THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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).

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
AND
NOTICE OF THE FIRST SPECIAL GENERAL MEETING OF 2019

Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed "*Definitions*" in this circular.

A letter from the Board is set out on pages 6 to 17 of this circular.

A notice convening the First SGM to be held at Luxembourg Room, 3rd Floor, Regal Kowloon Hotel, 71 Mody Road, Tsimshatsui, Kowloon, Hong Kong on Thursday, 23 May 2019 at 10:40 a.m. (or such time immediately following the conclusion (or adjournment) of the annual general meeting of the Company to be held on the same date and at the same place, whichever is later) is set out on pages SGM-1 to SGM-2 of this circular. Whether or not you are able to attend and/or vote at the First SGM in person, you are requested to complete the enclosed form of proxy and return it to the Company's principal place of business at Unit 501, Wing On Plaza, 62 Mody Road, Tsimshatsui, Kowloon, Hong Kong in accordance with the instructions printed thereon as soon as possible but in any event not later than 48 hours before the time appointed for the holding of the First SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from subsequently attending and voting in person at the First SGM or any adjournment thereof should you so wish.

25 April 2019

* *For identification purpose only*

CONTENTS

In this circular, 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 "*Letter from the Board – (2) The Acquisition Agreement – Conditions Precedent*" in this circular
"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
"Enlarged Group"	the Group and the Target Company upon completion of the Acquisition Agreement
"First Historical LUR Lease Agreements"	collectively: (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^2) situated at Danzao Logistics Centre; and

	(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^2) situated at Danzao Logistics Centre,
	both disclosed under the announcement of the Company dated 24 October 2018
"First SGM"	the first special general meeting of 2019 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
"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 "*Letter from the Board - (1) The LUR Lease Agreements – The Land Parcels*" in this circular

"Land Parcel 2"	as defined in the section headed "*Letter from the Board - (1) The LUR Lease Agreements – The Land Parcels*" in this circular
"Land Parcel 3"	as defined in the section headed "*Letter from the Board - (1) The LUR Lease Agreements – The Land Parcels*" in this circular
"Land Parcel 4"	as defined in the section headed "*Letter from the Board – (1) The LUR Lease Agreements – The Land Parcels*" in this circular
"Latest Practicable Date"	18 April 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
"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
"m^2"	square meter

"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 circular, 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^2) all situated at Danzao Logistics Centre which were disclosed under the announcement and circular of the Company dated 23 January 2019 and 22 February 2019 respectively
"SFO"	Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
"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游度假有限公司), 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^2 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游度假區陽光路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

For the purpose of this circular, 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 circular, 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^2.*

* *For identification purposes only*

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)*

Independent Non-executive Directors:
Chan Kwok Wai
Chen Da Cheng
Deng Hong Ping

Registered office:
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

25 April 2019

To the Shareholders

Dear Sir or Madam,

VERY SUBSTANTIAL ACQUISITION (1) ENTERING INTO OF LAND USE RIGHT LEASE AGREEMENTS (2) ENTERING INTO OF ACQUISITION AGREEMENT

INTRODUCTION

Reference is made to the announcement of the Company dated 7 March 2019 in relation to (i) the entering into of the LUR Lease Agreements by Sino Rock Tyco and 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 and (ii) the entering into of the Acquisition Agreement amongst Sino Rock Tyco, Vendor and the Guarantor, pursuant to which the Vendor has conditionally agreed to sell, and Sino Rock Tyco 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 purpose of this circular is to provide you with, among other things, further information on the LUR Lease Agreements and the Acquisition Agreement and other information as required under the Listing Rules.

(1) 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^2);

(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^2);

(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^2); 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^2), which is to be consolidated pursuant to the LUR Lease Agreement 4.

The Land Parcels are all agricultural collective construction land, the land use right of which may be leased but not transferred to the Group under relevant PRC laws.

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 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^2). 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 Latest Practicable Date, the planning permit in relation to the staff residences to be constructed on the industrial park has been obtained. Meanwhile, pre-construction preparatory works such as building design and (in the case of the main and spare production plants for new energy vehicles) land filling are being carried out.

The industrial park will be developed in two phases, with main construction of the industrial park (including staff residences) to commence in the first half of 2019 and be completed within 2020[Note]. Subject to the then lodging demand, should the need arise, the construction of further staff residences may commence in the year 2020, and is expected to be completed 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.

Note: It was previously disclosed in the Company's annual report 2017 that the construction of the industrial park is expected to be completed in 2019. The delay in the expected timeline was due to the leasing of the necessary land parcels took more time than expected, as the relevant landlords (being the counterparties to the relevant LUR lease agreements) took longer time to integrate the land parcels and obtain necessary approvals from the relevant authorities.

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 real estate certificates, completion of necessary demolition and payment of demolition compensation (if necessary) by the Landlord to affected persons, 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 real estate certificate in relation to its constituent land parcels is issued, which is currently expected to be in May 2019. As of the Latest Practicable Date, the general administrative conditions in relation to the Land Parcels (other than Land Parcel 4) have been satisfied and the real estate 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 159,526.2 m^2) have been obtained. The real estate 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) was 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 "*Letter from the Board – Reasons for and benefits of entering into of the LUR Lease Agreements and the Acquisition Agreement*" below.

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 as purchaser entered into the Acquisition Agreement with the Vendor and the Guarantor, pursuant to which the Vendor has conditionally agreed to sell, and Sino Rock Tyco 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^2 situated at No.3 Yang Guang Road, Danzao Xianhu Resort Area, Nanhai District, Foshan City. As at the Latest Practicable Date, 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 has included an updated valuation report of the Target Properties conducted by independent valuer in this circular. There is no 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 First 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 paid 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 First 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.

As at the date of this circular, the Deposit has been paid in full. 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 First 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.

FINANCIAL EFFECTS OF THE LUR LEASE AGREEMENTS AND THE ACQUISITION AGREEMENT

Upon the entering into of the LUR Lease Agreements, the right-of-use assets and leased liabilities will be recognised amounting to RMB453,101,334 (equivalent to approximately HK$530,128,561) according to HKFRS 16. At the same time, Sino Rock Tyco will pay aggregate security deposits of RMB10,500,000 (equivalent to approximately HK$12,285,000) to the Landlord which will be recorded as rental deposits and the decrease in the same amount of cash and cash equivalent. As a result, there would be no change in the total assets less total liabilities on the consolidated statement of financial position.

Regarding the impact on the consolidated statement of profit or loss and other comprehensive income, the Company will depreciate the right-of-use assets over the useful life on a straight line-basis and an annual depreciation amounting to RMB13,730,343 (equivalent to approximately HK$16,064,501) will be incurred. In addition, an annual interest expense on the leased liabilities will be charged amounting to RMB 22,655,067 (equivalent to approximately HK$26,506,428) for the first year and will generally be front-loaded.

Upon completion of the Acquisition, an investment property amounting of RMB$185,000,000 (equivalent to approximately HK$216,450,000) will be recorded as a non-current assets of the Company and on the other hand the same amount of cash and cash equivalent of the current assets will be decreased. As a result, there will be no change on the total assets of the Company.

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, 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) ("**Guangdong Financial Leasing**"), a 25%-owned associate of the Group, since its establishment in 2014.

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 Latest Practicable Date.

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 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^2) of which approximately 673.94 mu (equivalent to approximately 449,296 m^2) 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 Latest Practicable Date, 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 main construction of the industrial park (including staff residences) expected to commence in the first half of 2019 and be completed within 2020[Note]. Subject to the then lodging demand, should the need arise, the construction of further staff residences may commence in the year 2020, and is expected to be completed 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 Latest Practicable Date), 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 energy 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.

Note: It was previously disclosed in the Company's annual report 2017 that the construction of the industrial park is expected to be completed in 2019. The delay in the expected timeline was due to the leasing of the necessary land parcels took more time than expected, as the relevant landlords (being the counterparties to the relevant LUR lease agreements) took longer time to integrate the land parcels and obtain necessary approvals from the relevant authorities.

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 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 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.

As at the Latest Practicable Date, the Directors, having made all reasonable enquiries, confirm that to the best of their knowledge, information and belief, no Shareholder is materially interested in the LUR Lease Agreements and the Acquisition Agreement and no Shareholder is required to abstain from voting at the First SGM.

RECOMMENDATIONS

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 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. Accordingly, the Directors recommend the Shareholders to vote in favour of the resolutions to be proposed at the First SGM to approve the LUR Lease Agreements and the Acquisition Agreement and the transaction contemplated thereunder.

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 2016, 2017 and 2018 are disclosed in the following annual reports of the Company for the years ended 31 December 2016, 2017 and 2018 respectively, which have been published and are available on the website of the Stock Exchange (www.hkex.com.hk) and the website of the Company (http://chinainvestments.oceanwir.com):

- 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 annual report 2018 of the Company for the year ended 31 December 2018 which was published on 15 April 2019 (available on: http://www3.hkexnews.hk/listedco/listconews/SEHK/2019/0415/LTN20190415209.pdf), please refer to pages 53 to 244 in particular.

2. INDEBTEDNESS STATEMENT

As at the close of business on 28 February 2019, being the latest practicable date for the purpose of ascertaining the indebtedness of the Enlarged Group prior to the printing of this circular, the Enlarged Group had outstanding secured interest bearing bank loans of approximately HK$1,666,496,000. Among such loans, loans in an amount of HK$1,186,815,000 are having a maturity profile in the near term (maturing in 2019 and 2020) and loans in an amount of HK$435,278,000 are having a maturity profile in the mid term (maturing in 2021, 2023 and 2024) and loans in an amount of HK$44,403,000 are having a maturity profile in the long term (maturing in 2028 and 2035). The Enlarged Group also had unsecured interest bearing loans from its immediate holding company and other independent third parties of approximately HK$90,000,000 and HK$82,084,000 respectively, all of which will mature in 2020. In addition, the Enlarged Group had outstanding convertible notes in the aggregate principal amount of HK$166,232,000 issued by the Company on 13 October 2014.

The Enlarged Group has obtained a loan facility from a bank of approximately USD110,090,000 through onshore guarantee for offshore loan (內保外貸) bank borrowings. Guangdong Nanhai Holding Investment Co., Ltd.* (廣東南海控股投資有限公司), a controlling Shareholder of the Company, has provided the necessary guarantee to the bank at no cost and not secured by any assets of the Enlarged Group. The purpose of the loan is specifically for the contribution by the Enlarged Group to the registered capital of Sino Rock Tyco which has been established for the development of the industrial park in Danzao Town, Nanhai District, Foshan City, the PRC (for details, please refer to the circular of the Company dated 19 December 2017). As at the close of business on 28 February 2019, the Enlarged 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 28 February 2019, the Enlarged 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

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 2018, 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 Enlarged 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.

5. MANAGEMENT DISCUSSION AND ANALYSIS OF THE GROUP

Set out below is the management discussion and analysis of the performance of the Group for each of the financial year ended 31 December 2016, 2017 and 2018. The information is principally extracted from the annual reports of the Company for the three years ended 31 December 2016, 2017 and 2018 respectively, and should be read in conjunction with the financial information of the Group included in the respective annual reports of the Company. Unless the context otherwise requires, capitalized terms used herein shall have the same meanings as those ascribed in the abovementioned annual reports of the Company.

A. For the year ended 31 December 2016

Business review

For the year ended 31 December 2016 ("**FY2016**"), the Group recorded total revenue of HK$26,832,000, representing a year-on-year decrease of 32%, and a loss of HK$4,331,000, representing a change from profit to loss. The decrease in profit during the period was mainly attributable to the increase in exchange loss of approximately HK$6,068,000 arising from the accelerated depreciation of the Renminbi as well as the reduced profit contribution from associates amounting to approximately HK$3,895,000.

Hotel business

In Guilin, competition in the hotel industry remained fierce. Over 2015, the management of Guilin Plaza further strengthened promotional efforts and developed online sales channels, which made the average occupancy rate to increase by 5.9% to 56.7% during FY2016. However, as price competition was severe in the industry, room rates continued to fall. As a result, through FY2016, Guilin Plaza recorded a year-on-year decline of 11.8% in revenue to HK$19,988,000 and an operating loss of HK$5,196,000, representing an improvement of 18.2% as compared to the same period of 2015.

As disclosed by the Company on 13 February 2017, in the light of changes in the marketing environment of the hotel industry and the consumption patterns in the market as well as the unsatisfactory operating performance of Guilin Plaza in recent years, a comprehensive renovation of Guilin Plaza would be carried out aiming at transforming Guilin Plaza from a full-service hotel to a commercial complex hotel and its business would be divided into two segments, hotel tourism and commercial leasing. For the hotel business, Guilin Plaza has become a franchisee of a brand under the James Joyce Coffetel owned by Plateno Group to improve the sales of guestrooms. As for the commercial leasing segment, the space spared from the reduction of guestrooms will be built into a "community-style commercial complex" to upgrade accommodation ancillary services and the community life service concept, thereby increasing the property rental income.

Guilin Plaza was temporarily closed starting from 1 March to October 2017 and renovation work was carried out. It was scheduled to be re-opened with a brand-new look in the third quarter of 2017.

Property investments

The Group's overall rental income for FY2016 was HK$4,566,000, representing a decrease of 6.3% as compared to the same period in 2015. This was mainly attributable to the fact that, in March 2016, the Group recovered premises in Wing On Plaza which was used as the Group's headquarters in Hong Kong, resulting in a decrease of 38.1% in income from properties in Hong Kong to HK$1,755,000.

After the ancillary facilities enhancement works at 中控大廈 (Zhongkong Tower*) in Foshan were completed, leasing promotions of the building were carried out in full swing in FY2016. As at 31 December 2016, the overall occupancy rate of Zhongkong Tower was 56.76% and the full-year rental income amounted to HK$787,000. As the effects of the promotions emerged, it was expected that the occupancy rate and rental income of Zhongkong Tower would rise gradually in 2017. The overall rental income of Shantou Commercial Plaza and Huizhou International Commerce Building was more or less the same as that of 2015. Through FY2016, rental income from the two properties amounted to HK$2,024,000.

In terms of property sales, during FY2016, the Group completed the disposal of two units of President Commercial Centre and Yan On Building in Hong Kong, cashing in a total of HK$11,212,000.

