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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)**

### **VERY SUBSTANTIAL ACQUISITION**

#### **(1) ENTERING INTO OF LAND USE RIGHT LEASE AGREEMENTS**

#### **(2) ENTERING INTO OF ACQUISITION AGREEMENT**

##### **(1) THE LUR LEASE AGREEMENTS**

The Board is pleased to announce that on 7 March 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 terms ranging from approximately 32 to 34 years for aggregate rents and management fees of approximately RMB1,049,932,660 (equivalent to approximately HK\$1,228,421,212) to be paid over the course of the respective lease term.

##### **(2) THE ACQUISITION AGREEMENT**

The Board is also pleased to announce that on 7 March 2019 (after trading hours), Sino Rock Tyco (a subsidiary of the Company) as purchaser entered into the Acquisition Agreement with the Vendor and the Guarantor, pursuant to which the Vendor has conditionally agreed to sell, and the purchaser has conditionally agreed to acquire 100% equity interest in the Target Company, at the consideration of RMB185,000,000 (equivalent to approximately HK\$216,450,000), and the Guarantor has conditionally agreed to guarantee the obligations of the Vendor pursuant to the Acquisition Agreement. The Target Company was set up by the Vendor for the sole purpose of, after the entering into of the Acquisition Agreement, holding the Target Properties.

## **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 and the Acquisition Agreement, when calculated on an aggregated basis, along with the Historical LUR Lease Agreement, exceeds 100%, the matters together constitute a very substantial acquisition of the Company and is subject to the announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

A circular of the Company containing, among other things, further information on the transactions contemplated under the LUR Lease Agreements and the Acquisition Agreement as required by the Listing Rules together with the notice of SGM is expected to be despatched to the Shareholders on or before 28 March 2019.

### **(1) THE LUR LEASE AGREEMENTS**

#### **The LUR Lease Agreements**

The Board is pleased to announce that on 7 March 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:***

7 March 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 "**Effective Date**").

#### ***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 54.48 mu (equivalent to approximately 36,321.5 m<sup>2</sup>);
- (2) **Land Parcel 2:** a piece of unencumbered industrial land with a rental area of approximately 30.27 mu (equivalent to approximately 20,180.0 m<sup>2</sup>);
- (3) **Land Parcel 3:** a piece of unencumbered industrial land with a rental area of approximately 105.04 mu (equivalent to approximately 70,027.0 m<sup>2</sup>); and
- (4) **Land Parcel 4:** nine pieces of adjacent unencumbered industrial lands with an aggregate rental area of approximately 509.76 mu (equivalent to approximately 339,839.3 m<sup>2</sup>), which is to be consolidated pursuant to the LUR Lease Agreement 4.

The unencumbered land use right for the Land Parcels was valued at the amount of approximately RMB458,000,000 (equivalent to approximately HK\$535,860,000) as at 28 February 2019 by PSA (HK) Surveyors Limited, an independent property valuer, and is expected to be recorded by the Company initially as non-current assets in the amount of approximately RMB453,101,334 (equivalent to approximately HK\$530,128,561) according to HKFRS 16.

## ***Use***

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 an industrial park in Danzao Logistics Centre, which is currently contemplated to have a total site area of approximately 1,400 mu (equivalent to approximately 933,324 m<sup>2</sup>). The agreed construction period for the Land Parcels (other than Land Parcel 4) is 60 months from the Effective Date while that for Land Parcel 4 is 60 months from the date on which the said land is delivered, 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.

Administrative permissions, including planning permits ( 建設工程規劃許可證 ) and construction permits ( 建設工程施工許可證 ), will be required for the construction of the industrial park. It is currently expected that the required planning permits and construction permits for the construction of most parts of the industrial park will be applied for and granted by the relevant PRC authorities in 2019, and, as at the date of this announcement, an application has been made to the relevant PRC government authority for the planning permit in relation to the staff residences to be constructed on the industrial park.

The industrial park will be developed in two phases, with construction of most parts of the industrial park to commence in the first half of 2019 and be completed within 2020. Subject to the then lodging demand, further staff residences may be built in the year 2020, the construction of which is expected to complete in 2021. Such expected timeline of completion of construction of various parts of the industrial park will be communicated to the relevant PRC authorities when the relevant construction permits are applied for, and be referenced therein.

