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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)**

### **DISCLOSEABLE TRANSACTION**

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

References are made to the announcements dated 28 September 2018 and 28 December 2018 and the circular dated 15 February 2019 of the Company in relation to the First Capital Injection and the Second Capital Injection respectively.

#### **THE THIRD CAPITAL INJECTION AGREEMENT**

On 10 April 2019, Canton Risen entered into the Third Capital Injection Agreement with Huaxing Glass in relation to the Third Capital Injection. Pursuant to the Third Capital Injection Agreement, Huaxing Glass agreed to contribute RMB52,146,900 (equivalent to approximately HK\$60,855,432) in cash to the capital of Canton Risen, thereby enlarging the equity of Canton Risen as disclosed below.

#### **LISTING RULES IMPLICATIONS**

Following the completion of the Third Capital Injection, the Group's equity interest in Canton Risen will be reduced, which will constitute a deemed disposal of the Company's interest in a subsidiary pursuant to Rule 14.29 of the Listing Rules. As the applicable percentage ratios calculated in accordance with the Listing Rules in respect of the Third Capital Injection are more than 5% but less than 25%, the Third Capital Injection Agreement and the transactions of the Group contemplated thereunder constitute a discloseable transaction of the Company pursuant to Chapter 14 of the Listing Rules. The Third Capital Injection, when aggregated with the First Capital Injection and the Second Capital Injection, will not classify the matter in a transaction class higher than the major transaction already approved and disclosed as per the announcement and circular of the Company of 28 December 2018 and 15 February 2019 respectively.

## **INTRODUCTION**

References are made to the announcements of the Company dated 28 September 2018 and 28 December 2018 in relation to the First Capital Injection and the Second Capital Injection respectively.

The Board is pleased to announce that on 10 April 2019, Canton Risen entered into the Third Capital Injection Agreement with Huaxing Glass in relation to the Third Capital Injection. Set out below is a summary of the principal terms of the Third Capital Injection Agreement.

## **THE THIRD CAPITAL INJECTION AGREEMENT**

### **Date:**

10 April 2019

### **Parties:**

- (1) Canton Risen, a subsidiary of the Company; and
- (2) Huaxing Glass.

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

### **The Third Capital Injection**

Pursuant to the terms of the Third Capital Injection Agreement, Huaxing Glass will contribute an amount of RMB52,146,900 (equivalent to approximately HK\$60,855,432) (of which RMB50,000,000 (equivalent to HK\$58,350,000) will be contributed to the registered capital and the remainder to the capital reserve) in cash to the capital of Canton Risen.

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

<b>Equity holder(s) of Canton Risen before the Third Capital Injection</b>	<b>Registered capital (RMB)</b>	<b>Approximate percentage</b>	<b>Paid-up capital (RMB)</b>	<b>Approximate percentage</b>
CIH Finance	325,000,000	54.17%	33,068,400	12.25%
ZCXX	175,000,000	29.17%	137,000,000	50.73%
Yueqiao Assets Management	50,000,000	8.33%	50,000,000	18.51%
Dali Water Supply	50,000,000	8.33%	50,000,000	18.51%
<b>Total</b>	<b>600,000,000</b>	<b>100%</b>	<b>270,068,400</b>	<b>100%</b>

<b>Equity holder(s) of Canton Risen after the Third Capital Injection</b>	<b>Registered capital (RMB)</b>	<b>Approximate percentage</b>	<b>Paid-up capital (RMB)</b>	<b>Approximate percentage</b>
CIH Finance	325,000,000	50.0000%	33,068,400	10.3316%
ZCXX	175,000,000	26.9231%	137,000,000	42.8033%
Yueqiao Assets Management	50,000,000	7.6923%	50,000,000	15.6217%
Dali Water Supply	50,000,000	7.6923%	50,000,000	15.6217%
Huaxing Glass	50,000,000	7.6923%	50,000,000	15.6217%
<b>Total</b>	<b>650,000,000</b>	<b>100%</b>	<b>320,068,400</b>	<b>100%</b>

### **Basis of determining the amount of the Third Capital Injection**

The amount of the Third Capital Injection was determined with reference to the funding allocation schedule of the Group and the amount of additional capital the Group allows for injection taking into account the relative equity percentages of the equity holders of Canton Risen on a paid-up and enlarged basis.

### **Timing for the Third Capital Injection**

Huaxing Glass will pay the amount of the Third Capital Injection to Canton Risen in full by a lump sum payment before 11 April 2019.

## **Management structure**

Pursuant to the Third Capital Injection Agreement, except that Huaxing Glass is entitled to nominate a supervisor to Canton Risen, the current management structure of Canton Risen will remain unchanged.

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

During the Relevant Period, Huaxing Glass will not share the profit and loss resulting from the operation of Canton Risen.

Upon completion of the Third Capital Injection, each of the equity holders will be entitled to such rights and benefits (including receiving dividends) in proportion to its respective paid-up capital, which is in compliance with Section 34 of the Company Law of the PRC. According to the articles of association of Canton Risen, the Group will pay up its portion of the registered capital in Canton Risen before 18 December 2019.

## **Registration procedures**

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

## **Liabilities for breach**

Canton Risen will be entitled to damages for breach of contract should Huaxing Glass fail to pay its contribution pursuant to the Third Capital Injection Agreement.

In the event that Huaxing Glass fails to pay the amount of the Third Capital Injection within 90 days from 11 April 2019, Canton Risen will be entitled to damages for breach of contract equivalent to 20% of the amount of the Third Capital Injection and terminate the Third Capital Injection Agreement.