Gains on investments in associates

Nanhai Changhai Power Company Limited(南海長海發電有限公司) (“**Changhai Power**”) a company in which the Group was interested in 32.636% of its equity interest, implemented a technical transformation of its boilers in the beginning of FY2016 which led to a short-term suspension of operation of the boilers. Coupled with the impact of the reduction in on-grid tariffs, as of 31 December 2016, Changhai Power recorded a decline in operating results and achieved operating profit of HK$159,577,000, contributing a profit of HK$52,079,000 to the Group, representing a decrease of 6.8% as compared to 2015.

Guangdong Financial Leasing continued to achieve growth in business. As at 31 December 2016, Guangdong Financial Leasing recorded net operating profit of HK$62,670,000, contributing a profit of HK$15,668,000 to the Group, representing a decrease of 0.7% as compared to 2015.

Event after reporting period

As disclosed by the Group on 13 February 2017, riding on opportunities brought forth by an aging Chinese population and the population growth driven by the second-child policy, the Company was active in exploring wellness projects in the areas of elderly and child care. The Group formed an alliance with Shenzhen e-ling Info-Tech Co., Ltd. (“**Shenzhen e-ling**”) which successfully won the bid for the Smart Platform Development Project for Management of Comprehensive Elderly Care Services in Nanhai district in Foshan and joined hands with Shenzhen e-ling and an independent third party to establish 廣東壹佰健大健康科技有限公司 (Guangdong Yibaijan Health Technology Company Limited *) (“**Guangdong Yibaijian**”), a 70%-owned joint venture company of the Group, to build and operate systems for the smart platform. The Group also signed a strategic cooperation agreement with Shenzhen e-ling to jointly develop the Internet and comprehensive health industry.

In addition, through 佛山市中創物業服務有限公司 (Foshan Zhong Chuang Property Service Company Limited*), a company in which the Group was interested in 42% of its equity interest, and a specialized maternal and infant health care institution of an independent third party, the Group established 佛山瑷邸生婦幼保健有限公司 (Foshan Aidisheng Maternal and Child Caring Company Limited*) in the form of a joint venture to engage in maternal and child health care development projects with self-run business and franchised models, providing parturient women and newborn babies with comprehensive postpartum maternal and child health care services, hence establishing the maternal and child health care services brand image and gradually forming a business chain.

Financial position and analysis

As at 31 December 2016, the Group had total assets of HK$1,316,578,000. The Group had bank loans and other long-term liabilities of HK$257,475,000. Net assets amounted to HK$931,287,000. Gearing ratio (being bank loans and long-term borrowings divided by total assets) was 19.6%. Net assets per share amounted to HK54.39 cents.

The Group's net current assets amounted to HK$60,051,000. Current ratio (being current assets divided by current liabilities) was approximately 1.39 times, while bank balances and cash amounted to HK$151,097,000. There would be sufficient funds to meet the capital requirements for the Group's operations and new projects or business development in the future.

Pledge of assets

For the year ended 31 December 2016, self-occupied and investment properties of the Group with a carrying amount of approximately HK$301,578,000 were pledged to bank as the security for the bank borrowings granted to the Group.

Foreign exchange exposure

The Group's main operating income and costs were denominated in RMB. During the Group's operating process, the foreign exchange fluctuation of the income and costs could be mutually offset. However, due to the Hong Kong based Group putting a great deal of business loans into wholly-owned subsidiaries and the great amount of RMB-denominated monetary assets owned by the Group, the RMB appreciation or depreciation should bring exchange gain and loss respectively. It was expected that, when the exchange rate of Renminbi to HK dollar appreciated or depreciated by 5%, it would cause an increase or decrease of approximately HK$10,978,000 in the profit of this year. In retrospect of the past few years, Renminbi had always been in the trend of appreciation, and had gradually became stable until the second half of 2008 and still maintained upward momentum. However, the exchange rate of RMB has started to trend downward in recent years. Although an exchange gain of HK$1,862,000 was recorded in the first half of 2015 due to a short-term rebound of RMB, Renminbi trended downward again in the second half of 2015, resulting in an exchange loss of approximately HK$16,578,000 by the Group. The Board believed that, despite that Renminbi would continue a downward adjustment to a limited extent in the medium and short term, the chance of significant Renminbi depreciation would not be high and would not bring material adverse foreign exchange exposure to the Group in the long run. Accordingly, it was temporarily unnecessary for the Group to hedge against any foreign exchange risk.

Employees

Duirng FY2016, the total number of employees of the Group was approximately 161. The remuneration of the employees of the Group was determined on the basis of performance and responsibility of the employees. The Group provided education allowances to the employees. The Group also provided internal training to its employees to enable them to achieve self-improvement and to enhance their job related skills. The Group also operated a share option scheme, under which qualified employees might exercise their options at an agreed price to subscribe for shares of the Company.

Share option scheme

The Share Option Scheme is for a term of 10 years from the date of adoption. No option has been granted since the adoption of the Share Option Scheme. The purpose of the Share Option Scheme is to provide the Group with a flexible means of giving incentive to, rewarding, remunerating, compensating and/or providing benefits to the participants for their contribution or future contribution to the Group and to strengthen the many long-term relationships that the participants may have with the Group.

Significant investments, material acquisitions and disposals, future plans for material investments and contingent liabilities

For the year ended 31 December 2016, the Company had no significant investments, material acquisitions and disposal of subsidiaries and associated companies, future plans for material investments or capital assets and contingent liabilities.

B. For the year ended 31 December 2017

Business review

For the year ended 31 December 2017 ("**FY2017**"), the Group recorded total revenue of HK$29,846,000, representing a year-on-year increase of 21.6%. As the revenue from investment properties and rental income increased HK$17,751,000 as well as exchange gain of HK$8,775,000 arising from the appreciation of the Renminbi, the Group recorded operating profit of HK$27,630,000, reversing the loss recorded in FY2016.

Hotel business

Coffetel Guilin Plaza ("**Guilin Plaza**") had undergone renovation work from March to October in 2017, leading to significant decrease of 77.9% to HK$4,423,000 in annual operating income. In addition, due to the business reorganization of Guilin Plaza, reduction in the number of hotel rooms, increase in room for rental properties, demand for labor had decreased and severance payment of HK$3,555,000 was incurred, resulting in a year-on-year increase of 230% to HK$17,133,000 in the operating loss of Guilin Plaza.

Guilin Plaza reopened in November 2017 and the business operation gradually returned to normal. With more efficient use of room resources, decrease in operating costs and increase in rental income, the operating performance of the hotel was expected to improve.

In order to expand the diversified business related to the hotel industry, the Group formed China Select Small Hotel Union Limited (a 51%-owned joint venture of the Group) ("**Small Hotel Union**") with T-Box Union (China) Financial Holdings Investments Limited ("**T-Box Holdings**") and T-Box Union Investments Limited ("**T-Box Investments**") on 29 September 2017, in an effort to provide integrated service in the homestay inn and small hotel industry, including offering quickly-constructed T-BOX® mobile homes with zero-sewage discharge environmental-friendly system as well as homestay inn sales management software and financing solutions. On 14 December 2017, Small Hotel Union and China New Town Development Company Limited entered into strategic cooperation framework agreement for joint development of the homestay inn tourist services industry fund.

Property investments

The Group's overall rental income in FY2017 was HK$6,373,000, representing an increase of 39.6% as compared to the same period of FY2016. As the ancillary facilities enhancement work at Zhongkong Tower in Foshan was completed, the overall occupancy rate of Zhongkong Tower increased to 53.84% and the full-year rental income amounted to HK$3,085,000, representing a significant increase of 292% as compared to the same period of FY2016. The full-year rental income of Shantou Commercial Plaza amounted to HK$1,558,000, which was similar to FY2016. As most of the properties of Huizhou International Commerce Building were sold in the second half of FY2017, annual rental income decreased 21.67% to HK$359,000 from FY2016.

In terms of property sales, during FY2017, the Group completed the disposal of 29 units of Huizhou International Commerce Building, 5 units of Shantou Commercial Plaza and unit A on the ground floor in Kai Yip Factory Building, San Po Kong, Hong Kong, cashing out totally HK$49,743,000 and generating total gains of HK$20,671,000.

As disclosed by the Company on 16 November 2017, Sino Rock Tyco, a subsidiary of the Company and a 80%-owned joint venture of the Group, would invest in the development and construction of the high-end industrial parks project for electric vehicle and hydrogen powered fuel cell vehicle production operated in Danzao Town, Nanhai District, Foshan City. The construction of the industrial parks was expected to complete in 2019. Such expected construction timeline is now delayed, with main construction of the industrial park (including staff residences) to commence in the first half of 2019 and be completed within 2020[Note]. Subject to the then lodging demand, should the need arise, the construction of further staff residences may commence in the year 2020, and is expected to be completed in 2021.

Note: It was previously disclosed in the Company's annual report 2017 that the construction of the industrial park is expected to be completed in 2019. The delay in the expected timeline was due to the leasing of the necessary land parcels took more time than expected, as the relevant landlords (being the counterparties to the relevant LUR lease agreements) took longer time to integrate the land parcels and obtain necessary approvals from the relevant authorities.

Wellness elderly care business

Guangdong Yibaijian has completed the whole construction work and passed the comprehensive system test of smart platform for management of integrated elderly care services in Nanhai District ("**Smart Elderly Care Services Platform**"). It had officially conducted pilot operation in Dali Town and Shishan Town, Nanhai District on 12 July 2017. The platform had operated smoothly so far and was planned to gradually expand to other towns in Nanhai District. On December 4, 2017, Guangdong Yibaijian won the tender of the second phase construction of the Smart Elderly Care Services Platform for further optimization of the Platform and development of various value-added services in healthy elderly care management so as to increase channels of operating income. Smart Elderly Care Services Platform was a point of entry for the Group into the wellness elderly care industry. As the elderly care project was at the initial investment and construction stage, it had yet to generate any profits or gains for the Group.

In order to focus resources on the development of wellness elderly care industry, the Group had shelved plans to invest in maternal and child health care development projects

Profit on investments in associates

Changhai Power implemented technological transformation of its boilers at the beginning of FY2016. As a result, a temporary suspension of the operation of the boilers affected power generation and gas supply. As no such technological transformation was implemented in FY2017, both sales volume of power and steam increased as compared to FY2016. Despite increased costs due to the increase in coal prices, operating performance in FY2017 improved with an operating profit of HK$180,351,000, contributing HK$58,859,000 to the Group, representing an increase of 13% as compared to FY2016.

As at 31 December 2017, Guangdong Financial Leasing recorded net operating profit of HK$66,537,000, contributing a profit of HK$16,635,000 to the Group, representing an increase of 6.2% as compared to FY2016.

Global Digital Cybersecurity Authority Co., Ltd. (formerly Guangdong Certificate Authority Company Limited), a 5%-owned joint venture of the Group, had completed the listing of its shares on the National Equities Exchange and Quotations System (New Third Board) on 11 August 2017 and generated a profit of HK$777,000 for the equity held by the Group.

Financial position and analysis

As at 31 December 2017, the Group had total assets of HK$2,277,412,000, bank loans and other long-term liabilities of HK$945,849,000, net assets of HK$1,177,859,000, gearing ratio (being bank loans and long-term borrowings divided by total assets) of 41.5% and equity attributable to owners of the Company per share of HK59.58 cents. The Group had net current assets of HK$244,777,000, current ratio (being current assets divided by current liabilities) of approximately 1.32 times and bank savings cash and cash equivalents of HK$886,861,000, which was sufficient for the capital requirements of future operation and new projects or business development of the Group.

Pledge of assets

For the year ended 31 December 2017, properties of the Group for own use and investment and bank deposit with carrying value of approximately HK$387,660,000 had been pledged to banks as the security for the bank borrowings granted to the Group.

Foreign exchange exposure

The Group's main operating income and costs were denominated in RMB. In the business operation of the Group, foreign exchange fluctuation of income and costs would be mutually offset. However, as the Hong Kong-based Group has invested substantial borrowings into domestic wholly-owned subsidiaries in the Mainland whilst owning substantial RMB monetary assets. However, the Group had invested registered capital of US$70,000,000 into Sino Rock Tyco by the end of FY2017 for the construction of the industrial parks project. As Sino Rock Tyco has not exchanged the US$70,000,000 into RMB, exchange loss or gain would be generated from appreciation or depreciation of RMB before exchange. It was expected that a decrease or an increase of about HK$17,374,000 in the profit of the year would be resulted if the exchange rate of RMB to HK dollars appreciated or depreciated by 5%. Reversely, after exchanging the US$70,000,000 into RMB, it was expected that an increase or a decrease of about HK$9,967,000 in the profit of the year would be resulted if the exchange rate of RMB to HK dollars appreciated or depreciated by 5%. For the past few years, RMB had constantly shown an upward trend and had only gradually became stable in the second half of 2008 while still maintaining an upward momentum. However, the exchange rate of RMB has started to adjust downwards repeatedly in recent years while began to rebound and recorded an exchange gain of HK$8,775,000 in FY2017. Therefore, the Board believed that the magnitude of the downward adjustment of RMB would be limited in the medium and short term and substantial depreciation or appreciation was unlikely in the future. It was expected that RMB would be stable in the long term in the future and would not significantly pose adverse foreign exchange risk to the Group in the long run. Accordingly, at the moment, it was not necessary for the Group to hedge against foreign exchange risk.

Employees

During FY2017, the total number of employees of the Group was approximately 113. The remuneration of the employees of the Group was determined on the basis of performance and responsibility of the employees. The Group provided education allowances to the employees. The Group also provided internal training to its employees to enable them to achieve self-improvement and to enhance their job related skills. The Group also operated a share option scheme, under which qualified employees might exercise their options at an agreed price to subscribe for shares of the Company.

Share option scheme

The Share Option Scheme is for a term of 10 years from the date of adoption. No option has been granted since the adoption of the Share Option Scheme. The purpose of the Share Option Scheme is to provide the Group with a flexible means of giving incentive to, rewarding, remunerating, compensating and/or providing benefits to the participants for their contribution or future contribution to the Group and to strengthen the many long-term relationships that the participants may have with the Group.