Subject to the consent of the Landlord, Sino Rock Tyco may sub-lease part of the Land Parcels and/or the completed developments (including main and spare production plants for new energy vehicle, supporting pilot base and ancillary facilities, as well as staff residences) 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 34 years from the Effective Date to 1 January 2053; the lease term of Land Parcel 3 will be approximately 34 years from the Effective Date to 30 September 2053; and that of Land Parcel 4 will be approximately 32 years from the date of its delivery to 9 August 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***

Subject to the fulfilment of certain general administrative conditions including the obtaining of relevant land use right certificates, completion of necessary demolition and compensation, and the availability of electricity and water supply, the Land Parcels (other than Land Parcel 4) will be delivered on the Effective Date, save that Land Parcel 4 will be delivered on the date when the last land use right certificate in relation to its constituent land parcels is issued, which is currently expected to be in May 2019. As of the date of this announcement, the general administrative conditions in relation to the Land Parcels (other than Land Parcel 4) have been satisfied and the land use right certificates in relation to three (out of nine) of the constituent land parcels of Land Parcel 4 with a total rental area of approximately 239.29 mu (equivalent to approximately 159,526.2m<sup>2</sup>) have been obtained. The land use right certificates in relation to the rest of the constituent land parcels of Land Parcel 4 are applied for but not yet granted.

### ***Rents and management fees***

The aggregate amount of rents and management fees payable by Sino Rock Tyco in cash over the course of the lease terms pursuant to the LUR Lease Agreements will be approximately RMB1,049,932,660 (equivalent to approximately HK\$1,228,421,212), comprising:

- (1) **Rent:** The rent commencement date for the Land Parcels (other than Land Parcel 4) will be on the date of the respective LUR Lease Agreement while that for Land Parcel 4 will be on the date of its delivery. In the first three years from the aforesaid rent commencement dates, the annual rent payable by Sino Rock Tyco (inclusive of tax) will be RMB30,000 per mu (equivalent to approximately HK\$35,100 per mu); and starting from the day after the end of the said first three years, 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\$1.521 per square meter) in enabling the settlement of land use tax by the Landlord specifically.

The amount of rents and management fees 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 rent and management fee payments for the course of the lease term after the construction of the industrial park is completed are expected to be funded through the internal resources of Sino Rock Tyco, particularly the rental income to be received from the subleasing of the facilities constructed on the industrial park, which will be sufficient to generate profits for Sino Rock Tyco. As to funding during the construction and development phase of the entire industrial park, please refer to the section headed "*Reasons for and benefits of entering into of the LUR Lease Agreements and the Acquisition Agreement*".

### ***Payment schedule***

The first annual rent and management fee payment for the Land Parcels (other than Land Parcel 4) will be made upon the expiry of the 6-month rent-free period commencing on the date of the respective LUR Lease Agreement while that for Land Parcel 4 will be made upon the expiry of the 6-month rent-free period commencing on the date of its delivery (for the avoidance of doubt, including management fee incurred during the aforesaid rent-free periods), i.e. an amount of RMB4,797,028 (equivalent to approximately HK\$5,612,523) will be paid by Sino Rock Tyco to the Landlord upon the expiry of the rent-free periods. 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 Effective Date, Sino Rock Tyco will pay an aggregate security deposits of RMB10,500,000 (equivalent to approximately HK\$12,285,000) 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.

The security deposits will be refunded to Sino Rock Tyco by the Landlord without interest on the expiry of the respective lease term under the LUR Lease Agreement upon confirmation by the Landlord that there is no breach of the respective LUR Lease Agreement by Sino Rock Tyco.

## **(2) THE ACQUISITION AGREEMENT**

The Board is also pleased to announce that on 7 March 2019 (after trading hours), Sino Rock Tyco (a subsidiary of the Company) as purchaser entered into the Acquisition Agreement with the Vendor and the Guarantor, pursuant to which the Vendor has conditionally agreed to sell, and the purchaser has conditionally agreed to acquire 100% equity interest in the Target Company, at the consideration of RMB185,000,000 (equivalent to approximately HK\$216,450,000), and the Guarantor has conditionally agreed to guarantee the obligations of the Vendor pursuant to the Acquisition Agreement.

