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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 OF LAND USE RIGHT LEASE AGREEMENTS AND RESUMPTION OF TRADING

Reference is made to the announcement of the Company dated 24 October 2018 in relation to the entering into of the Historical LUR Lease Agreements, pursuant to which the unencumbered land use right for a piece of commercial land with a rental area of 54.35 acres and a piece of industrial land with a rental area of 146.61 acres both situated at Danzao Logistics Centre were respectively leased to Sino Rock Tyco.

THE LUR LEASE AGREEMENTS

The Board is pleased to announce that on 21 January 2019 (after trading hours), Sino Rock Tyco (a subsidiary of the Company) entered into the LUR Lease Agreements as lessee with the Landlord, pursuant to which the Landlord leased the unencumbered land use right for the Land Parcels to Sino Rock Tyco for an aggregate consideration of approximately RMB709,160,697 (equivalent to approximately HK\$819,789,766) for a term of approximately 33 years.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio calculated in accordance with the Listing Rules in respect of the transactions contemplated under the LUR Lease Agreements, when calculated on an aggregated basis with those under the Historical LUR Lease Agreements, exceeds 25% but is less than 100%, the matter constitutes a major transaction of the Company and is subject to the announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

As no Shareholder is materially interested in the transactions contemplated under the LUR Lease Agreements and is required to abstain from voting at a general meeting of the Company approving the same, the Company has, pursuant to Rule 14.44 of the Listing Rules, obtained written approval of the LUR Lease Agreements 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 at the date of this announcement). As such, the Company is exempted from convening a general meeting to approve the transactions contemplated under the LUR Lease Agreements.

A circular of the Company containing further information on the transactions contemplated under the LUR Lease Agreements as required by the Listing Rules is expected to be despatched to the Shareholders for information purpose on or before 18 February 2019.

RESUMPTION OF TRADING

At the request of the Company, the trading in the shares of the Company on the Main Board of the Stock Exchange has been halted with effect from 9:00 a.m. on Tuesday, 22 January 2019 pending the release of this announcement. The Company has applied to the Stock Exchange for the resumption of trading in its shares on the Main Board of the Stock Exchange with effect from 9:00 a.m. on Thursday, 24 January 2019.

Reference is made to the announcement of the Company dated 24 October 2018 in relation to the entering into of the Historical LUR Lease Agreements, pursuant to which the unencumbered land use right for a piece of commercial land with a rental area of 54.35 acres and a piece of industrial land with a rental area of 146.61 acres both situated at Danzao Logistics Centre were respectively leased to Sino Rock Tyco.

THE LUR LEASE AGREEMENTS

The Board is pleased to announce that on 21 January 2019 (after trading hours), Sino Rock Tyco entered into the LUR Lease Agreements with the Landlord, pursuant to which the Landlord leased the unencumbered land use right for the Land Parcels to Sino Rock Tyco. Set out below is a summary of the principal terms of the LUR Lease Agreements:

Date:

21 January 2019 (after trading hours)

The LUR Lease Agreements would be effective upon the Company having obtained the necessary Shareholders' approval as required pursuant to the Listing Rules in relation to the transactions contemplated thereunder. The required written Shareholders' approval has been obtained by the Company on the date of the LUR Lease Agreements.

Parties:

- (1) Sino Rock Tyco, a subsidiary of the Company (as lessee); and
- (2) The Landlord (as lessor).

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Landlord and its ultimate beneficial owner are third parties independent of the Group and its connected persons.

The Land Parcels

The Landlord leased the unencumbered land use right for the Land Parcels situated at Danzao Logistics Centre to Sino Rock Tyco with details as follows:

- (1) **Land Parcel 1:** a piece of unencumbered industrial land with a rental area of approximately 103.62 acres;
- (2) **Land Parcel 2:** a piece of unencumbered industrial land with a rental area of approximately 48.64 acres;

- (3) **Land Parcel 3:** a piece of unencumbered industrial land with a rental area of approximately 216.50 acres; and
- (4) **Land Parcel 4:** a piece of unencumbered industrial land with a rental area of approximately 104.22 acres.

The unencumbered land use right for the Land Parcels are expected to be recorded by the Company initially in the amount of approximately RMB306,339,973 (equivalent to approximately HK\$354,129,009) according to HKFRS 16.