Significant investments and contingent liabilities

For the year ended 31 December 2017, the Company had no significant investments and contingent liabilities.

C. For the year ended 31 December 2018

Business review

For the year ended 31 December 2018 ("**FY2018**"), the Group recorded a total revenue of HK$79,550,000, representing a significant year-on-year increase of 167%. Such increase was attributable to the increase in operating income of approximately HK$25,221,000 and approximately HK$12,057,000 from financial leasing business and the newly developed big data business respectively, as well as the increase of approximately HK$8,810,000 in operating income from Guilin Plaza which had its business operation gradually resume normal after reopening in November 2017.

In addition to the above mentioned businesses which brought about new profit contribution and the improvement of the hotel business from loss following its official reopening, the Group received other incomes totalling approximately HK$74,771,000 including the government subsidies for relevant projects in relation to its development of the industrial park in Danzao. Therefore, the Group was able to post a net profit of approximately HK$55,815,000 for the whole year despite the finance costs including the substantial interest expenses incurred for the development of the industrial park in Danzao and other projects and investments, representing a significant increase of 102% as compared to the same period of FY2017.

Financial leasing business

The Group has engaged in the operation and management of financial leasing business and gradually accumulated related experience through Guangdong Financial Leasing, a 25%-owned associate of the Group since 2014. The Group holds an optimistic view on the prospects of the development of financial leasing business in China. In FY2017, the Group has established a wholly-owned subsidiary Canton Risen Financial Leasing Co., Ltd.* ("**Canton Risen**") to 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. The financial leasing business recorded an operating income of approximately HK$25,221,000 and an operating profit of approximately HK$14,498,000 for FY2018, which is expected to fuel the Group's future earnings growth.

Property investments

The Group's overall rental income in FY2018 was approximately HK$6,780,000, representing an increase of 6% as compared to the same period of FY2017. As the ancillary facilities enhancement work at Zhongkong Tower in Foshan was completed, the overall occupancy rate of Zhongkong Tower increased to 82% and the rental income for FY2018 amounted to approximately HK$4,756,000, representing a significant increase of 54% as compared to the same period of FY2017. As some of the properties of Shantou Commercial Plaza were sold out during FY2018, rental income for FY2018 decreased by 11% to approximately HK$1,394,000 as compared to FY2017. As most of the properties of Huizhou International Commerce Building and unit A on the ground floor in Kai Yip Factory Building, San Po Kong, Hong Kong were sold out in FY2017, coupled with the fact that the remaining properties of Huizhou International Commerce Building were all sold out at the beginning of FY2018, the rental income of Huizhou International Commerce Building and the properties in Hong Kong for the period significantly decreased by 96% to approximately HK$14,000 and 55% to approximately HK$616,000, respectively as compared to the same period of FY2017.

In respect of property sales, the Group completed the disposal of 7 units of Huizhou International Commerce Building and 33 units of Shantou Commercial Plaza, cashing out a total of approximately HK$17,100,000 and generating a total gain of approximately HK$8,238,000 during FY2018.

As disclosed in the announcement of the Company dated on 16 November 2017, by capitalizing on the Group's solid position in the property development and investment segments, the Group would continue to make use of its accumulated experience in such areas to establish Sino Rock Tyco, an 80%-owned joint venture of the Group to develop the industrial park in Danzao Town, Nanhai District, Foshan City, the PRC, which is designed to house the main and spare production plants, pilot base, research and development centre and ancillary facilities for new energy vehicles. It is expected that the construction of the most areas of the industrial park will commence in the first half of 2019 and be completed in 2020.

Wellness elderly care business

Guangdong Yibaijian, a 70%-owned company of the Group, has completed the whole construction work and passed the comprehensive system test of the Smart Elderly Care Services Platform, and has commenced operation. On 4 December 2017, Guangdong Yibaijian won the tender of the second phase construction of the Smart Elderly Care Services Platform. As of December 2018, Guangdong Yibaijian had completed the development, implementation and acceptance procedures of the project, further optimized the Smart Elderly Care Services Platform and achieved the IT-based management of the platform in a more efficient manner. In addition, Guangdong Yibaijian explored various value-added services for health management, such as referral and quality supervision of home elderly care services and relief, endeavouring to diversify sources of operating income. Meanwhile, by drawing upon the leading role of the platform in demonstration, the Group has also formulated plans to gradually expand the coverage of the Smart Elderly Care Services Platform to other towns in Nanhai District, aiming to develop elderly care platform projects in the surrounding areas of Foshan and even within and outside Guangdong Province. At the same time, taking the Smart Elderly Care Services Platform as a breakthrough point to enter into the elderly care industry, the Group promoted it through media in a comprehensive manner to enhance market awareness, thereby further extending its coverage to other wellness elderly care services and continuously developing towards the goal of establishing a 3-tier elderly care system comprising institutes, communities and households in Nanhai District. As the elderly care project was still at the initial stage of investment construction and promotion, it posted an operating income of only approximately HK$4,406,000, and has yet to generate a net profit for the Group but recorded a loss of approximately HK$1,165,000.

Big data business

In February of FY2018, the Group established Guangdong Sinsing Technology Limited (廣東鑫興科技有限公司) as its wholly-owned subsidiary in industrial Internet project construction, smart city construction, big data operation and management and other businesses. Considerable results have been achieved for FY2018, which was evidenced by the inclusion of its "Second-level Node (Foshan) of the Industrial Internet Identification" into the industrial Internet Pilot Demonstration Projects for 2018, making the project the first platform in Foshan which was recognised by the Ministry of Industry and Information Technology as one of the pilot demonstration projects for the innovative application of identity analysis and integration for 2018. In addition, the (South China) node of the Big Data Platform for National Security Industries was officially launched in 2018, and Alibaba Cloud Innovation Center (Foshan) publicly attracted the move-in of enterprises at the end of 2018. During FY2018, the big data business posted an operating income of approximately HK$12,057,000 and a gross profit of approximately HK$782,000, and recorded a slight operating loss of approximately HK$387,000 as the project was still at the initial stage of investment.

Hotel business

Guilin Plaza had been under renovation from March to October in 2017, and resumed normal operation gradually after reopening in November 2017, thus increasing the operating income to approximately HK$13,233,000 in FY2018, up by 199% from the same period of FY2017. In addition, due to the business reorganization of Guilin Plaza, the number of hotel rooms was reduced while the rental area increased, thereby decreasing the demand for labor and the cost expenses. However, severance payment of approximately HK$3,555,000 was incurred in the same period of FY2017. The combined effect of the above resulted in a decrease of 65% in the operating loss of Guilin Plaza to approximately HK$6,015,000 in FY2018 as compared to the same period of FY2017.

In order to expand the diversified business related to the hotel industry, the Group formed Small Hotel Union (a 51%-owned subsidiary of the Group) with T-Box Holdings and T-Box Investments on 29 September 2017, in an effort to provide integrated service in the homestay inn and small hotel industry, including the provision of quickly-constructed T-BOX® mobile homes with zero-sewage discharge environmental-friendly systems, direct sales management software and financing solutions. The Group actively organised teams during FY2018 for the establishment of Unions and the promotion of Wechat direct sales tools, which has already launched direct sales for 1,690 hotels. Meanwhile, two T-BOX projects and relevant environmental-friendly projects have been carried out for the implementation of the T-BOX® mobile homes and discharge environmental-friendly systems in Ranjia Villiage in Gansu and the Fairy Mountain in Wulong, Chongqing, striving to bring about positive impacts on the diversified development of the the Company's hotel-related operations in the context of development of Guangdong-Hong Kong-Macau Greater Bay Area. However, as this business was still in the initial stage of promotion, an operating loss of approximately HK$3,642,000 was recorded.

Profit from investments in associates

Changhai Power, a 32.636%-owned joint venture of the Group, recorded a cost increase due to the higher coal prices in the period, but it was offset by the substantial increase in sales volume of steam as compared to the same period of FY2017. Accordingly, the operating performance in FY2018 still improved with an operating profit of HK$193,558,000, thus contributing earnings of HK$63,169,000 to the Group, representing an increase of 7% as compared to FY2017. As Guangdong Financial Leasing, a 25%-owned associate of the Group, changed its accounting estimation method for provision of impairment by adopting the prospective application method during FY2018, the provision for expected impairment loss allowance amounted to approximately HK$47,417,000, which resulted in a substantial decrease in operating profit to approximately HK$39,138,000, contributing a profit of HK$9,785,000 to the Group, representing a decrease of 41% as compared to the same period of FY2017.

On 28 March 2018, Foshan City Nanhai Canmanage Investments Holdings Limited (佛山市南海康美投資有限公司) ("**Nanhai Canmanage**"), a wholly-owned subsidiary of the Company, entered into the capital contribution agreement with Nanhai Lianhua, Guangdong Nanhai Chemical Factory Co., Ltd. (廣東省南海化工總廠有限公司) ("**Nanhai Chemical**") and Guandong Tiannuo Civil Explosives Co. Ltd (廣東天諾民爆有限公司) ("**Tiannuo Civil Explosives**"). Nanhai Canmanage has agreed to contribute an amount of approximately RMB130,333,000 to the capital of Tiannuo Civil Explosives, for 49% of the enlarged equity interests of Tiannuo Civil Explosives and the acquisition of the Guangdong Nanhong Chemical Co., Ltd. (廣東南虹化工有限公司) ("**Guangdong Nanhong**") by Tiannuo Civil Explosives thereafter. The aforesaid capital contribution agreement and the relevant transactions as contemplated thereunder had been approved at the special general meeting of the Company held on 25 May 2018, and the investment in Tiannuo Civil Explosives was completed on 20 August 2018. Tiannuo Civil Explosives completed the acquisition of Guangdong Nanhong on 9 October 2018, which would help the Group to improve its profitability and to explore the potential of the domestic civil explosive business. It contributed a profit of HK$5,264,000 to the Group during FY2018. On 25 March 2019, Nanhai Canmanage entered into the capital injection agreement with Nanhai Lianhua, Nanhai Chemical and Tiannuo Civil Explosives in relation to the capital injection on the basis of their respective shareholding proportion in Tiannuo Civil Explosives. Pursuant to the capital injection agreement, Nanhai Canmanage has agreed to inject an amount of RMB40,000,000 (equivalent to approximately HK$46,760,000) to the capital of Tiannuo Civil Explosives. Upon completion of the capital injection, the percentage shareholding interest of Nanhai Canmanage, Nanhai Lianhua and Nanhai Chemical in Tiannuo Civil Explosives will remain unchanged at 49%, 2% and 49% respectively. Further details of the capital injection was set out in the Group's announcement dated 25 March 2019.

Financial position and analysis

As at 31 December 2018, the Group had total assets of HK$3,460,537,000, total liabilities of HK$2,129,217,000, gearing ratio (being total liabilities divided by total assets) of 61.5%, net asset of HK$1,331,320,000 and equity attributable to owners of the Company per share of HK58.00 cents. The Group had net current assets of HK$212,713,000, current ratio (being current assets divided by current liabilities) of approximately 1.15 times and cash at bank and on hand of HK$1,221,671,000, which was sufficient for the capital requirements of future operation and new projects or business development of the Group.

Pledge of assets

For the year ended 31 December 2018, properties of the Group for own use and investment, bank deposit and finance lease receivables with carrying value of approximately HK$899,816,000 were pledged to banks as the security for the bank borrowings granted to the Group.

Foreign exchange exposure

The Group's main operating income and costs were denominated in RMB. In the business operation of the Group, foreign exchange fluctuation of income and costs would be mutually offset. However, as the Hong Kong-based Group has invested substantial borrowings into domestic wholly-owned subsidiaries in the Mainland whilst owning substantial RMB denominated monetary assets, an exchange gain or loss would be recorded due to the appreciation or depreciation of RMB. It was expected that an increase or a decrease of approximately HK$8,104,000 in the Group's profit for the year would be resulted if the exchange rate of RMB to HK dollars appreciated or depreciated by 5%. Over the past years, RMB had constantly showed an upward trend and had gradually became stable in the second half of 2008. Nevertheless, RMB has started to fluctuate upward and downward repeatedly in recent years. With the Sino-US trade war during FY2018, the exchange rate of RMB against USD dropped sharply. As the Group had invested registered capital of US$70,000,000 into Sino Rock Tyco at the end of FY2017 and the amount had not been exchanged into RMB then, the Group converted most of this amount from USD to RMB when the exchange rate of RMB became relatively stable during the second half of FY2018, which not only fully offset the Group's loss from RMB depreciation arising from its holding of a large amount of RMB-denominated currency assets and investments, but also contributed an exchange gain of HK$5,788,000, though representing a decrease in exchange gain as compared to FY2017. However, the Board believed that RMB would be immensely affected by any change in the Sino-US trade war in the short term. A turnaround in the Sino-US trade war might lead to a rapid rebound, therefore the trend of RMB was unforeseeable in the short term. Though in the long run, it was expected that RMB would become stable and would not expose the Group under significant and long term adverse foreign exchange risk. Accordingly, it was not necessary for the Group to hedge against foreign exchange risk at the moment.

Outlook

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 and survey and steady investment. Looking ahead, the Group will proactively seize opportunities for market development and continue efforts to adjust and optimize its business, and will develop the business towards industrial park/property development and investment, finance, technology and wellness elderly care sectors. In respect of the property development and investment, by capitalizing on the Group's established solid position in the property development and investment segments, the Group will continue to make use of its accumulated experience in such areas to develop the industrial park in Danzao Town, Nanhai District, Foshan City, the PRC, which is designed to house various development projects to be leased to third parties, including the main and spare production plants, pilot base, research and development centre and ancillary facilities for new energy vehicles as well as staff quarters. 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 actively research on and develop the Big Data industry projects. Regarding the wellness elderly care sector, the Group will further extend the coverage to other wellness elderly care services, and 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. Meanwhile, the Group will also, through its joint ventures and associates, participate and invest in power generation, civil explosives, financial leasing and other high-growth industries in the PRC. With the aforesaid development plans, the Group will be able to expand its business coverage and gradually achieve the goal of increasing and maintaining stable returns for shareholders.