The principal terms of the Acquisition Agreement are as follows:–

#### **Date:**

7 March 2019 (after trading hours)

#### **Parties:**

- (1) Sino Rock Tyco, a subsidiary of the Company (as purchaser);
- (2) the Vendor; and
- (3) the Guarantor

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

### **Assets to be acquired**

The Target Company was set up on 17 October 2018 by the Vendor for the sole purpose of, after the entering into of the Acquisition Agreement, holding the Target Properties namely, Blocks A, B, C, D, E and F of Xianhuwan Commercial Plaza with a gross floor area of approximately 28,552.74 m<sup>2</sup> situated at No.3 Yang Guang Road, Danzao Xianhu Resort Area, Nanhai District, Foshan City. As at the date of this announcement, no capital injection has been made into the Target Company yet and the Target Company has not commenced any operation. Accordingly, the Target Company does not have any book value or income. Within 60 days after the signing of the Acquisition Agreement, the Vendor will contribute the Target Properties to the Target Company as capital. The Target Properties are vacant properties currently used as securities pursuant to the Guarantees given by the Vendor in favour of the Bank. There is no rental income attributable to the Target Properties being generated.

Construction of the Target Properties was completed in December 2014 and the Vendor has obtained the valid land use certificates and realty title certificates in relation the Target Properties. The authorized use of the land and the properties is commercial use. After the Acquisition, the Target Company will become a subsidiary of the Company and be consolidated in the accounts of the Company and the Target Properties will be accounted for as investment properties in such consolidated accounts.

### **Consideration**

The total consideration under the Acquisition Agreement of RMB185,000,000 (equivalent to approximately HK\$216,450,000) was determined after arm's length negotiations between the Vendor and Sino Rock Tyco, having taken into account the valuations of the Target Properties in the amount of RMB185,592,810 (equivalent to approximately HK\$217,143,588) conducted by an independent valuer engaged by the Company as of 30 June 2018. The Company will include an updated valuation report of the Target Properties conducted by independent valuer in the circular to be despatched to the Shareholders. It is expected that there will not be any significant fluctuation on the valuation of the Target Properties in the updated valuation report.

## Conditions Precedent

The Acquisition Agreement will be effective upon, among other things, the following conditions being fulfilled:

- (a) the Target Properties having been released from the Guarantees, the property rights of which having been transferred to the Target Company and all the title certificates in respect of the Target Properties having been transferred to Sino Rock Tyco; and
- (b) approval from the Shareholders at the SGM pursuant to the Listing Rules in relation to the transactions contemplated under the Acquisition Agreement having been obtained.

The abovementioned conditions precedent should be fulfilled before the Long Stop Date and failing which, the Acquisition Agreement will be terminated.

## Payment

It was agreed that Sino Rock Tyco and the Vendor will jointly manage a bank account opened under the name of Sino Rock Tyco (the “**Designated Bank Account**”). All outgoing funds from the Designated Bank Account will be approved by both parties.

The consideration is expected to be funded through the internal resources of Sino Rock Tyco and payable in the following manner:–

- (a) within 5 days after the signing of the Acquisition Agreement, Sino Rock Tyco will pay to the Designated Bank Account deposit in the amount of RMB37,000,000 (equivalent to approximately HK\$43,290,000) (the “**Deposit**”);
- (b) within 10 business days after (i) having obtained the approval from the Shareholders at the SGM pursuant to the Listing Rules in relation to the transactions contemplated under the Acquisition Agreement and (ii) the Target Properties having been released from the Guarantees, the property rights of which having been transferred to the Target Company and the Target Company having obtained all the title certificates in respect of the Target Properties, Sino Rock Tyco will pay to the Designated Bank Account the balance of the consideration in the amount of RMB148,000,000 (equivalent to approximately HK\$173,160,000);
- (c) on the Completion Date, Sino Rock Tyco and the Vendor will jointly approve the releasing of RMB138,000,000 (equivalent to approximately HK\$161,460,000) and any balance of the Deposit from the Designated Bank Account to the Vendor’s bank account, provided that a balance of RMB10,000,000 (equivalent to approximately HK\$11,700,000) will remain at the Designated Bank Account serving as a guarantee deposit (the “**Guarantee Deposit**”). Where there are quality issues in relation to the Target Properties, Sino Rock Tyco is entitled to deduct the corresponding amount from the Guarantee Deposit directly and any deficiency thereof will be compensated in full by the Vendor; and



- (d) six months after the Completion Date, provided that there is no quality issues in connection with the Target Properties, Sino Rock Tyco and the Vendor will jointly approve the releasing of the Guarantee Deposit from the Designated Bank Account to the Vendor's bank account.