## **INFORMATION ON THE PARTIES**

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

According to the audited financial statements of Canton Risen, the net asset value of Canton Risen was approximately RMB289,706,361 (equivalent to approximately HK\$338,087,323) as at 31 December 2018 and its net profits for the 12 month period ended 31 December 2018 before and after taxation were approximately RMB20,474,024 (equivalent to approximately HK\$23,893,186) and RMB15,346,061 (equivalent to approximately HK\$17,908,853) respectively.

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, 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.

Huaxing Glass, a company incorporated in the PRC with limited liability, is principally engaged in the research and development, design and manufacturing of daily glass products. The Third Capital Injection by Huaxing Glass was secured through public tender process.

## **FINANCIAL EFFECT OF THE DEEMED DISPOSAL TO THE GROUP**

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

## **USE OF THE THIRD CAPITAL INJECTION AMOUNT**

The amount of the Third Capital Injection provided by Huaxing Glass will be used by Canton Risen in its ordinary course of business.

## **REASONS FOR AND BENEFITS OF ENTERING INTO OF THE THIRD CAPITAL INJECTION AGREEMENT**

The principal business of Canton Risen continues to develop rapidly. The Company believes that the businesses of Canton Risen will be further strengthened with a broader equity holder base pooling resources and capabilities together while sharing in the associated risks. The Third Capital Injection will provide further source of capital for Canton Risen to develop its businesses while lightening the Group's financial load. The Group will continue to evaluate the funding needs of Canton Risen from time to time.

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

## **LISTING RULES IMPLICATIONS**

Following the completion of the Third Capital Injection, the Group's equity interest in Canton Risen will be reduced, which will constitute a deemed disposal of the Company's interest in a subsidiary pursuant to Rule 14.29 of the Listing Rules. As the applicable percentage ratios calculated in accordance with the Listing Rules in respect of the Third Capital Injection are more than 5% but less than 25%, the Third Capital Injection Agreement and the transactions of the Group contemplated thereunder constitute a discloseable transaction of the Company pursuant to Chapter 14 of the Listing Rules. The Third Capital Injection, when aggregated with the First Capital Injection and the Second Capital Injection, will not classify the matter in a transaction class higher than the major transaction already approved and disclosed as per the announcement and circular of the Company of 28 December 2018 and 15 February 2019 respectively.

## **DEFINITIONS**

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

“Board”	the board of Directors of the Company
“Canton Risen”	Canton Risen Financial Leasing Co., Ltd.* (廣東粵盛科融資租賃有限公司), a company incorporated in the PRC with limited liability and a subsidiary of the Company
“CIH Finance”	CIH Finance Investments Holdings Limited (中國興業金融投資控股有限公司), a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company
“Company”	China Investments Holdings Limited (中國興業控股有限公司), a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 132)
“connected persons”	shall have the meaning as ascribed to it under the Listing Rules

“Dali Water Supply”	Foshan City Nanhai Dali Water Supply Company* ( 佛山市南海大瀝自來水公司 ), a collectively-owned enterprise incorporated in the PRC
“Director(s)”	the director(s) of the Company
“First Capital Injection”	the injection of RMB52,145,000 (equivalent to approximately HK\$60,853,215) made by Yueqiao Assets Management in cash to the capital of Canton Risen pursuant to the terms of the First Capital Injection Agreement
“First Capital Injection Agreement”	the capital injection agreement dated 27 September 2018 entered into amongst CIH Finance, ZCXX, Yueqiao Assets Management and Canton Risen in relation to the First Capital Injection
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Huaxing Glass”	Foshan Huaxing Glass Co., Ltd* ( 佛山華興玻璃有限公司 ), a company incorporated in the PRC with limited liability
“HK\$”	Hong Kong Dollar, the lawful currency of Hong Kong
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong and the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Relevant Period”	the period between 31 August 2018 up to and including the date of completion of the Third Capital Injection (which will be the date on which Huaxing Glass has paid the amount of the Third Capital Injection to Canton Risen in full)
“RMB”	Renminbi, the lawful currency of the PRC

“Second Capital Injection”	the injection of RMB52,146,900 (equivalent to approximately HK\$60,855,432) made by Dali Water Supply in cash to the capital of Canton Risen pursuant to the terms of the Second Capital Injection Agreement
“Second Capital Injection Agreement”	the capital injection agreement dated 28 December 2018 entered into amongst CIH Finance, ZCXK, Yueqiao Assets Management, Dali Water Supply and Canton Risen in relation to the Second Capital Injection
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Third Capital Injection”	the injection of RMB52,146,900 (equivalent to approximately HK\$60,855,432) made by Huaxing Glass in cash to the capital of Canton Risen pursuant to the terms of the Third Capital Injection Agreement
“Third Capital Injection Agreement”	the capital injection agreement dated 10 April 2019 entered into between Canton Risen and Huaxing Glass in relation to the Third Capital Injection
“Yueqiao Assets Management”	Foshan City Yueqiao Assets Management Co., Ltd.* (佛山市粵樵資產管理有限公司), a company incorporated in the PRC with limited liability
“ZCXK”	Zhong Chuang Xing Ke (Shenzhen) Investments Company Limited* (中創興科(深圳)投資有限公司), a wholly foreign-owned enterprise incorporated in the PRC and a wholly-owned subsidiary of the Company
“%”	per cent

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

Hong Kong, 10 April 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\$1.167. 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*