Employees

During FY2018, the total number of employees of the Group was approximately 183. The remuneration of the employees of the Group was determined on the basis of performance and responsibility of the employees. The Group provided education allowances to the employees.

Share option scheme

The Share Option Scheme is for a term of 10 years from the date of adoption. No option has been granted since the adoption of the Share Option Scheme.

Future plans for material investments, significant investments and contingent liabilities

With the Group's profound roots in the property development and investment sectors, it will continue to leverage on its accumulated experience in these areas and dedicate to the development of the industrial park in Danzao Town, Nanhai District, Foshan City, the PRC which will comprise completed developments of main and spare production plants for new energy vehicle, supporting pilot base, research and development centre and ancillary facilities, as well as staff residences for sub-leasing to third parties for occupation. The industrial park will be developed in two phases, with construction of the industrial park (including staff residences) expected to commence in the first half of 2019 and be completed within 2020. Subject to the then lodging demand, should the need arise, the construction of further staff residences may commence in the year 2020, and is expected to be completed in 2021. 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)), and approximately 30% by bank facilities.

For the year ended 31 December 2018, the Company had no significant investments and contingent liabilities.

6. FINANCIAL AND TRADING PROSPECT OF THE ENLARGED GROUP

The Enlarged 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, finance leasing, and big data business. Through its joint ventures and associates, the Enlarged Group also participates and invests in fast-growing sectors, including power generation, civil explosives and financial leasing in the PRC.

The Enlarged Group has engaged in the operation and management of financial leasing business and gradually accumulated related experience through Guangdong Financial Leasing. In view of the strategic plan of "Made in China 2025" announced by the PRC government and with support of the government policies, the demand for financial leasing for the fixed assets, especially equipment, is strong. According to the statistics published by China Bond Rating Co., Ltd.*（中債資信評估有限責任公司）, the balance of financial leasing contract in the PRC increased at a compound rate of 40.46% year-over-year. The Enlarged 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 Enlarged Group.

During the year 2018, the Enlarged Group, through merger and acquisition, acquired 49% of Tiannuo Explosives and Nanhong Chemical. It is hoped that the merger and acquisition will help improve the profitability of the Enlarged Group, enabling the Enlarged 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 Enlarged Group has basically confirmed its development focus and direction through continuous exploration, survey and steady investment. With the Enlarged Group's profound roots in the property development and investment sectors, it will continue to leverage on its accumulated experience in these areas and dedicate to the development of the industrial park in Danzao Logistics Centre which will comprise completed developments of main and spare production plants for new energy vehicle, supporting pilot base, research and development centre and ancillary facilities, as well as staff residences for sub-leasing to third parties for occupation. The Enlarged Group will seize opportunities for market development and continue its efforts to adjust and optimize its business. The Enlarged Group will develop its business towards finance, technology and wellness elderly care sectors in coming years. In respect of the finance sector, the Enlarged 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 Enlarged Group will actively research on and develop the Big Data industry projects. Regarding the wellness elderly care sector, the Enlarged 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 Enlarged 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*

The following is the text of a report set out on pages II-1 to II-11 received from the Company's reporting accountants, HLM CPA Limited, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this circular.

恒健會計師行有限公司
HLM CPA LIMITED
Certified Public Accountants

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ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF CHINA INVESTMENTS HOLDINGS LIMITED

Introduction

We report on the historical financial information of 佛山市仙湖灣置業有限公司 ("Xian Hu") set out on pages II-3 to II-11, which comprises the statement of financial position as at 31 December 2018, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statements of cash flows for the period from 17 October 2018 (date of incorporation) to 31 December 2018 (the "Relevant Period") and a summary of significant accounting policies and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages II-3 to II-11 forms an integral part of this report, which has been prepared for inclusion in the circular of China Investments Holdings Limited (the "Company") dated 25 April 2019 (the "Circular") in connection with the proposed acquisition of the entire equity interest in Xian Hu.

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

The directors of the Company are responsible for the contents of this Circular in which the Historical Information of Xian Hu is included, and such information is prepared based on accounting policies materially consistent with those of the Company.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagement 200 Accountants' Reports on Historical Financial Information in Investment Circulars issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the Company, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of Xian Hu's financial position as at 31 December 2018 and of its financial performance and cash flows for the Relevant Period in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on the Main Board of The Stock Exchange of Hong Kong Limited and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Historical Financial Information have been made.

Dividends

We refer to note 7 to the Historical Financial Information which states that no dividend has been paid by Xian Hu in respect of the Relevant Period.

HLM CPA Limited
Certified Public Accountants
Ng Fai Fiona
Practicing Certificate Number P4986

Hong Kong 25 April 2019

HISTORCAL FINANCIAL INFORMATION OF XIAN HU

Preparation of historical financial information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The financial statements of Xian Hu for the Relevant Period, on which the Historical Financial Information is based, have been prepared in accordance with the accounting policies which conform with Hong Kong Financial Reporting Standards ("HKFRS") issued by the HKICPA and were audited by us in accordance with Hong Kong Standards on Auditing issued by the HKICPA ("Underlying Financial Statements").

The Historical Financial Information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE PERIOD FROM 17 OCTOBER 2018 (DATE OF INCORPORATION) TO 31 DECEMBER 2018

	RMB'000
Revenue	–
Other operating expense	–
Profit before taxation	–
Income tax expense	–
Profit and total comprehensive income for the period	–

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	Notes	*RMB'000*
Asset		–
Liability		–
Net asset		–
Capital and reserve		
Share capital	*8*	–
Total equity		–

STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD FROM 17 OCTOBER 2018 (DATE OF INCORPORATION) TO 31 DECEMBER 2018

	Share capital	Retained earnings	Total
	RMB'000	*RMB'000*	*RMB'000*
Issue of share on 17 October 2018 (date of incorporation)	–	–	–
Profit and total comprehensive income for the period	–	–	–
At 31 December 2018	–	–	–

STATEMENT OF CASH FLOWS
FOR THE PERIOD FROM 17 OCTOBER 2018 (DATE OF INCORPORATION) TO 31 DECEMBER 2018

	RMB'000
Cash flows from operating activities	
Profit before tax	–
Net cash generated from operating activities	–
Net increase in cash and bank balances	–
Cash and bank balances at beginning of the period	–
Cash and bank balances at end of the period	–

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL

佛山市仙湖灣置業有限公司 ("Xian Hu") is a private limited liability company established in the People's Republic of China (the "PRC") on 17 October 2018. The principal activity of Xian Hu is investment holding. Its holding company is 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.

The financial statement is presented in RMB, which is the same as the functional currency of Xian Hu.

2. BASIS OF PREPARATION

The Historical Financial Information has been prepared based on the accounting policies set out in note 4 which conform with HKFRSs issued by the HKICPA and complied with the disclosure requirements of the Hong Kong Companies Ordinance ("CO") applicable for a PRC established company.

The Historical Financial Information has been prepared on the historical cost basis.

3. ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

At the date of this report, the HKICPA has issued the following new standards, amendments to standards and interpretation that have been issued but are not yet effective:

Xian Hu has not early applied the following new HKFRSs that have been issued but are not yet effective.

HKFRS 3 (Amendments)	Definition of a Business[3]
HKFRS 9 (Amendments)	Prepayment Features with Negative Compensation[1]
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and Associate or Joint Venture[5]
HKFRS 16	Leases[1]
HKFRS 17	Insurance Contracts[4]
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2015-2017 Cycle[1]
HKAS 1 and HKAS 8 (Amendments)	Definition of Material[2]
HKAS 19 (Amendments)	Employee Benefits[1]
HKAS 28 (Amendments)	Long-term Interest in Associates and Joint Ventures[1]
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments[1]

1 Effective for annual periods beginning on or after 1 January 2019.
2 Effective for annual periods beginning on or after 1 January 2020.
3 Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020.
4 Effective for annual periods beginning on or after 1 January 2021.
5 Effective date to be determined.

The sole director of Xian Hu anticipates that, except as described below, the application of other new and revised HKFRSs will have no material impact on the results and the financial position of Xian Hu.

HKFRS 16 Leases

HKFRS 16, issued in May 2016, replaces HKAS 17 Leases ("HKAS 17"), HK(IFRIC)-Int 4 Determining whether an Arrangement contains a Lease ("HK(IFRIC)-Int 4"), HK(SIC)-Int 15 Operating Leases – Incentives and HK(SIC)-Int 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted.

HKFRS 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset, representing its right to use the underlying leased asset and a lease liability, representing its obligation to make lease payments. A lessee measures right-of-use assets similarly to other non-financial assets (such as property, plant and equipment) and lease liability similarly to other financial liabilities. As a consequence, a lessee recognises depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows applying HKAS 7 Statement of Cash Flows.

HKFRS 16 substantially carries forward the lessor accounting requirements of the superseded HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

The sole director of Xian Hu anticipates that the application of HKFRS 16 in the future may have an impact on Xian Hu's Financial Information; however, it is not practicable to provide a reasonable estimate of the effect until Xian Hu performs a detailed review.

4. SIGNIFICANT ACCOUNTING POLICIES

Share capital

Ordinary shares are classified as equity.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Xian Hu did not use any critical accounting estimates and judgements in the preparation of the financial statement. Estimates and judgements, if used, are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

6. BENEFITS AND INTERESTS OF SOLE DIRECTOR

(a) Director's emolument

Details of emolument paid or payable to the sole director of Xian Hu for his services in connection with the management of the affair of Xian Hu during the Relevant Period are as follow:

Name of director	Fees	Salaries, and other benefits	Discretionary incentive payments	Retirement benefits scheme contributions	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
黃培佳	–	–	–	–	–

The director's emolument is determined with his duty and responsibility with Xian Hu, Xian Hu's current standards for emoluments and the market conditions.

During the Relevant Period, no remuneration was paid by Xian Hu to the sole director as an inducement to join or upon joining Xian Hu or as compensation for loss of office. The sole director of Xian Hu has not waived any remuneration during the Relevant Period.

(b) Director's material interests, transactions, arrangements or contracts

No transactions, arrangements and contracts of significance to which Xian Hu was a party and in which a director of Xian Hu had material interest, whether directly or indirectly, subsisted at the end of the Relevant Period or at any time during the Relevant Period.

(c) Loans, quasi-loans and other dealings in favour of sole director

No loans, quasi-loans and other dealings in favour of sole director of Xian Hu or body corporate controlled by such director, or entities connected with such director, subsisted at the end of the period or at any time during the Relevant Period.

7. DIVIDEND

The sole director of the Xian Hu does not recommend the payment of a dividend for the Relevant Period.

8. SHARE CAPITAL

	RMB'000
Authorised capital:	185,000
Paid up capital:	
At 17 October 2018 (date of incorporation) to 31 December 2018	–

9. SUBSEQUENT FINANCIAL STATEMENT

No audited financial statement of Xian Hu has been prepared in respect of any period subsequent to 31 December 2018 and up to the date of this report.

1. UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

(i) Basis of preparation of the unaudited pro forma financial information of the enlarged group

The following unaudited pro forma financial information of the Enlarged Group comprising the unaudited pro forma consolidated statement of financial position, the unaudited pro forma consolidated statement of profit or loss and other comprehensive income and the unaudited pro forma consolidated statement of cash flows (collectively referred to as the "Unaudited Pro Forma Financial Information") has been prepared in accordance with paragraph 4.29 of the Listing Rules based on:

a) The unaudited pro forma consolidated statement of financial position of the Enlarged Group as of 31 December 2018 is prepared based on (i) the consolidated statement of financial position of the Group as of 31 December 2018 extracted from the annual report of the Group for the year ended 31 December 2018 and (ii) the statement of financial position of the Target Company as of 31 December 2018 extracted from the Accountants' Report on the Target Company set out in Appendix II to this Circular, after making pro forma adjustments to the Entering into the LUR Agreements and the Acquisition, as if the LUR lease agreements had been entered into and the Acquisition had completed on 31 December 2018.

b) The unaudited pro forma consolidated statement of profit or loss and other comprehensive income and the unaudited pro forma consolidated statement of cash flows of the Enlarged Group for the year ended 31 December 2018 are prepared based on (i) the consolidated statement of profit or loss and other comprehensive income of the Group for the year ended 31 December 2018 and consolidated statement of cash flows of the Group for the year ended 31 December 2018 extracted from the annual report of the Group for the year ended 31 December 2018 and (ii) the statement of profit or loss and other comprehensive income and the statement of cash flows of the Target Company for the year ended 31 December 2018 extracted from the Accountants' Report on the Target Company set out in Appendix II to this Circular, after making pro forma adjustments to the Acquisition, as if the LUR lease agreements had been entered into and the Acquisition had completed on 1 January 2018.

The Unaudited Pro Forma Financial Information has been prepared using accounting policies consistent with that of the Group, as set out in the Group's 2018 Annual Report. The Unaudited Pro Forma Financial Information of the Enlarged Group should be read in conjunction with the financial information contained in this Circular and the Accountants' Report on the Target Company as set out in Appendix II to this Circular.

The Unaudited Pro Forma Financial Information has been prepared by the directors for illustrative purposes only and is based on a number of assumptions, estimates, uncertainties and currently available information. Because of its hypothetical nature, the Unaudited Pro Forma Financial Information may not reflect the true picture of the financial position of the Enlarged Group had the Acquisition been completed at 31 December 2018 or at any future date.

For the purpose of the Unaudited Pro Forma Financial Information, the following are three possible scenarios:

(i) assuming entering into the LUR Agreements only ("**Scenario I**"),

(ii) assuming completion of the Acquisition only ("**Scenario II**"); and

(iii) assuming entering into the LUR Agreements and completion of the Acquisition ("**Scenario III**").