The Vendor can use the Deposit to satisfy the taxes incurred for transferring the Target Properties to the Target Company after having obtained Sino Rock Tyco's consent. However, in the event that approval from the Shareholders at the SGM pursuant to the Listing Rules in relation to the transactions contemplated under the Acquisition Agreement is not obtained, or is not fulfilled by the Long Stop Date, the full amount of the Deposit will be refunded to Sino Rock Tyco within 10 business days. The Vendor and the Guarantor will be jointly and severally liable for such refund obligation.

### **Joint management of the Target Company**

During the period from the date of establishment of the Target Company to the Completion Date:

- (a) all company chops, common seal, business licences and certificates will be kept in joint custody of Sino Rock Tyco and the Vendor at a venue designated by Sino Rock Tyco; and
- (b) all bank accounts of the Target Company will be jointly managed by Sino Rock Tyco and the Vendor and all outgoing funds will be approved by both parties.

### **Liabilities for breach of contract**

If Sino Rock Tyco defaults to pay the consideration, Sino Rock Tyco will pay the Vendor penalties amounting to 0.02% of the portion of consideration payable for each day of default. If the delay in payment exceeds 60 days, the Vendor has the right to (i) terminate the Acquisition Agreement, (ii) forfeit the Deposit, and (iii) demand for compensation by Sino Rock Tyco in relation to the actual losses suffered by the Vendor (including but not limited to taxes, valuation fee, litigation costs, solicitors' fees and other expenses incurred).

If the Vendor fails to release the Target Properties from the Guarantees within 60 days from the date of signing of the Acquisition Agreement, or the Target Properties are again being secured as assets or subject to judicial seizure after having been released from the Guarantees such that registration for transfer in respect of the Target Properties cannot be done, then Sino Rock Tyco has the right to (i) unilaterally terminate the Acquisition Agreement, (ii) request for refund of all the consideration paid (in respect of the Deposit, twice the amount of the Deposit will be refunded), and (iii) demand for compensation by the Vendor for all losses suffered by Sino Rock Tyco (including but not limited to taxes, valuation fee, litigation costs, solicitors' fees and other expenses incurred).

If the Vendor defaults to complete the transfer of the Target Properties and title certificates pursuant to the Acquisition Agreement, the Vendor will pay Sino Rock Tyco penalties amounting to 0.02% of the total consideration for each day of default. If the delay in performance exceeds 60 days, Sino Rock Tyco has the right to (i) terminate the Acquisition Agreement, (ii) request for refund of all the consideration paid (in respect of the Deposit, twice the amount of the Deposit will be refunded), and (iii) demand for compensation by the Vendor for all losses suffered by Sino Rock Tyco (including but not limited to taxes, valuation fee, litigation costs, solicitors' fees and other expenses incurred).

If Sino Rock Tyco or the Target Company (after the Acquisition) is held responsible for legal liabilities owed to third party(ies) or subject to punishment by governmental authority(ies) resulting from the Vendor's material omission or failure to disclose any material matter concerning the Target Properties or the Target Company, or there exist material quality issues in relation to the Target Properties affecting the amount of consideration (i.e. devaluation of the Target Properties caused by such quality issues exceeds 5% of the total consideration), Sino Rock Tyco has the right to demand the Vendor to pay penalties amounting to 20% of the total consideration. Such penalty obligation will be enforceable for 3 years counting from the day when Sino Rock Tyco becomes aware of the aforesaid breaches. If the aforesaid penalties is insufficient to cover the losses suffered by Sino Rock Tyco, Sino Rock Tyco has the right to demand for full compensation in relation to such damages.

## **INFORMATION ON THE PARTIES**

The Group is principally 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.

Sino Rock Tyco is principally engaged in property investment, development, construction, operation and management.

The Landlord is principally engaged in property development, operation and management.

The Vendor is principally engaged in investment holding.

The Target Company was set up by the Vendor for the sole purpose of, after the entering into of the Acquisition Agreement, holding the Target Properties.

The Guarantor is a PRC resident and the controlling shareholder of the Vendor as at the date of this announcement.

