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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)

CONNECTED TRANSACTION PROPOSED EXTENSION OF MATURITY DATE OF CONVERTIBLE BONDS

**Independent Financial Adviser to the Independent Board Committee
and the Independent Shareholders**



Gram Capital Limited
嘉林資本有限公司

EXTENSION OF MATURITY DATE OF THE CONVERTIBLE BONDS

On 12 March 2019 (after trading hours of the Stock Exchange), in accordance with the terms and conditions of the Convertible Bonds, the Company and Prize Rich entered into the Extension Deed to extend the maturity date of the outstanding Convertible Bonds in the principal amount of HK\$166,232,000 by 5 years from 13 October 2019 to 13 October 2024 (i.e. the Extended CB Maturity Date), with all the terms and conditions of the outstanding Convertible Bonds unchanged.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Prize Rich held 1,222,713,527 Shares, representing approximately 71.41% of the issued share capital of the Company, and is a controlling shareholder and connected person of the Company under the Listing Rules and the Extension constitutes a connected transaction of the Company which is subject to announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

GENERAL

The Independent Board Committee has been established to give recommendations to the Independent Shareholders on the proposed Extension. Gram Capital has been appointed by the Company as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

The SGM will be convened and held for the Independent Shareholders to consider and, if thought fit, approve the proposed Extension.

A circular containing, inter alia, (i) a letter of advice from Gram Capital in relation to the Extension; (ii) a recommendation from the Independent Board Committee in relation to the Extension; and (iii) a notice of the SGM is expected to be despatched to the Shareholders on or before 2 April 2019.

EXTENSION OF MATURITY DATE OF THE CONVERTIBLE BONDS

Background

Reference is made to the announcement of the Company dated 5 June 2014 and the circular of the Company dated 30 June 2014. On 13 October 2014, China Investments Limited (a wholly-owned subsidiary of the Company) completed the acquisition of the entire issued share capital of Southern Limited from Prize Rich. Pursuant to such acquisition, part of the consideration was satisfied by the issuance of the Convertible Bonds on 13 October 2014 in the principal amount of HK\$166,232,000 by the Company to Prize Rich, which may be converted into 218,726,315 Shares upon full exercise of the conversion rights therein at the initial conversion price of HK\$0.76 per Conversion Share. During the period from the Conversion Commencement Date and up to the Last Trading Day, the average closing price of the Shares was below the initial conversion price.

As at the date of this announcement, the Convertible Bonds remain outstanding in full and would mature and be repayable in full with accrued interests on 13 October 2019 pursuant to the terms and conditions of the Bond Certificate.

Extension Deed

On 12 March 2019 (after trading hours of the Stock Exchange), in accordance with the terms and conditions of the Convertible Bonds, the Company and Prize Rich entered into the Extension Deed to extend the maturity date of the outstanding Convertible Bonds by 5 years from 13 October 2019 to 13 October 2024 (i.e. the Extended CB Maturity Date), with all the terms and conditions of the outstanding Convertible Bonds unchanged.

As at the date of this announcement, Prize Rich held 1,222,713,527 Shares, representing approximately 71.41% of the issued share capital of the Company, and is a controlling shareholder and connected person of the Company under the Listing Rules and the Extension constitutes a connected transaction of the Company which is subject to the announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Condition precedent

The Extension Deed will only become effective upon compliance with the Listing Rules requirements including the passing of an ordinary resolution to approve the Extension by the Independent Shareholders at the SGM.

In the event that the condition precedent set out above has not been satisfied by 31 May 2019, unless otherwise agreed between the parties, the Extension Deed will lapse.

Principal terms of the Convertible Bonds

The principal terms of the Convertible Bonds after the Extension Deed has become effective are summarized below:–

Issuer	:	the Company
Principal Amount	:	HK\$166,232,000
Interest	:	2% per annum, payable annually in arrears
Conversions	:	The outstanding principal amount of the Convertible Bonds are convertible in whole or in part into Conversion Shares at the conversion price by the bondholder at any time during the Conversion Period by delivery of a written notice.

The principal amount of the Convertible Bonds to be converted on each occasion shall not be less than HK\$1,000,000 and shall be in integral multiple(s) of HK\$1,000,000, unless the outstanding principal amount of the Convertible Bonds is less than HK\$1,000,000 and in such event the entire outstanding principal amount shall be converted.