Scenario I (assuming entering into the LUR Agreements only)
Unaudited Pro Forma Consolidated Statement of Financial Position of the Enlarged Group
HK$ thousand

		Proforma adjustments		
	The Group as at 31 December 2018	Entering into Land Use Right Lease Agreements	Transaction costs related to the Transacton	Proforma total of the Enlarged Group
	Note (1)	*Note (5)*	*Note (6)*	
Non-current assets				
Investment properties	230,206	–	–	230,206
Property, plant and equipment	280,684	–	–	280,684
Right-of-use assets	148,255	530,129	–	678,384
Rental deposit in respect of right-of-use assets	3,417	12,285	–	15,702
Interests in associates	821,682	–	–	821,682
Financial assets at fair value through profit or loss	7,598	–	–	7,598
Finance lease receivables	365,465	–	–	365,465
	1,857,307	542,414	–	2,399,721
Current assets				
Properties held for sale	39,000	–	–	39,000
Inventories	380	–	–	380
Finance lease receivables	242,708	–	–	242,708
Trade and other receivables	21,716	–	–	21,716
Pledged bank deposit	77,755	–	–	77,755
Cash and cash equivalents	1,221,671	(12,285)	(1,944)	1,207,442
	1,603,230	(12,285)	(1,944)	1,589,001
Current liabilities				
Trade and other payables	131,577	–	–	131,577
Tax payables	30,470	–	–	30,470
Convertible notes	152,226	–	–	152,226
Lease liabilities	4,980	–	–	4,980
Borrowings	1,071,264	–	–	1,071,264
	1,390,517	–	–	1,390,517
Net current assets/(liabilities)	212,713	(12,285)	(1,944)	198,484
Total assets less current liabilities	2,070,020	530,129	(1,944)	2,598,205

	The Group as at 31 December 2018	Proforma adjustments: Entering into Land Use Right Lease Agreements	Proforma adjustments: Transaction costs related to the Transacton	Proforma total of the Enlarged Group
	Note (1)	*Note (5)*	*Note (6)*	
Capital and reserves				
Share capital	171,233	–	–	171,233
Reserves	821,882	–	(1,944)	819,938
Equity attributable to owners of the Company	993,115	–	(1,944)	991,171
Non-controlling interests	338,205	–	–	338,205
Total equity	1,331,320	–	(1,944)	1,329,376
Non-current liabilities				
Borrowings	563,523	–	–	563,523
Deposits received from customers	21,315	–	–	21,315
Lease liabilities	145,450	530,129	–	675,579
Deferred tax liabilities	8,412	–	–	8,412
	738,700	530,129	–	1,268,829
	2,070,020	530,129	(1,944)	2,598,205

Scenario I (assuming entering into the LUR Agreements only)
Unaudited Pro Forma Consolidated Statement of Profit or Loss and Other Comprehensive Income of the Enlarged Group
HK$ thousand

		Proforma adjustments		
	The Group as at 31 December 2018 *Note (1)*	**Entering into Land Use Right Lease Agreements** *Note (5)*	**Transaction costs related to the Transacton** *Note (6)*	**Proforma total of the Enlarged Group**
Revenue	79,550	–	–	79,550
Cost of sales and services	(37,534)	–	–	(37,534)
Gross profit	42,016	–	–	42,016
Other operating income	118,221	–	–	118,221
Selling and distribution costs	(1,820)	–	–	(1,820)
Administrative expenses	(70,206)	(16,065)	(1,944)	(88,215)
Share of profit of associates	78,218	–	–	78,218
Increase in fair value of investment properties	8,945	–	–	8,945
Decrease in fair value of financial assets at fair value through profit or loss	(1,148)	–	–	(1,148)
Finance costs	(86,296)	(26,506)	–	(112,802)
Profit/(loss) before taxation	87,930	(42,571)	(1,944)	43,415
Income tax expenses	(32,115)	–	–	(32,115)
Profit/(loss) for the year	55,815	(42,571)	(1,944)	11,300
Other comprehensive (expense)/income, net of income tax				
Item that will not be reclassified to profit or loss:				
Surplus on revaluation of hotel properties	4,510	–	–	4,510
Items that may be reclassified subsequently to profit or loss:				
Share of exchange differences of associates	(38,044)	–	–	(38,044)
Exchange differences arising on translation of foreign operations	(51,585)	–	–	(51,585)
Other comprehensive expense, net of income tax	(85,119)	–	–	(85,119)
Total comprehensive expense for the year	(29,304)	(42,571)	(1,944)	(73,819)

Scenario I (assuming entering into the LUR Agreements only)
Unaudited Pro Forma Consolidated Statement of Cash Flows of the Enlarged Group
HK$ thousand

		Proforma adjustments		
	The Group as at 31 December 2018	Entering into Land Use Right Lease Agreements	Transaction costs related to the Transacton	Proforma total of the Enlarged Group
	Note (1)	*Note (5)*	*Note (6)*	
Operating activities				
Profit/(loss) for the year	55,815	(42,571)	(1,944)	11,300
Adjustments for:				
Interest income from financial leasing	(18,000)	–	–	(18,000)
Bank interest income	(19,564)	–	–	(19,564)
Interest expenses	86,296	26,506	–	112,802
Income tax expenses	32,115	–	–	32,115
Increase in fair value of investment properties	(8,945)	–	–	(8,945)
Share of profit of associates	(78,218)	–	–	(78,218)
Gain on disposal of property, plant and equipment	(74)	–	–	(74)
Depreciation of property, plant and equipment	14,492	–	–	14,492
Depreciation of right-of-use assets	783	16,065	–	16,848
Decrease in fair value of financial assets at fair value through profit or loss	1,148	–	–	1,148
Impairment loss on finance lease receivables	972	–	–	972
Provision written-back on trade and other receivables	(229)	–	–	(229)
Net exchange gain	(5,788)	–	–	(5,788)
Operating cash flow before movements in working capital	60,803	–	(1,944)	58,859
Decrease in inventories	114	–	–	114
Decrease in properties held for sale	8,820	–	–	8,820
Increase in deposits received from customers	21,315	–	–	21,315
Increase in finance lease receivables	(632,673)	–	–	(632,673)
Increase in rental deposit in respect of right-of-use assets	(3,417)	(12,285)	–	(15,702)
Increase in trade and other receivables	(10,584)	–	–	(10,584)
Decrease in trade and other payables	(2,157)	–	–	(2,157)
Cash used in operations	(557,779)	(12,285)	(1,944)	(572,008)
Interest income from financial leasing	14,996	–	–	14,996
Tax paid	(13,669)	–	–	(13,669)
Net cash used in operating activities	(556,452)	(12,285)	(1,944)	(570,681)

	The Group as at 31 December 2018	Proforma adjustments: Entering into Land Use Right Lease Agreements	Proforma adjustments: Transaction costs related to the Transacton	Proforma total of the Enlarged Group
	Note (1)	*Note (5)*	*Note (6)*	
Investing activities				
Purchase of property, plant and equipment	(12,657)	–	–	(12,657)
Acquisition of an associate	(148,444)	–	–	(148,444)
Decrease in lease liabilities	–	(5,613)	–	(5,613)
Increase in time deposits with more than three months to maturity when placed	(54,813)	–	–	(54,813)
Dividend received from an associate	115,628	–	–	115,628
Placement of pledged bank deposit	(13,792)	–	–	(13,792)
Interest received	19,708	–	–	19,708
Net proceeds from disposal of property, plant and equipment	287	–	–	287
Net cash used in investing activities	(94,083)	(5,613)	–	(99,696)
Financing activities				
Capital injection from non-controlling interests	182,765	–	–	182,765
Interest paid	(65,295)	–	–	(65,295)
Repayment of bank loans	(61,668)	–	–	(61,668)
Proceeds from borrowings	917,005	–	–	917,005
Net cash generated from financing activities	972,807	–	–	972,807
Net increase/(decrease) in cash and cash equivalents	322,272	(17,898)	(1,944)	302,430
Cash and cash equivalents at 1 January	886,861	–	–	886,861
Effect of foreign exchange rates changes	(42,275)	–	–	(42,275)
Cash and cash equivalents at 31 December	1,166,858	(17,898)	(1,944)	1,147,016
Analysis of the balances of cash and cash equivalents, being:				
Bank balances and cash	1,221,671	(17,898)	(1,944)	1,201,829
Less: time deposit with maturity over three months	(54,813)	–	–	(54,813)
	1,166,858	(17,898)	(1,944)	1,147,016

Scenario II (assuming completion of the Acquisition only)
Unaudited Pro Forma Consolidated Statement of Financial Position of the Enlarged Group
HK$ thousand

		Proforma adjustments					
	The Group as at 31 December 2018	Xian Hu as at 31 December 2018	Acquisition of Target Properties by Xian Hu	Acquisition of Xian Hu	Transaction costs related to the Transacton	Consolidated Adjustments	Proforma total of the Enlarged Group
	Note (1)	*Note (2)*	*Note (3)*	*Note (4)*	*Note (6)*	*Note (7)*	
Non-current assets							
Investment properties	230,206	–	216,450	–	–	–	446,656
Property, plant and equipment	280,684	–	–	–	–	–	280,684
Right-of-use assets	148,255	–	–	–	–	–	148,255
Rental deposit in respect of right-of-use assets	3,417	–	–	–	–	–	3,417
Interests in assoicates	821,682	–	–	–	–	–	821,682
Investment in subsidiary	–	–	–	216,450	–	(216,450)	–
Financial assets at fair value through profit or loss	7,598	–	–	–	–	–	7,598
Finance lease receivables	365,465	–	–	–	–	–	365,465
	1,857,307	–	216,450	216,450	–	(216,450)	2,073,757
Current assets							
Properties held for sale	39,000	–	–	–	–	–	39,000
Inventories	380	–	–	–	–	–	380
Finance lease receivables	242,708	–	–	–	–	–	242,708
Trade and other receivables	21,716	–	–	–	–	–	21,716
Pledged bank deposit	77,755	–	–	–	–	–	77,755
Cash and cash equivalents	1,221,671	–	–	(216,450)	(1,944)	–	1,003,277
	1,603,230	–	–	(216,450)	(1,944)	–	1,384,836
Current liabilities							
Trade and other payables	131,577	–	–	–	–	–	131,577
Tax payables	30,470	–	–	–	–	–	30,470
Convertible notes	152,226	–	–	–	–	–	152,226
Lease liabilities	4,980	–	–	–	–	–	4,980
Borrowings	1,071,264	–	–	–	–	–	1,071,264
	1,390,517	–	–	–	–	–	1,390,517
Net current assets/(liabilities)	212,713	–	–	(216,450)	(1,944)	–	(5,681)
Total assets less current liabilities	2,070,020	–	216,450	–	(1,944)	(216,450)	2,068,076

		Proforma adjustments					
	The Group as at 31 December 2018	**Xian Hu as at 31 December 2018**	**Acquisition of Target Properties by Xian Hu**	**Acquisition of Xian Hu**	**Transaction costs related to the Transacton**	**Consolidated Adjustments**	**Proforma total of the Enlarged Group**
	Note (1)	*Note (2)*	*Note (3)*	*Note (4)*	*Note (6)*	*Note (7)*	
Capital and reserves							
Share capital	171,233	–	216,450	–	–	(216,450)	171,233
Reserves	821,882	–	–	–	(1,944)	–	819,938
Equity attributable to owners of the Company	993,115	–	216,450	–	(1,944)	(216,450)	991,171
Non-controlling interests	338,205	–	–	–	–	–	338,205
Total equity	1,331,320	–	216,450	–	(1,944)	(216,450)	1,329,376
Non-current liabilities							
Borrowings	563,523	–	–	–	–	–	563,523
Deposits received from customers	21,315	–	–	–	–	–	21,315
Lease liabilities	145,450	–	–	–	–	–	145,450
Deferred tax liabilities	8,412	–	–	–	–	–	8,412
	738,700	–	–	–	–	–	738,700
	2,070,020	–	216,450	–	(1,944)	(216,450)	2,068,076

Scenario II (assuming completion of the Acquisition only)
Unaudited Pro Forma Consolidated Statement of Profit or Loss and Other Comprehensive Income of the Enlarged Group
HK$ thousand

		Proforma adjustments		
	The Group as at 31 December 2018 *Note (1)*	Xian Hu as at 31 December 2018 *Note (2)*	Transaction costs related to the Transacton *Note (6)*	Proforma total of the Enlarged Group
Revenue	79,550	–	–	79,550
Cost of sales and services	(37,534)	–	–	(37,534)
Gross profit	42,016	–	–	42,016
Other operating income	118,221	–	–	118,221
Selling and distribution costs	(1,820)	–	–	(1,820)
Administrative expenses	(70,206)	–	(1,944)	(72,150)
Share of profit of associates	78,218	–	–	78,218
Increase in fair value of investment properties	8,945	–	–	8,945
Decrease in fair value of financial assets at fair value through profit or loss	(1,148)	–	–	(1,148)
Finance costs	(86,296)	–	–	(86,296)
Profit/(loss) before taxation	87,930	–	(1,944)	85,986
Income tax expenses	(32,115)	–	–	(32,115)
Profit/(loss) for the year	55,815	–	(1,944)	53,871
Other comprehensive (expense)/income, net of income tax				
Item that will not be reclassified to profit or loss:				
Surplus on revaluation of hotel properties	4,510	–	–	4,510
Items that may be reclassified subsequently to profit or loss:				
Share of exchange differences of associates	(38,044)	–	–	(38,044)
Exchange differences arising on translation of foreign operations	(51,585)	–	–	(51,585)
Other comprehensive expense, net of income tax	(85,119)	–	–	(85,119)
Total comprehensive expense for the year	(29,304)	–	(1,944)	(31,248)

Scenario II (assuming completion of the Acquisition only)
Unaudited Pro Forma Consolidated Statement of Cash Flows of the Enlarged Group
HK$ thousand