## **REASONS FOR AND BENEFITS OF ENTERING INTO OF THE LUR LEASE AGREEMENTS AND THE ACQUISITION AGREEMENT**

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 is an area zoned by the relevant PRC authorities to be an industrial area for the development of new energy related business) which is intended to be leased to new energy related businesses, including electric vehicle and hydrogen powered fuel cell vehicle productions. It is contemplated that the whole industrial park will have a total site area of approximately 1,400 mu (equivalent to approximately 933,324 m<sup>2</sup>) of which approximately 673.94 mu (equivalent to approximately 449,296 m<sup>2</sup>) have already been leased to Sino Rock Tyco pursuant to the Historical LUR Lease Agreements (the “**Leased Land Parcels**”). Regarding the Leased Land Parcels, as at the date of the announcement, Sino Rock Tyco has committed to the payment of RMB1.01 billion (equivalent to approximately HK\$1.18 billion) for all the rents and management fees payable in relation to the Leased Land Parcels for the entire lease term under the respective lease agreements. As disclosed in the announcement of the Company dated 24 October 2018 and the circular of the Company dated 22 February 2019, such amount is expected to be funded through the internal resources of Sino Rock Tyco.

The completed developments will include main and spare production plants for new energy vehicle, supporting pilot base and ancillary facilities, as well as staff residences, and such development will be consistent with the zoning plan of Danzao Logistics Centre and the pilot programme for the development of sustainable clean growth economy initiated by the PRC authorities. The industrial park will be developed in two phases, with construction of most parts of the industrial park expected to commence in the first half of 2019 and be completed within 2020. Subject to the then lodging demand, further staff residences may be built in the year 2020, the construction of which is expected to complete in 2021. The completed developments (and limited land parcel(s) within the industrial park) will be sub-leased to third parties for occupation (in case of the limited land parcel(s) which may be sub-leased to third parties, such land parcel(s) will be industrial land(s) in Danzao Logistics Centre, and the sub-lessee will be required to develop the said land parcel(s) by constructing production plants for new energy related businesses).

During the construction and development phase of the entire industrial park until 2021, it is expected that an aggregate amount of RMB1.46 billion (equivalent to approximately HK\$1.71 billion) will be invested, which includes the rents and management fees in relation to the Leased Land Parcels under construction and the estimated construction costs. The amount is expected to be funded as to approximately 70% by the internal resources of Sino Rock Tyco (including its paid-up registered capital, rental incomes to be received on completed facilities which may be subleased during the construction and development phase, returns from investment and government allowances, part of which have already been earned and/or unconditionally received (as the case may be) as at the date of this announcement), and approximately 30% by bank facilities.

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.

Further, it is the intention of the Company that the Target Properties will be rented out for use as a research and development centre which will comprise office, exhibition hall and catering centre for the development of new energy related business, being in line with the developments to be completed in the industrial park situated in Danzao Logistics Centre contemplated by the Company. The Company considers that purchasing the Target Properties (which are readily available for use) and converting them into a research and development centre can save time and costs of the Company as compared to purchasing or leasing a land parcel and constructing such centre from scratch. No new permit or additional payment needs to be applied or made by the Company for using the Target Properties as research and development centre, which is in compliance with the authorised land use. The Company also considers that the Target Properties, situated in the Xianhu Resort Area and in the proximity of the Danzao Logistic Centre, is a suitable and ideal location for carrying out research and development works.

The Directors are of the view that the terms of the LUR Lease Agreements and the Acquisition Agreement 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 and the Acquisition Agreement, when calculated on an aggregated basis, along with the Historical LUR Lease Agreements, exceeds 100%, the matters together constitute a very substantial acquisition of the Company and is subject to the announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

A circular of the Company containing, among other things, further information on the transactions contemplated under the LUR Lease Agreements and the Acquisition Agreement as required by the Listing Rules together with the notice of SGM is expected to be despatched to the Shareholders on or before 28 March 2019.

## DEFINITIONS

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

“Acquisition”	the acquisition of 100% equity interest in the Target Company by Sino Rock Tyco from the Vendor pursuant to the Acquisition Agreement
“Acquisition Agreement”	the conditional agreement dated 7 March 2019 entered into amongst Sino Rock Tyco (as purchaser), the Vendor and the Guarantor in relation to the Acquisition
“Bank”	Agricultural Bank of China Limited (Nanhai Dali sub-branch)
“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)
“Completion Date”	the date when registration for change with the competent authority for industry and commerce in relation to the transfer of 100% equity interests in the Target Company from the Vendor to Sino Rock Tyco is completed
“Conditions Precedent”	as defined in the section headed “ <i>Conditions Precedent</i> ” in this announcement
“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