Conversion Shares : Assuming that the Convertible Bonds are fully converted into Conversion Shares at the initial conversion price of HK\$0.76, a total of 218,726,315 Conversion Shares will be issued which represent approximately 12.77% of the issued share capital of the Company as at the date of this announcement and approximately 11.33% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares.

Conversion Price : The initial price at which each Share shall be issued upon conversion shall be HK\$0.76 (subject to adjustment, if any). The conversion price of HK\$0.76 represents:

- (i) a premium of approximately 83.13% over the closing price of HK\$0.415 per Share as quoted on the Stock Exchange on the Last Trading Day; and
- (ii) a premium of approximately 78.40% over the average closing price of HK\$0.426 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day; and
- (iii) a premium of approximately 87.19% over the average closing price of HK\$0.406 per Share as quoted on the Stock Exchange for the last three months up to and including the Last Trading Day.

The conversion price is subject to adjustments upon occurrence of, among other things, subdivision or consolidation or re-classification of Shares, capital distribution, issuance of Shares by way of capitalisation of profits or reserves, grant of options, warrants or rights to subscribe for or purchase Shares.

Conversion Period : The period commencing on the date immediately following the third anniversary of the issue date of the Convertible Bonds and expiring on the Extended CB Maturity Date.

- Redemption : The Convertible Bonds shall be redeemed by the Company on the Extended CB Maturity Date at the principal amount then outstanding together with all accrued and unpaid interest thereon up to and including the Extended CB Maturity Date. By giving notice to the bondholder, the Convertible Bonds may also be redeemed, in whole or in part, at any time prior to the Extended CB Maturity Date by the Company at the principal amount then outstanding or such part(s) of the principal amount then outstanding together with any accrued and unpaid interest.
- Transferability : The Convertible Bonds or any part(s) thereof (in integral multiple(s) of HK\$1,000,000, or the outstanding principal amount of the Convertible Bonds is less than HK\$1,000,000, the entire outstanding principal amount) may be assigned or transferred, subject to the satisfaction of the following conditions:
- (a) prior written consent of the Company;
 - (b) compliance with the conditions, if any, set out in the approval from the Stock Exchange in relation to the listing of, and permission to deal in, the Conversion Shares; and
 - (c) compliance with the conditions, approvals, requirements and any other provisions of or under:
 - (i) the Listing Rules;
 - (ii) the Takeovers Code; and
 - (iii) all applicable laws and regulations.
- Events of default : As set out in the circular of the Company dated 30 June 2014, if any of the events of default set out in the terms and conditions of the Convertible Bonds occurs, the bondholder may by written notice to the Company declare that the Convertible Bonds are immediately due and payable at its principal amount then outstanding plus interest accrued thereon up to and including the date of such written notice.
- Voting : The bondholder shall not be entitled to receive any notices of, attend or vote at any meetings of the Company by reason only of it being the bondholder of the Convertible Bonds.

- Listing : The Convertible Bonds are not listed on any stock exchange. Listing approval for the Conversion Shares which the Company may issue on exercise of the conversion rights attached to the Convertible Bonds had been obtained by the Company from the Stock Exchange on 24 July 2014.
- Ranking of Conversion Shares : The Conversion Shares shall rank pari passu in all respects with all existing Shares then in issue at the date on which the notice of conversion is given. The Conversion Shares will be issued pursuant to the specific mandate granted by the Independent Shareholders on 16 July 2014.

Shareholding structure of the Company

The following table illustrates the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after and assuming full conversion of the Convertible Bonds:—

Shareholders	As at the date of this announcement		Immediately after the conversion of the whole of the principal amount of the Convertible Bonds by the bondholder	
	<i>No. of Shares</i>	<i>Approximate %</i>	<i>No. of Shares</i>	<i>Approximate %</i>
Prize Rich	1,222,713,527	71.41%	1,441,439,842	74.65%
Public	489,615,615	28.59%	489,615,615	25.35% <i>(Note)</i>
Total	<u>1,712,329,142</u>	<u>100.00%</u>	<u>1,931,055,457</u>	<u>100.00%</u>

Notes: Pursuant to the terms of the Convertible Bonds, no conversion of the Convertible Bonds shall take place if and to the extent that, immediately following the conversion, the Company will be unable to meet the public float requirement under the Listing Rules in that the Shares in the hands of the public to fall below 25% or such other minimum percentage of the total issued share capital of a listed company as prescribed under the Listing Rules that must remain in public hands.