	The Group as at 31 December 2018	Proforma adjustments: Xian Hu as at 31 December 2018	Proforma adjustments: Acquisition of Xian Hu	Proforma adjustments: Transaction costs related to the Transacton	Proforma total of the Enlarged Group
	Note (1)	*Note (2)*	*Note (4)*	*Note (6)*	
Operating activities					
Profit/(loss) for the year	55,815	–	–	(1,944)	53,871
Adjustments for:					
Interest income from financial leasing	(18,000)	–	–	–	(18,000)
Bank interest income	(19,564)	–	–	–	(19,564)
Interest expenses	86,296	–	–	–	86,296
Income tax expenses	32,115	–	–	–	32,115
Increase in fair value of investment properties	(8,945)	–	–	–	(8,945)
Share of profit of associates	(78,218)	–	–	–	(78,218)
Gain on disposal of property, plant and equipment	(74)	–	–	–	(74)
Depreciation of property, plant and equipment	14,492	–	–	–	14,492
Depreciation of right-of-use assets	783	–	–	–	783
Decrease in fair value of financial assets at fair value through profit or loss	1,148	–	–	–	1,148
Impairment loss on financial lease receivables	972	–	–	–	972
Provision written-back on trade and other receivables	(229)	–	–	–	(229)
Net foreign exchange gain	(5,788)	–	–	–	(5,788)
Operating cash flow before movements in working capital	60,803	–	–	(1,944)	58,859
Decrease in inventories	114	–	–	–	114
Decrease in properties held for sale	8,820	–	–	–	8,820
Increase in deposits received from customers	21,315	–	–	–	21,315
Increase in finance lease receivables	(632,673)	–	–	–	(632,673)
Increase in rental deposit in respect of right-of-use assets	(3,417)	–	–	–	(3,417)
Increase in trade and other receivables	(10,584)	–	–	–	(10,584)
Decrease in trade and other payables	(2,157)	–	–	–	(2,157)
Cash used in operations	(557,779)	–	–	(1,944)	(559,723)
Interest income from financial leasing	14,996	–	–	–	14,996
Tax paid	(13,669)	–	–	–	(13,669)
Net cash used in operating activities	(556,452)	–	–	(1,944)	(558,396)

	The Group as at 31 December 2018	Proforma adjustments: Xian Hu as at 31 December 2018	Proforma adjustments: Acquisition of Xian Hu	Proforma adjustments: Transaction costs related to the Transacton	Proforma total of the Enlarged Group
	Note (1)	*Note (2)*	*Note (4)*	*Note (6)*	
Investing activities					
Purchase of property, plant and equipment	(12,657)	–	–	–	(12,657)
Addition to investment properties	–	–	(216,450)	–	(216,450)
Acquisition of an associate	(148,444)	–	–	–	(148,444)
Increase in time deposits with more than three months to maturity when placed	(54,813)	–	–	–	(54,813)
Dividend received from an associate	115,628	–	–	–	115,628
Placement of pledged bank deposit	(13,792)	–	–	–	(13,792)
Interest received	19,708	–	–	–	19,708
Net proceeds from disposal of property, plant and equipment	287	–	–	–	287
Net cash used in investing activities	(94,083)	–	(216,450)	–	(310,533)
Financing activities					
Capital injection from non-controlling interests	182,765	–	–	–	182,765
Interest paid	(65,295)	–	–	–	(65,295)
Repayment of bank loans	(61,668)	–	–	–	(61,668)
Proceeds from borrowings	917,005	–	–	–	917,005
Net cash generated from financing activities	972,807	–	–	–	972,807
Net increase/(decrease) in cash and cash equivalents	322,272	–	(216,450)	(1,944)	103,878
Cash and cash equivalents at 1 January	886,861	–	–	–	886,861
Effect of foreign exchange rates changes	(42,275)	–	–	–	(42,275)
Cash and cash equivalents at 31 December	1,166,858	–	(216,450)	(1,944)	948,464
Analysis of the balances of cash and cash equivalents, being:					
Bank balances and cash	1,221,671	–	(216,450)	(1,944)	1,003,277
Less: time deposit with maturity over three months	(54,813)	–	–	–	(54,813)
	1,166,858	–	(216,450)	(1,944)	948,464

Scenario III (assuming entering into the LUR Agreements and completion of the Acquisition)
Unaudited Pro Forma Consolidated Statement of Financial Position of the Enlarged Group
HK$ thousand

	The Group as at 31 December 2018	Xian Hu as at 31 December 2018	Acquisition of Target Properties by Xian Hu	Acquisition of Xian Hu	Entering into Land Use Right Lease Agreements	Transaction costs related to the Transacton	Consolidated Adjustments	Proforma total of the Enlarged Group
		Proforma adjustments						
	Note (1)	*Note (2)*	*Note (3)*	*Note (4)*	*Note (5)*	*Note (6)*	*Note (7)*	
Non-current assets								
Investment properties	230,206	–	216,450	–	–	–	–	446,656
Property, plant and equipment	280,684	–	–	–	–	–	–	280,684
Right-of-use assets	148,255	–	–	–	530,129	–	–	678,384
Rental deposit in respect of right-of-use assets	3,417	–	–	–	12,285	–	–	15,702
Interests in associates	821,682	–	–	–	–	–	–	821,682
Investment in subsidiary	–	–	–	216,450	–	–	(216,450)	–
Financial assets at fair value through profit or loss	7,598	–	–	–	–	–	–	7,598
Finance lease receivables	365,465	–	–	–	–	–	–	365,465
	1,857,307	–	216,450	216,450	542,414	–	(216,450)	2,616,171
Current assets								
Properties held for sale	39,000	–	–	–	–	–	–	39,000
Inventories	380	–	–	–	–	–	–	380
Finance lease receivables	242,708	–	–	–	–	–	–	242,708
Trade and other receivables	21,716	–	–	–	–	–	–	21,716
Pledged bank deposit	77,755	–	–	–	–	–	–	77,755
Cash and cash equivalents	1,221,671	–	–	(216,450)	(12,285)	(1,944)	–	990,992
	1,603,230	–	–	(216,450)	(12,285)	(1,944)	–	1,372,551
Current liabilities								
Trade and other payables	131,577	–	–	–	–	–	–	131,577
Tax payables	30,470	–	–	–	–	–	–	30,470
Convertible note	152,226	–	–	–	–	–	–	152,226
Lease liabilities	4,980	–	–	–	–	–	–	4,980
Borrowings	1,071,264	–	–	–	–	–	–	1,071,264
	1,390,517	–	–	–	–	–	–	1,390,517
Net current assets/(liabilities)	212,713	–	–	(216,450)	(12,285)	(1,944)	–	(17,966)
Total assets less current liabilities	2,070,020	–	216,450	–	530,129	(1,944)	(216,450)	2,598,205

		Proforma adjustments						
	The Group as at 31 December 2018	Xian Hu as at 31 December 2018	Acquisition of Target Properties by Xian Hu	Acquisition of Xian Hu	Entering into Land Use Right Lease Agreements	Transaction costs related to the Transacton	Consolidated Adjustments	Proforma total of the Enlarged Group
	Note (1)	*Note (2)*	*Note (3)*	*Note (4)*	*Note (5)*	*Note (6)*	*Note (7)*	
Capital and reserves								
Share capital	171,233	–	216,450	–	–	–	(216,450)	171,233
Reserves	821,882	–	–	–	–	(1,944)	–	819,938
Equity attributable to owners of the Company	993,115	–	216,450	–	–	(1,944)	(216,450)	991,171
Non-controlling interests	338,205	–	–	–	–	–	–	338,205
Total equity	1,331,320	–	216,450	–	–	(1,944)	(216,450)	1,329,376
Non-current liabilities								
Borrowings	563,523	–	–	–	–	–	–	563,523
Deposits received from customers	21,315	–	–	–	–	–	–	21,315
Lease liabilities	145,450	–	–	–	530,129	–	–	675,579
Deferred tax liabilities	8,412	–	–	–	–	–	–	8,412
	738,700	–	–	–	530,129	–	–	1,268,829
	2,070,020	–	216,450	–	530,129	(1,944)	(216,450)	2,598,205

Scenario III (assuming entering into the LUR Agreements and completion of the Acquisition)
Unaudited Pro Forma Consolidated Statement of Profit or Loss and Other Comprehensive Income of the Enlarged Group
HK$ thousand

	The Group as at 31 December 2018 *Note (1)*	Proforma adjustments: Xian Hu as at 31 December 2018 *Note (2)*	Proforma adjustments: Entering into Land Use Right Lease Agreements *Note (5)*	Proforma adjustments: Transaction costs related to the Transacton *Note (6)*	Proforma total of the Enlarged Group
Revenue	79,550	–	–	–	79,550
Cost of sales and services	(37,534)	–	–	–	(37,534)
Gross profit	42,016	–	–	–	42,016
Other operating income	118,221	–	–	–	118,221
Selling and distribution costs	(1,820)	–	–	–	(1,820)
Administrative expenses	(70,206)	–	(16,065)	(1,944)	(88,215)
Share of profit of associates	78,218	–	–	–	78,218
Increase in fair value of investment properties	8,945	–	–	–	8,945
Decrease in fair value of financial assets at fair value through profit or loss	(1,148)	–	–	–	(1,148)
Finance costs	(86,296)	–	(26,506)	–	(112,802)
Profit/(loss) before taxation	87,930	–	(42,571)	(1,944)	43,415
Income tax expenses	(32,115)	–	–	–	(32,115)
Profit/(loss) for the year	55,815	–	(42,571)	(1,944)	11,300
Other comprehensive (expense)/income, net of income tax					
Item that will not be reclassified to profit or loss:					
Surplus on revaluation of hotel properties	4,510	–	–	–	4,510
Items that may be reclassified subsequently to profit or loss:					
Share of exchange differences of associates	(38,044)	–	–	–	(38,044)
Exchange differences arising on translation of foreign operations	(51,585)	–	–	–	(51,585)
Other comprehensive expense, net of income tax	(85,119)	–	–	–	(85,119)
Total comprehensive expense for the year	(29,304)	–	(42,571)	(1,944)	(73,819)

Scenario III (assuming entering into the LUR Agreements and completion of the Acquisition)
Unaudited Pro Forma Consolidated Statement of Cash Flows of the Enlarged Group
HK$ thousand

		Proforma adjustments				
	The Group as at 31 December 2018 *Note (1)*	Xian Hu as at 31 December 2018 *Note (2)*	Acquisition of Xian Hu *Note (4)*	Entering into Land Use Right Lease Agreements *Note (5)*	Transaction costs related to the Transacton *Note (6)*	Proforma total of the Enlarged Group
Operating activities						
Profit/(loss) for the year	55,815	–	–	(42,571)	(1,944)	11,300
Adjustments for:						
Interest income from financial leasing	(18,000)	–	–	–	–	(18,000)
Bank interest income	(19,564)	–	–	–	–	(19,564)
Interest expenses	86,296	–	–	26,506	–	112,802
Income tax expenses	32,115	–	–	–	–	32,115
Increase in fair value of investment properties	(8,945)	–	–	–	–	(8,945)
Share of profit of associates	(78,218)	–	–	–	–	(78,218)
Gain on disposal of property, plant and equipment	(74)	–	–	–	–	(74)
Depreciation of property, plant and equipment	14,492	–	–	–	–	14,492
Depreciation of right-of-use assets	783	–	–	16,065	–	16,848
Decrease in fair value of financial assets at fair value through profit or loss	1,148	–	–	–	–	1,148
Impairment loss on finance lease receivables	972	–	–	–	–	972
Provision written-back on trade and other receivables	(229)	–	–	–	–	(229)
Net exchange gain	(5,788)	–	–	–	–	(5,788)
Operating cash flow before movements in working capital	60,803	–	–	–	(1,944)	58,859
Decrease in inventories	114	–	–	–	–	114
Decrease in properties held for sale	8,820	–	–	–	–	8,820
Increase in deposits received from customers	21,315	–	–	–	–	21,315
Increase in finance lease receivables	(632,673)	–	–	–	–	(632,673)
Increase in rental deposit in respect of right-of-use assets	(3,417)	–	–	(12,285)	–	(15,702)
Increase in trade and other receivables	(10,584)	–	–	–	–	(10,584)
Decrease in trade and other payables	(2,157)	–	–	–	–	(2,157)
Cash used in operations	(557,779)	–	–	(12,285)	(1,944)	(572,008)
Interest income from financial leasing	14,996	–	–	–	–	14,996
Tax paid	(13,669)	–	–	–	–	(13,669)
Net cash used in operating activities	(556,452)	–	–	(12,285)	(1,944)	(570,681)

	The Group as at 31 December 2018 *Note (1)*	Proforma adjustments: Xian Hu as at 31 December 2018 *Note (2)*	Proforma adjustments: Acquisition of Xian Hu *Note (4)*	Proforma adjustments: Entering into Land Use Right Lease Agreements *Note (5)*	Proforma adjustments: Transaction costs related to the Transacton *Note (6)*	Proforma total of the Enlarged Group
Investing activities						
Purchase of property, plant and equipment	(12,657)	–	–	–	–	(12,657)
Addition to investment properties	–	–	(216,450)	–	–	(216,450)
Acquisition of an associate	(148,444)	–	–	–	–	(148,444)
Decrease in lease liabilities	–	–	–	(5,613)	–	(5,613)
Decrease in time deposits with more than three months to maturity when placed	(54,813)	–	–	–	–	(54,813)
Dividend received from an associate	115,628	–	–	–	–	115,628
Placement of pledged bank deposit	(13,792)	–	–	–	–	(13,792)
Interest received	19,708	–	–	–	–	19,708
Net proceeds from disposal of property, plant and equipment	287	–	–	–	–	287
Net cash used in investing activities	(94,083)	–	(216,450)	(5,613)	–	(316,146)
Financing activities						
Capital injection from non-controlling interests	182,765	–	–	–	–	182,765
Interest paid	(65,295)	–	–	–	–	(65,295)
Repayment of bank loans	(61,668)	–	–	–	–	(61,668)
Proceeds from borrowings	917,005	–	–	–	–	917,005
Net cash generated from financing activities	972,807	–	–	–	–	972,807
Net increase/(decrease) in cash and cash equivalents	322,272	–	(216,450)	(17,898)	(1,944)	85,980
Cash and cash equivalents at 1 January	886,861	–	–	–	–	886,861
Effect of foreign exchange rates changes	(42,275)	–	–	–	–	(42,275)
Cash and cash equivalents at 31 December	1,166,858	–	(216,450)	(17,898)	(1,944)	930,566
Analysis of the balances of cash and cash equivalents, being:						
Bank balances and cash	1,221,671	–	(216,450)	(17,898)	(1,944)	985,379
Less: time deposit with maturity over three months	(54,813)	–	–	–	–	(54,813)
	1,166,858	–	(216,450)	(17,898)	(1,944)	930,566

Notes:

1. The unadjusted audited consolidated statement of financial position of the Group as at 31 December 2018, the unadjusted audited consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2018 and the unadjusted audited consolidated statement of cash flows of the Group for the year ended 31 December 2018 were extracted from the published annual report of the Group for the year ended 31 December 2018.