“First Historical LUR Lease Agreements”	<p>collectively:</p> <p>(i) 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 commercial land with a rental area of 54.35 mu (equivalent to approximately 36,233.0 m<sup>2</sup>) situated at Danzao Logistics Centre; and</p> <p>(ii) the lease agreement dated 23 October 2018 entered into between Sino Rock Tyco and Nanhai Lianyun Investment in respect of the leasing of the unencumbered land use right for a piece of industrial land with a rental area of 146.61 mu (equivalent to approximately 97,742.4 m<sup>2</sup>) situated at Danzao Logistics Centre,</p> <p>both disclosed under the announcement of the Company dated 24 October 2018</p>
“Guarantees”	the two guarantees given by the Vendor in favour of the Bank pursuant to which the Target Properties are used as securities for the financial obligations of Yichuan Decoration owed to the Bank, with a maximum guaranteed amount of RMB154,899,000 (equivalent to approximately HK\$181,231,830)
“Guarantor”	黃培佳 (Huang Peijia*), controlling shareholder of the Vendor and Yichuan Decoration
“Group”	the Company and its subsidiaries
“Historical LUR Lease Agreements”	collectively, the First Historical LUR Lease Agreements and the Second Historical LUR Lease Agreements
“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 District Danzao Town Land Resources Development Ltd.* (佛山市南海區丹灶鎮土地資源開發公司), 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 “(1) <i>The LUR Lease Agreements – The Land Parcels</i> ” in this announcement
“Land Parcel 2”	as defined in the section headed “(1) <i>The LUR Lease Agreements – The Land Parcels</i> ” in this announcement
“Land Parcel 3”	as defined in the section headed “(1) <i>The LUR Lease Agreements – The Land Parcels</i> ” in this announcement
“Land Parcel 4”	as defined in the section headed “(1) <i>The LUR Lease Agreements – The Land Parcels</i> ” in this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	31 May 2019 (or such any other relevant date as may be agreed between Sino Rock Tyco and the Vendor)
“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 7 March 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 7 March 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 7 March 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 7 March 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

“Nanhai Lianyun Investment”	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
“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
“Second Historical LUR Lease Agreements”	collectively, the four lease agreements dated 21 January 2019 entered into between Sino Rock Tyco and Nanhai Lianyun Investment in respect of the leasing of the unencumbered land use right for four pieces of industrial land with a total rental area of approximately 472.98 mu (equivalent to approximately 315,313.2 m <sup>2</sup> ) all situated at Danzao Logistics Centre, the details of which were disclosed under the announcement and circular of the Company dated 23 January 2019 and 22 February 2019 respectively
“SGM”	the special general meeting to be convened and held by the Company for the Shareholders to consider, and, if thought fit, to approve the transactions contemplated under the LUR Lease Agreements and the Acquisition Agreement
“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
“Supplemental Agreement”	the supplemental agreement (《仙湖灣商業廣場建設補充協議》) dated 23 April 2007 entered into between the Vendor and Foshan City Nanhai District Xianhu Resort Co., Ltd.* (佛山市南海區仙湖旅遊度假有限公司), a company incorporated in the PRC with limited liability
“Target Company”	Foshan City Xianhuwan Development Co., Ltd.* (佛山市仙湖灣置業有限公司), a company incorporated in PRC with limited liability which is a wholly-owned subsidiary of the Vendor



“Target Properties”	Blocks A, B, C, D, E and F of Xianhuwan Commercial Plaza with a gross floor area of approximately 28,552.74 m <sup>2</sup> situated at No.3 Yang Guang Road, Danzao Xianhu Resort Area, Nanhai District, Foshan City* (佛山市南海區丹灶仙湖旅遊度假區陽光路3號仙湖灣商業廣場A、B、C、D、E及F座)
“Vendor”	Foshan City Nanhai District Danzao Xianhuwan Commercial Plaza Development Co., Ltd.* (佛山市南海區丹灶仙湖灣商業廣場開發有限公司), a company incorporated in the PRC with limited liability
“Yichuan Decoration”	Foshan City Nanhai Yichuan Decoration Co., Ltd.* (佛山市南海藝全裝飾工程有限公司), a company incorporated in the PRC with limited liability and the controlling shareholder of which is the Guarantor
“%”	per cent

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

Hong Kong, 7 March 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\$1.17. 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 the purpose of this announcement, a mu means a mu under the Method of Uniform Legal Measures in the People’s Republic of China\* 《中華人民共和國法定計量單位使用方法》, and 1 mu means approximately 666.67 m<sup>2</sup>.*

\* For identification purpose only