Use

The Land Parcels will be used for the development of industrial parks, the agreed construction period for which is 60 months from the date of the LUR Lease Agreements, within which Sino Rock Tyco is required to complete the relevant construction. Otherwise, Sino Rock Tyco will be required to pay 120% of the then current rent for the period of delayed construction. The Group is currently in the course of leasing and negotiating for the leasing of suitable land for the overall development of an industrial park in the Danzao Logistics Centre.

Subject to the consent of the Landlord, Sino Rock Tyco may sub-lease the completed developments to third parties for a term not exceeding the term of the LUR Lease Agreements.

Lease term

The lease term of Land Parcel 1 and Land Parcel 2 will be approximately 33 years from 21 January 2019 to 25 August 2051; whereas the lease term of Land Parcel 3 and Land Parcel 4 will be approximately 33 years from 21 January 2019 to 20 December 2051.

Sino Rock Tyco may apply for an extension of the lease term under the LUR Lease Agreements by 6-month advance notice in writing.

Delivery

The Land Parcels were delivered on the date of the LUR Lease Agreements.

Consideration

The aggregate amount payable by Sino Rock Tyco pursuant to the LUR Lease Agreements will be approximately RMB709,160,697 (equivalent to approximately HK\$819,789,766), comprising:

- (1) **Rent:** in the first three years ending 20 January 2022, the annual rent payable by Sino Rock Tyco (inclusive of tax) will be RMB30,000 per acre (equivalent to approximately HK\$34,680 per acre); and from 21 January 2022 onwards, the annual rent will be increased by 8% every three years; and
- (2) **Management fee:** Sino Rock Tyco will pay an annual management fee (inclusive of tax) of RMB1.3 per square meter (equivalent to approximately HK\$1.5 per square meter) in enabling the settlement of land use tax by the Landlord specifically.

The consideration payable by Sino Rock Tyco pursuant to the LUR Lease Agreements was determined after arm's length negotiations between Sino Rock Tyco and the Landlord with reference to the rent, lease term and relevant tax charges in comparable market as well as the development prospects of the Land Parcels. The consideration is expected to be funded through the internal resources of Sino Rock Tyco.

Payment

The first annual rent and management fee payment shall be made upon the expiry of the 6-month rent-free period commencing on the date of delivery of the respective Land Parcels (for the avoidance of doubt, including management fee for the period from the date of the LUR Lease Agreements to the expiry of the rent-free period). Thereafter, the annual rent and management fee will be payable in full in advance before 15 January in respect of each year.

Security deposits

Within 10 working days after the date of the LUR Lease Agreements, Sino Rock Tyco will pay an aggregate security deposits of RMB7,100,000 (equivalent to approximately HK\$8,207,600) to the Landlord.

If, during the lease term, any amount has been forfeited or deducted by the Landlord from the relevant security deposit, Sino Rock Tyco will replenish the security deposit to its initial amount within 15 working days of the receipt by Sino Rock Tyco of the written notice from the Landlord on the aforesaid.

INFORMATION ON THE PARTIES

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.

The Landlord is principally engaged in investment, management, development and construction of industrial park.

REASONS FOR AND BENEFITS OF ENTERING INTO OF THE LUR LEASE AGREEMENTS

The Land Parcels, together with the land parcels leased to the Group under the Historical LUR Lease Agreements, will be used for the development of part of the industrial park situated in Danzao Logistics Centre which are intended to be leased to new energy related businesses, including electric vehicle and hydrogen powered fuel cell vehicle productions. As disclosed in the circular of the Company dated 19 December 2017, the Group sees a valuable investment opportunity to participate in the necessary infrastructure and supporting facility development in the Nanhai region, by capturing the commercial potential introduced by the PRC's national-level industry support policies to promote the transition for green development sustainable clean growth economy and "The Project of Accelerating the Development and Commercialisation of Fuel Cell Vehicles in China*" (促進中國燃料電池汽車商業化發展項目) launched by the United Nations Development Programme, the PRC Ministry of Finance and the PRC Ministry of Science and Technology. The Group may further expand its venture in industrial parks development if there are favourable opportunities.