2. The unadjusted audited statement of financial position of Xian Hu as at 31 December 2018, the unadjusted audited statement of profit or loss and other comprehensive income and the unadjusted audited cash flows statement of Xian Hu for the year ended 31 December 2018 are extracted from the respective accountant's reports as set out in Appendix II to this Circular.

3. Pursuant to Acquisition Agreement, the Target Properties will be contributed to the Target Company, Xian Hu, as capital.

4. Pursuant to Acquisition Agreement, Sino Rock Tyco has conditionally agreed to acquire 100% equity interest in the Target Company after completion of the capital injection to the Target Company in respect of the Target Properties, at the consideration of RMB185,000,000 (equivalent to approximately HK$216,450,000).

5. Upon the entering into of the LUR Lease Agreements, the right-of-use assets and lease liabilities will be recognised amounting to RMB453,101,334 (equivalent to approximately HK$530,128,561) according to HKFRS 16. At the same time, Sino Rock Tyco will pay an aggregate security deposits of RMB10,500,000 (equivalent to approximately HK$12,285,000) to the Landlord which will be recorded as rental deposit in respect of right-of-use assets and decrease in the cash and cash equivalents. Regarding the impact on the consolidated statement of profit or loss and other comprehensive income, the Company will depreciate the right-of-use assets over the useful life on a straight line-basis and an annual depreciation amounting to RMB13,730,343 (equivalent to approximately HK$16,064,501) will be incurred. In addition, an annual interest expense on the lease liabilities will be charged amounting to RMB 22,655,067 (equivalent to approximately HK$26,506,428) for the first year and will generally be front-loaded.

   Regarding to consolidated statement of cash flows, the first annual rent and management fee payment for the Land Parcels 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.

6. The adjustment represents expenditures incurred directly in connection with the Transaction including legal fees, printing costs, accountants' fees and other related expenses to be borne by the Group of approximately HK$1,944,000. The adjustment has no continuing effect to the consolidated statement of financial position of the Enlarged Group but will be reflected in the consolidated statement of profit or loss and other comprehensive income, and the consolidated statement of cash flows of the Enlarged Group in the year these expenses are actually incurred.

7. Upon completion of the Acquisition, Xian Hu will become a wholly owned subsidiary of the Group, and adjustments for consolidation entries for the elimination of investment cost of Xian Hu and share capital of Xian Hu will be made.

8. No other adjustments have been made to reflect any trading result or other transactions of the Group and Xian Hu entered into subsequent to 31 December 2018. Unless otherwise stated, the adjustments above do not have a recurring effect.

2. INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report prepared for the purpose of incorporation in this circular, received from the Company's reporting accountants, HLM CPA Limited.

恒健會計師行有限公司
HLM CPA LIMITED
Certified Public Accountants

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2-12 Queen's Road West, Hong Kong.
香港皇后大道西2-12號聯發商業中心305室
Tel 電話: (852) 3103 6980
Fax 傳真: (852) 3104 0170
E-mail 電郵: info@hlm.com.hk

The Board of Directors
China Investments Holdings Limited
Unit 501, Wing On Plaza,
62 Mody Road, Tsimshatsui,
Kowloon, Hong Kong

Dear Sirs,

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of China Investments Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") by the directors of the Company (the "Director") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated statement of financial position as at 31 December 2018, the unaudited pro forma consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2018, the unaudited pro forma consolidated statement of cash flows for the year ended 31 December 2018 and the related notes of the circular issued by the Company dated 25 April 2019 (the "Circular"). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described in Appendix III of the Circular.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact that the Group is going to enter into 1) the land use right lease agreements; 2) the acquisition agreement to acquire the entire issued share capital of the Target Company (the "Transactions") on the Group's financial position as at 31 December 2018 and the Group's financial performance and cash flows for the year ended 31 December 2018 as if the Transactions had taken place at 31 December 2018 and 1 January 2018 respectively. As part of this process, information about the Group's financial position, the financial performance and cash flows has been extracted by the Directors from the Group's financial statements for the year ended 31 December 2018, on which auditor's report has been issued.

Directors' Responsibilities for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" (the "AG 7") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the "Code of Ethics for Professional Accountants" issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality control 1"Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements" issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountant's Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountant comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the directors have compiled the Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in a prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 31 December 2018 or 1 January 2018 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgement, having regard to the reporting accountant's understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) The unaudited pro forma financial information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully,

HLM CPA Limited
Certified Public Accountants
Ng Fai Fiona
Practicing Certificate Number: P4986
Hong Kong, 25 April 2019

MANAGEMENT DISCUSSION AND ANALYSIS OF THE TARGET COMPANY

Set out below is the management discussion and analysis on the Target Company for the period from 17 October 2018 (date of incorporation) to 31 December 2018 (the"Review Period"). The following Historical Financial Information is based on the audited financial information of the Target Company as set out in Appendix II to this circular.

Business and operations of the Target Group

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^2 situated at No.3 Yang Guang Road, Danzao Xianhu Resort Area, Nanhai District, Foshan City. As at the Latest Practicable Date, the contribution of the Target Properties to the Target Company as capital is not yet completed. No capital injection has been made into the Target Company and the Target Company has not commenced any operation. Accordingly, the Target Company does not have any book value or income during the Review Period.

Revenue and net profit

As the Target Company has not commenced any operation, there is not any revenue and net profit for the Review Period.

Liquidity and financial resources

As no capital injection has been made into the Target Company and the Target Company has not commenced any operation, the Target Company does not have any liquidity and financial resources as at the end of the Review Period. No borrowings and gearing ratios have been available as at the end of the Review Period.

Funding and treasury policy

As no capital injection has been made into the Target Company and the Target Company has not commenced any operation, the Target Company does not have any funding and treasury policy during the Review Period.

Foreign exchange management

As no capital injection has been made into the Target Company and the Target Company has not commenced any operation, the Target Company does not have any need of foreign exchange management and no derivative financial instruments for hedging purposes has been used during the Review Period.

Capital commitment

As the Target Company has not commenced any operation, the Target Company does not have any capital commitment as at the end of the Review Period.

Significant investment, material acquisition and disposal

As no capital injection has been made into the Target Company and the Target Company has not commenced any operation, the Target Company does not have any significant investment, material acquisition and disposal during the Review Period. As at the Latest Practicable Date, the contribution of the Target Properties to the Target Company as capital is not yet completed.

Contingent liabilities

As the Target Company has not commenced any operation, the Target Company does not have any contingent liabilities as at the end of the Review Period.

Charge on assets

As the Target Company has not commenced any operation and does not have any assets, the Target Company does not have any charge on assets as at the end of the Review Period.

Employee information and remuneration policy

As the Target Company has not commenced any operation, the Target Company does not have any employee and any need of remuneration policy as at the end of the Review Period.

Prospects and future developments in the business of the Target Company

According to the Acquisition Agreement, the Target Properties will be contributed to the Target Company by the Vendor as capital. After completion of Acquisition, the Target Properties 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. Such potential tenancy is expected to contribute substantial rental income and profit to the Target Company.

The following is the text of a letter, summary of valuation and valuation certificate prepared for the purpose of incorporation in this circular received from PSA (HK) Surveyors Limited, an independent property valuer, in connection with its valuation as at 28 February 2019 of the Target Properties.

PSA (HK) Surveyors Limited
國眾聯(香港)測量師行有限公司
国众联集团
Guozhonglian Group

25 April 2019

The Board of Directors
China Investments Holdings Limited
Unit 501, Wing On Plaza
62 Mody Road
Tsim Sha Tsui
Kowloon

Dear Sirs

Re: Rental Valuation of Four Parcels of Land in Danzao Town, Nanhai District, Foshan City, Guangdong Province, The People's Republic of China (the "Properties")

We refer to the instruction from China Investments Holdings Limited (hereinafter referred to as "Company") for us to carry out rental valuation of the property interests rented by 廣東中岩泰科建設有限公司 (hereinafter referred to as "Sino Rock Tyco") located in the People's Republic of China, details of which are set out in the attached valuation certificate. We confirm that we have made relevant investigation and enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the rental value of the property interests as at 28 February 2019 ("Valuation Date").

VALUATION STANDARDS AND BASIS

In valuing the property interest, we have complied with relevant requirements contained in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited and the "HKIS Valuation Standards (2017 Edition)" published by the Hong Kong Institute of Surveyors.

Our valuation is conducted on market rent basis. Market rent is defined as "*the estimated amount for which a property would be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion*".

VALUATION ASSUMPTIONS

No allowance has been made in our valuation for any charges or amounts owing on the Properties nor for any expenses or taxation which may be incurred in effecting lease. Unless otherwise stated, it is assumed that the Properties were free from encumbrances, restrictions and outgoings of an onerous nature which could affect its rental value.

VALUATION METHODOLOGY

In valuing the Properties which is leased out as at the Valuation Date, we have adopted direct comparison approach by making reference to comparable rental evidence available in the relevant market. Comparable properties of similar size, character and location are analyzed and carefully weighted against all the respective advantages and disadvantages of each property in order to arrive at a fair rental value.

SOURCE OF INFORMATION

In the course of our analysis, we have obtained copies of relevant contractual documents relating to the property interest. However, we have not scrutinized all the original documents to verify leasing right or any subsequent amendments, if any, which may not appear on the copies handed to us. We have relied on a considerable extent on the information provided by the Company and have accepted the advice given to us on such matters as tenure, planning approvals, statutory notices, easements, site area, development scheme and all other relevant matters.

We have inspected the information provided to us and made relevant enquiries in a reasonable and prudent manner. We have had no reason to doubt the truth and accuracy of the information provided to us, which are material to the valuation. We also made enquiries to the Company and being confirmed that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to form an informed opinion and have no reason to doubt any material information hidden.

In forming our opinion of rental value of the Properties, we have also relied on the legal opinion provided by the Company's PRC legal advisor, Guangdong Chiko Law Firm (the "PRC Legal Opinion").

PROPERTY INSPECTION

The Properties were inspected by our Ms. Chen Xinran on 22 January 2019. We have inspected the Properties to such extent as for the purpose of this valuation. We have not carried out investigations on the site to determine the suitability of the ground conditions and the services etc. for any future development. Our valuation is on the basis that these aspects are satisfactory.

We have not carried out site measurements to verify the correctness of the site area of the Properties and have assumed that the site area shown on the documents and official site plan handed to us is correct. All documents and contracts are for reference only, while all dimensions, measurements and areas are approximates.

Unless stated otherwise, all currencies are in Renminbi ("RMB").

We enclose herewith our Valuation Certificate.

Yours Faithfully
For and on behalf of
PSA (HK) Surveyors Limited

Harry Chan *FHKIS, MRICS, RPS (GP), MCIREA*
Managing Director
Valuation & Advisory Services

Notes:

Mr. Harry Chan is a Registered Professional Surveyor (General Practice) with over 25 years' experience in assets valuation in Hong Kong and China. Mr. Chan is a fellow member of The Hong Kong Institute of Surveyors, a corporate member of Royal Institution of Chartered Surveyors and a member of China Institute of Real Estate Appraisers and Agents.

Encl.

VALUATION CERTIFICATE

Property	Description and Tenure	Details of Occupancy	Annual Rental Value in Existing State as at 28 February 2019
Four Parcels of Land in Danzao Town, Nanhai District, Foshan City, Guangdong Province, The People's Republic of China	The Properties consist of four parcels of land with a total site area of approximately 466,368.8 square metre. The Properties are for industrial use. The Properties are planned for development of industrial park situated in Danzao Logistics Centre. According to four "Land Use Right Lease Agreements", the lease term of Land Parcel 1 and Land Parcel 2 is about 34 years expiring on 1 January 2053, lease term of Land Parcel 3 is about 34 years expiring on 30 September 2053, lease term of Land Parcel 4 is about 32 years expiring on 9 August 2051. For all four parcels of land, the annual rent of the first three years payable by Sino Rock Tyco will be RMB30,000 per mu (inclusive of tax) and thereafter the annual rent will be increased by 8% every three years.	The Properties were vacant as at the Valuation Date.	RMB25,183,000 (Renminbi Twenty Five Million One Hundred and Eighty-Three Thousand)

Notes:

1. According to various real property documents provided, the land information of the Properties is illustrated below:

Land Parcel	Title Document and Certificate Number	Land Type	Site Area *(m2)*
1	Yue (2018) Fonan Real Estate Ownership Certificate No. 0300073	Collective Construction Land	36,321.5
2	Yue (2018) Fonan Real Estate Ownership Certificate No. 0300080	Collective Construction Land	20,181.0
3	Yue (2018) Fonan Real Estate Ownership Certificate No. 0300060	Collective Construction Land	70,027.0
4	Yue (2017) Fonan Real Estate Ownership No. 0039830	Collective Construction Land	49,413.7
	Nan Fu Ji Yong (2014) No. 0500676	Collective Construction Land	21,102.0
	Yue (2018) Fonan Real Estate Ownership Nos. 0067904, 0235595 and 0300199	Collective Construction Land	89,010.5
	6 parcels of land have not obtained Real Estate Ownership Certificates	Collective Construction Land	180,313.1

2. According to the four Land Use Right Lease Agreements (''LUR Lease Agreements''), construction period for the Land Parcels is 60 months from the date of its delivery.

3. The opinion of the legal adviser on the PRC laws states that:

   (i) ''佛山市南海區丹灶鎮銀河村小杏股份合作經濟社'', ''佛山市南海區丹灶鎮仙崗村仙崗股份合作經濟社",“佛山市南海區丹灶鎮西城村伏水股份合作經濟社” and “佛山市南海區丹灶鎮西城村大果股份合作經濟社” have the rights to lease out the Properties, “佛山市南海區丹灶鎮土地資源開發公司” has the right to sublet the Properties.

   (ii) The signing and enforcement of the land use right lease agreements do not require the approval from the Land Authority of Nanhai District, but the signed agreements and relevant documents should be submitted to the Land Authority of Nanhai District for filing purpose within 30 days upon signing of relevant agreements.

   (iii) Sino Rock Tyco enjoys the use rights of buildings erected on the subject land but does not enjoy ownership rights of the buildings.

