the Company and 佛山市南海金融高新區投資控股有限公司 (Nanhai Financial Hi-Tech Zone Investment Holdings Co., Ltd.\*) in relation to the establishment of 廣東中岩泰科建設有限公司 (Guangdong Sino Rock Tyco Construction Co., Ltd.\*) (“**Sino Rock Tyco**”) pursuant to which CIH Finance has agreed to contribute an equivalent amount of RMB728,000,000 to Sino Rock Tyco, representing 80% of the total capital contributions;

- (e) the capital contribution agreement dated 28 March 2018 entered into amongst 佛山市南海康美投資有限公司 (Foshan City Nanhai Canmanage Investments Holdings Limited\*) (“**Nanhai Canmanage**”), a wholly-owned subsidiary of the Company, 佛山市南海區聯華資產經營管理有限公司 (Foshan City Nanhai District Lianhua Asset Operation & Management Co., Ltd.\*)、廣東省南海化工總廠有限公司 (Guangdong Nanhai Chemical Factory Co., Ltd.\*) and 廣東天諾民爆有限公司 (Guangdong Tiannuo Civil Explosives Co., Ltd.\*) (“**Tiannuo Civil Explosives**”) in relation to the contribution of RMB130,333,102.44 to the capital of Tiannuo Civil Explosives for 49% of the enlarged equity interest of Tiannuo Civil Explosives;
- (f) the capital injection agreement dated 27 September 2018 entered into amongst CIH Finance, 中創興科(深圳)投資有限公司 (Zhong Chuang Xing Ke (Shenzhen) Investments Company Limited\*) (“**ZCXK**”), a wholly-owned subsidiary of the Company, Canton Risen and 佛山市粵樵資產管理有限公司 (Foshan Yueqiao Assets Management Co., Ltd.\*) (“**Yueqiao Assets Management**”) in relation to the contribution of RMB52,145,000 in cash to the capital of Canton Risen by Yueqiao Assets Management; and
- (g) the capital injection agreement dated 28 December 2018 entered into amongst CIH Finance, ZCXK, Yueqiao Assets Management, Canton Risen and 佛山市南海大瀝自來水公司 (Foshan City Nanhai Dali Water Supply Company\*) (“**Dali Water Supply**”), in relation to the contribution of RMB52,146,900 in cash to the capital of Canton Risen by Dali Water Supply.

## 6. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened against any member of the Group.

## 7. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered, or proposed to enter, into a service contract with any member of the Group which is not determinable by the Group within one (1) year without payment of compensation (other than statutory compensation).



**8. GENERAL**

- (a) The registered office of the Company is at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.
- (b) The branch share registrar of the Company is Tricor Progressive Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (c) The Company's head office and principal place of business in Hong Kong is at Unit 501, Wing On Plaza, 62 Mody Road, Tsimshatsui, Kowloon, Hong Kong.
- (d) The company secretary of the Company is Mr. Lo Tai On, who is a member of the Hong Kong Institute of Certified Public Accountants.
- (e) The English text of this circular shall prevail over the Chinese text in the case of inconsistency.

**9. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection during normal business hours from 9:00 a.m. to 6:00 p.m. (except Saturdays, Sundays and public holidays) at the principal place of business of the Company in Hong Kong at Unit 501, Wing On Plaza, 62 Mody Road, Tsimshatsui, Kowloon, Hong Kong from the date of this circular up to and including 23 January 2019:

- (a) the memorandum of association and bye-laws of the Company;
- (b) the annual reports of the Company for the three financial years ended 31 December 2015, 2016 and 2017 respectively;
- (c) the interim report of the Company for the six months ended 30 June 2018;
- (d) the material contracts referred to in the section headed "Material contracts" in this appendix;
- (e) this circular.