REASONS FOR AND BENEFITS OF THE PROPOSED EXTENSION

The Convertible Bonds would mature on 13 October 2019 unless further extended. The conversion price of the Convertible Bonds (being HK\$0.76) has been higher than the average closing price of the Shares as quoted on the Stock Exchange during the period from the Conversion Commencement Date and up to the Last Trading Day (being HK\$0.526). In the circumstances, it is expected that the bondholder is not going to exercise its conversion rights and the Company is expected to have a substantial cash outflow amounting to HK\$166,232,000 (being the principal amount of the Convertible Bonds then outstanding as at the maturity date) in order to redeem the Convertible Bonds.

The Extension will enable the Company to postpone such substantial cash outflow and release the liquidity and working capital pressure of the Company, and allow the Group to retain more liquid financial resources for its business operations, whilst allowing additional time for the Shares' performance to mature without having to incur additional financing costs to effect immediate repayment, in particular having considered that the interest rate under the Convertible Bonds, being 2% per annum, is reasonable and better than the rate that the Group could obtain under bank or other borrowings.

The Board (excluding the independent non-executive Directors who will express their view after considering the advice from the Independent Financial Adviser to the Independent Board Committee) considers that the terms and conditions of the Extension Deed are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

PRINCIPAL BUSINESSES OF 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, finance leasing and big data businesses. 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 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, since its establishment in 2014.

The bondholder, Prize Rich, is principally engaged in investment holding.

LISTING RULES IMPLICATION

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The SGM will be convened and held for the Independent Shareholders to consider and, if thought fit, approve the proposed Extension.

A circular containing, inter alia, (i) a letter of advice from Gram Capital in relation to the Extension; (ii) a recommendation from the Independent Board Committee in relation to the Extension; and (iii) a notice of the SGM is expected to be despatched to the Shareholders on or before 2 April 2019.

DEFINITIONS

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

“Extension Deed”	the deed of amendment entered into between the Company and Prize Rich on 12 March 2019 to extend the maturity date of the Convertible Bonds
“Board”	the board of Directors of the Company
“Bond Certificate”	the bond certificate dated 13 October 2014 issued by the Company to Prize Rich in relation to the Convertible Bonds

“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)
“Conversion Shares”	the Share(s) to be issued by the Company pursuant to the exercise of the conversion rights attaching to the Convertible Bonds
“Convertible Bonds”	the convertible bonds in the aggregate principal amount of HK\$166,232,000 issued by the Company to Prize Rich in accordance with the terms of the Bond Certificate
“Director(s)”	the director(s) of the Company
“Extended CB Maturity Date”	13 October 2024
“Extension”	the proposed extension of the maturity date of the Convertible Bonds from 13 October 2019 to 13 October 2024
“Group”	the Company and its subsidiaries
“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
“Independent Board Committee”	the independent board committee, comprising all the independent non-executive Directors, namely Mr. CHAN Kwok Wai, Mr. CHEN Da Cheng and Mr. DENG Hong Ping, which will be established to make recommendations to the Independent Shareholders in respect of the terms of the resolutions in respect of the Extension

“Independent Financial Adviser” or “Gram Capital”	Gram Capital Limited, a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser appointed by the Company with the approval of the Independent Board Committee for the purpose of advising the Independent Board Committee and the Independent Shareholders in respect of the Extension
“Independent Shareholders”	Shareholder(s) other than Prize Rich and, if any, any other Shareholder with a material interest in the Extension who is required to abstain from voting at the SGM pursuant to the Listing Rules
“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
“Conversion Commencement Date”	the date immediately following the third anniversary of the issue date of the Bond Certificate, being 14 October 2017
“Last Trading Day”	11 March 2019, being the last full trading day on which the Shares were traded on the Stock Exchange prior to the publication of this announcement
“Listing Committee”	has the same meaning ascribed to it under the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Prize Rich”	Prize Rich Inc., a company incorporated in the British Virgin Islands, holder of the Convertible Bonds
“SGM”	the special general meeting of the Company to be convened and held at which resolution(s) will be proposed to consider, and, if thought fit, to approve the Extension and the Extension Deed
“Shareholder(s)”	shareholder(s) of the Company

“Share(s)”	Ordinary share(s) of HK\$0.10 each in the share capital 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, 12 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 identification purpose only*