The Directors are of the view that the terms of the LUR Lease Agreements and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATION

As the highest applicable percentage ratio calculated in accordance with the Listing Rules in respect of the transactions contemplated under the LUR Lease Agreements, when calculated on an aggregated basis with those under the Historical LUR Lease Agreements, exceeds 25% but is less than 100%, the matter constitutes a major transaction of the Company and is subject to the announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

As no Shareholder is materially interested in the transactions contemplated under the LUR Lease Agreements and is required to abstain from voting at a general meeting of the Company approving the same, the Company has, pursuant to Rule 14.44 of the Listing Rules, obtained written approval of the LUR Lease Agreements 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 at the date of this announcement). As such, the Company is exempted from convening a general meeting to approve the transactions contemplated under the LUR Lease Agreements.

A circular of the Company containing further information on the transactions contemplated under the LUR Lease Agreements as required by the Listing Rules is expected to be despatched to the Shareholders for information purpose on or before 18 February 2019.

RESUMPTION OF TRADING

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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
“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
“Danzao Logistics Centre”	Danzao Logistics Centre, Danzao Town, Nanhai District, Foshan City, the PRC* (中國佛山市南海區丹灶鎮丹灶物流中心)
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Historical LUR Lease Agreements”	collectively: (i) the lease agreement dated 23 October 2018 entered into between Sino Rock Tyco and Foshan City Nanhai District Danzao Town Land Resources Development Ltd.* (佛山市南海區丹灶鎮土地資源開發公司) in respect of the leasing of the unencumbered land use right for a piece of commercial land with a rental area of 54.35 acres situated at Danzao Logistics Centre; and

(ii) the lease agreement dated 23 October 2018 entered into between Sino Rock Tyco and the Landlord in respect of the leasing of the unencumbered land use right for a piece of industrial land with a rental area of 146.61 acres situated at Danzao Logistics Centre,

both disclosed under the announcement of the Company dated 24 October 2018

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong Dollar, the lawful currency of Hong Kong
“Landlord”	Foshan City Nanhai Lianyun Investment Co., Ltd.* (佛山市南海聯運投資有限公司), a company incorporated in the PRC with limited liability
“Land Parcels”	collectively, Land Parcel 1, Land Parcel 2, Land Parcel 3 and Land Parcel 4
“Land Parcel 1”	as defined in the section headed “ <i>The Land Parcels</i> ” in this announcement
“Land Parcel 2”	as defined in the section headed “ <i>The Land Parcels</i> ” in this announcement
“Land Parcel 3”	as defined in the section headed “ <i>The Land Parcels</i> ” in this announcement
“Land Parcel 4”	as defined in the section headed “ <i>The Land Parcels</i> ” in this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“LUR Lease Agreements”	collectively, LUR Lease Agreement 1, LUR Lease Agreement 2, LUR Lease Agreement 3 and LUR Lease Agreement 4
“LUR Lease Agreement 1”	the lease agreement dated 21 January 2019 entered into between Sino Rock Tyco and the Landlord in respect of the leasing of the unencumbered land use right for Land Parcel 1
“LUR Lease Agreement 2”	the lease agreement dated 21 January 2019 entered into between Sino Rock Tyco and the Landlord in respect of the leasing of the unencumbered land use right for Land Parcel 2
“LUR Lease Agreement 3”	the lease agreement dated 21 January 2019 entered into between Sino Rock Tyco and the Landlord in respect of the leasing of the unencumbered land use right for Land Parcel 3
“LUR Lease Agreement 4”	the lease agreement dated 21 January 2019 entered into between Sino Rock Tyco and the Landlord in respect of the leasing of the unencumbered land use right for Land Parcel 4
“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
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	shareholder(s) of the Company
“Sino Rock Tyco”	Guangdong Sino Rock Tyco Construction Co., Ltd.* (廣東中岩泰科建設有限公司), a company incorporated in the PRC with limited liability and a subsidiary of the Company

“Stock Exchange”

The Stock Exchange of Hong Kong Limited

“%”

per cent

On behalf of
China Investments Holdings Limited
HE Xiangming
Chairman

Hong Kong, 23 January 2019

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\$1.156. 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*