4. As at the date of this report, the signed land use right lease agreements and relevant documents were filed in Land Authority of Nanhai District.

5. To develop the subject Land Parcels for industrial park, 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. The 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.

6. Subject Land Parcels were vacant and there were no buildings erected on it as at the date of inspection. Sino Rock Tyco will enjoy the use rights of any buildings to be erected on the subject Land Parcels but does not enjoy ownership rights of the buildings.

7. The above-mentioned market rental value is exclusive of property management fee.

8. The current use of the Properties complies with the town planning use.

9. Assuming the Properties are allowed to be transferred in the open market, the capital value of the Properties is approximately Renminbi Four Hundred and Fifty-Eight Million (RMB458,000,000).

The following is the text of a letter, summary of valuation and valuation certificate prepared for the purpose of incorporation in this circular received from PSA (HK) Surveyors Limited, an independent property valuer, in connection with its valuation as at 31 January 2019 of the Target Properties.

PSA (HK) Surveyors Limited
國眾聯(香港)測量師行有限公司

国众联集团
Guozhonglian Group

25 April 2019

The Board of Directors
China Investments Holdings Limited
Unit 501, Wing On Plaza
62 Mody Road
Tsim Sha Tsui
Kowloon

Dear Sirs

Re: Valuation of Xianhuwan Commercial Plaza, No. 3 Yangguang Road, Danzao Xianhu Resort Area, Nanhai District, Foshan City, Guangdong Province, The People's Republic of China (the "Property")

We refer to the instruction from China Investments Holdings Limited (hereinafter refer to the "Company") for us to carry out valuation of the property interest located in the People's Republic of China, detail of which are set out in the attached valuation certificate. We confirm that we have made relevant investigation and enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the capital value of the property interests as at 31 January 2019 ("Valuation Date").

VALUATION STANDARDS AND BASIS

In valuing the property interest, we have complied with relevant requirements contained in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited and the "HKIS Valuation Standards (2017 Edition)" published by the Hong Kong Institute of Surveyors.

Our valuation is conducted on market value basis. Market value is defined as "*the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion*".

Market value is understood as the value of an value of an asset or liability estimated without regard the cost of sales or purchases (or transactions) and without offset any associated taxes or potential taxes.

VALUATION ASSUMPTIONS

Our valuation has been made on the assumption that the owner sells the property on the open market without the benefit of any deferred terms contract, leaseback, joint venture, management agreement or any similar arrangement which would serve to increase the values of the properties.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the Property nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the Property were free from encumbrances, restrictions and outgoings of an onerous nature which could affect its value.

VALUATION METHODOLOGY

In valuing the Properties which is held for investment, we have adopted direct comparison approach by making reference to comparable sale evidence available in the relevant market. Comparable properties of similar size, character and location are analysed and carefully weighted against all the respective advantages and disadvantages of each property in order to arrive at a fair value.

SOURCE OF INFORMATION

We have relied on a considerable extent on the information provided by the Company and have accepted the advice given to us on such matters as tenure, planning approvals, statutory notices, easements, site area, gross floor area, development scheme and all other relevant matters. All documents and contracts are for reference only, while all dimensions, measurements and areas are approximates.

We have had no reason to doubt the truth and accuracy of the information provided to us, which are material to the valuation. We also made enquiries to the Company and being confirmed that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to form an informed opinion and have no reason to doubt any material information hidden.

We have been provided with copies of the title documents relating to the property, however due to the nature of the land registration system in the PRC, we cannot casue searches to be made on the title of the property nor have we scrutinised all the original documents to verify the land use right and encumbrances or to ascertain subsequent amendments, if any, which may not appear on the copies handed to us. In forming our opinion of value of the Property, we have also relied on the legal opinion provided by the Company's PRC legal advisor, Guangdong Junhou Law Firm (the ‘‘PRC Legal Opinion’’).

PROPERTY INSPECTION

The Property was inspected by our Ms. Chen Xinran on 10 October 2018. We have inspected the Property to such extent as for the purpose of this valuation. In the course of our inspection, we did not notice any serious defects. However, we have not carried out any structural survey nor any tests were made on the building services. Therefore, we are not able to report whether the properties are free of rot, infestation or any other structural defects.

No on-site measurement has been taken. Dimensions, measurements and areas included in the valuation certificate are based on information contained in the documents provided to us and are therefore only approximations.

We have not carried out investigations on the site to determine the suitability of the ground conditions and the services etc. for any future development. Our valuation is on the basis that these aspects are satisfactory.

Unless stated otherwise, all currencies are in Renminbi ("RMB").

We enclose herewith our valuation certificate.

Yours Faithfully
For and on behalf of
PSA (HK) Surveyors Limited

Harry Chan *FHKIS, MRICS, MCIREA, RPS(GP)*
Managing Director
Valuation & Advisory Services

Notes:

Mr. Harry Chan is a Registered Professional Surveyor (General Practice) with over 25 years' experience in asset valuation in Hong Kong and China. Mr. Chan is a fellow member of The Hong Kong Institute of Surveyors, a corporate member of Royal Institution of Chartered Surveyors and a member of China Institute of Real Estate Appraisers and Agents.

Encl.

VALUATION CERTIFICATE

Property	Description and Tenure	Details of Occupancy	Capital Value in Existing State as at 31 January 2019
Xianhuwan Commercial Plaza, No. 3 Yangguang Road, Danzao Xianhu Resort Area, Nanhai District, Foshan City, Guangdong Province, The People's Republic of China	The Property comprises five blocks of three to four-storey commercial buildings with total gross floor area of approximately 28,552.74 square metre. The Property has a total site area of approximately 9,980.93 square metre. The Property was built in 2014. The land use right of the Property is held for commercial use for a term of expiring on 27 November 2044, 3 April 2045, 16 December 2044 and 15 November 2044.	The Property was vacant as at the Valuation Date.	RMB 186,000,000 (Renminbi One Hundred and Eighty-Six million)

Notes:

1. According to the following state-owned land use certificates, the Property has been granted to 佛山市南海區丹灶仙湖灣商業廣場開發有限公司, key information of state-owned land use certificates is shown below:

Certificate Number	Land Use	Expiry Date	Site Area *(m^2)*
Nan Fu Guo Yong (2015) No. 0500848	Commercial	27 November 2044	5,848.30
Nan Fu Guo Yong (2005) No. Te 150053	Commercial	3 April 2045	1,545.27
Nan Fu Guo Yong (2015) No. 0500849	Commercial	16 December 2044	1,108.30
Nan Fu Guo Yong (2005) No. Te 150175	Commercial	15 November 2044	1,479.06

2. According the following real estate ownership certificates, the registered owner of the Property is 佛山市南海區丹灶仙湖灣商業廣場開發有限公司. The information of the real estate ownership certificates is summarized below:

Realty Title Certificate Number	Use	GFA *(m^2)*
Yue Real Estate Ownership Certificate Fo Zi No. 0200551079	Commercial	12,465.01
Yue Real Estate Ownership Certificate Fo Zi No. 0200551077	Commercial	4,068.73
Yue Real Estate Ownership Certificate Fo Zi No. 0200534239	Commercial	4,634.10
Yue Real Estate Ownership Certificate Fo Zi No. 0200551078	Commercial	3,631.96
Yue Real Estate Ownership Certificate Fo Zi No. 0200534238	Commercial	3,752.94
	Total:	**28,552.74**

3. The opinion of the legal adviser on the PRC laws states that:

   (a) 佛山市南海區丹灶仙湖灣商業廣場開發有限公司 has obtained valid land use certificates and realty title certificates and legally holds the proper title of land use rights of the Property.

   (b) The followings certificates and permits have been obtained for the construction of the Property:

      i) Construction Land Use Planning Permit

      ii) Construction Works Commencement Permit

      iii) Construction Completion and Inspection Letter

   (c) The construction and current use of the Property are legal.

   (d) The Property is subject to two mortgages in favour of Nanhai Dali Branch of Agricultural Bank of China dated 22 April 2015 and 15 December 2016.

4. The current use of the Property complies with the town planning use.

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[1]
He Xiangming	Beneficial owner	Personal	1,441,000	0.08%

Note:

1. The percentage was calculated based on 1,712,329,142 shares of the Company 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 of the Company 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 of the Company		Approximate percentage of total issued Shares as at the Latest Practicable Date
		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[2]	-	84.18%
Nam Keng Van Investment Company Limited	Beneficial owner	121,864,487[3]	-	7.12%
Cui Guo Jian	Corporate interest	121,864,487[3]	-	7.12%
Pu Jian Qing	Corporate interest	121,864,487[3]	-	7.12%

Notes:

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

2. These 1,441,439,842 shares comprises (i) 1,222,713,527 shares of the Company 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 of 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 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 of the Company 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 ENLARGED 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 Enlarged 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 Enlarged Group or were proposed to be acquired or disposed of by or leased to any member of the Enlarged Group since 31 December 2018, 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 Enlarged Group within the two years immediately preceding the date of this circular and which is or may be material or of significance:

(a) the provisional sale and purchase agreement dated 25 July 2017 entered into amongst 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 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 Holdings and T-Box Investments in relation to the establishment of Xingye Homestay Inn Union Limited (re-named as 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 Sino Rock Tyco pursuant to which CIH Finance 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 Nanhai Canmanage, Nanhai Lianhua, Nanhai Chemical and Tiannuo Civil Explosives in relation to the contribution of RMB130,333,102.44 by Nanhai Canmanage 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, ZCXK, 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;

(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;

(h) the Second Historical LUR Lease Agreements;

(i) the LUR Lease Agreements;

(j) the Acquisition Agreement; and

(k) the extension deed dated 12 March 2019 entered into between the Company and Prize Rich Inc. 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; and

(l) the capital injection agreement dated 10 April 2019 entered into between Canton Risen and 佛山華興玻璃有限公司 (Foshan Huaxing Glass Co., Ltd*) ("**Huaxing Glass**") in relation to the contribution of RMB52,146,900 in cash to the capital of Canton Risen by Huaxing Glass.

6. LITIGATION

As at the Latest Practicable Date, no member of the Enlarged 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 Enlarged 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. MATERIAL ACQUISITION

Since 31 December 2018, being the date to which the latest published audited consolidated financial statements of the Group have been made up, no member of the Group has acquired, or agreed to acquire, or is proposing to acquire a business or an interest in the share capital of a company whose profits or assets make or will make a material contribution to the figures in the auditors' report or next published audited consolidated financial statements of the Group.

9. EXPERT'S QUALIFICATION AND CONSENT

The following are the qualifications of the experts who have given opinion or advice which is contained in this circular:

Name	**Qualification**
PSA (HK) Surveyors Limited ("**PSA (HK)**")	Independent property valuer
HLM CPA Limited ("**HLM**")	Certified Public Accountants

Each of the experts above has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its report as set out in this circular and references to its name in the form and context in which it appears in this circular.

As at the Latest Practicable Date, none of the experts above had any shareholding, directly or indirectly, in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, none of the experts above had any interest, direct or indirect, in any asset which had been acquired or disposed of by or leased to any member of the Enlarged Group, or were proposed to be acquired or disposed of by or leased to any member of the Enlarged Group since 31 December 2018, being the date to which the latest published audited consolidated financial statements of the Group were made up.

10. 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.

11. 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 9 May 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 2016, 2017 and 2018 respectively;

(c) the material contracts referred to in the section headed "*Material contracts*" in this appendix;

(d) the accountants' report from HLM on the Target Company as set out in Appendix II to this circular;

(e) the report on the unaudited pro forma financial information of the Enlarged Group from HLM as set out in Appendix III to this circular;

(f) the property valuation report of the Land Parcels from PSA (HK) as set out in Appendix V to this circular;

(g) the property valuation report of the Target Properties from PSA (HK) as set out in Appendix VI to this circular;

(h) the written consents referred to in the paragraph headed "*9. Expert's Qualification and Consent*" in this appendix;

(i) the circular of the Company dated 9 May 2018 relating to the capital contribution to Tiannuo Civil Explosives;

(j) the circular of the Company dated 9 May 2018 relating to the proposed mandate in relation to the potential very substantial disposal through public tender;

(k) the circular of the Company dated 9 January 2019 relating to the entering into of finance leases as a lessor;

(l) the circular of the Company dated 15 February 2019 in relation to the deemed disposal of equity interest in Canton Risen;

(m) the circular of the Company dated 22 February 2019 in relation to the entering into of the Second Historical LUR Lease Agreements;

(n) the circular of the Company dated 14 March 2019 in relation to the entering into of finance lease as a lessor;

(o) the circular of the Company dated 25 April 2019 in relation to the extension of maturity date of the convertible bonds; and

(p) this circular.

* *For identification purpose only*

CHINA INVESTMENTS HOLDINGS LIMITED
中國興業控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 132)

NOTICE OF THE FIRST SPECIAL GENERAL MEETING OF 2019

NOTICE IS HEREBY GIVEN THAT the first special general meeting of China Investments Holdings Limited (the "**Company**") will be held at Luxembourg Room, 3rd Floor, Regal Kowloon Hotel, 71 Mody Road, Tsimshatsui, Kowloon, Hong Kong on Thursday, 23 May 2019 at 10:40 a.m. (or such time immediately following the conclusion (or adjournment) of the annual general meeting of the Company to be held on the same date and at the same place, whichever is later) to consider and if thought fit, pass with or without amendment the following resolutions as ordinary resolutions of the Company:-

ORDINARY RESOLUTIONS

1. "**THAT:**

   (a) the four land use right lease agreements (the "**Land Use Right Lease Agreements**", copies of which have been produced before the meeting marked "A", "B", "C" and "D" respectively and initialed by the chairman of the meeting for identification purpose) dated 7 March 2019 entered into by 廣東中岩泰科建設有限公司 (Guangdong Sino Rock Tyco Construction Co., Ltd.*), a subsidiary of the Company ("**Sino Rock Tyco**") and 佛山市南海區丹灶鎮土地資源開發公司(Foshan City Nanhai District Danzao Town Land Resources Development Ltd.*) (the "**Landlord**") in relation to the acquisition by Sino Rock Tyco of the unencumbered land use rights for 12 land parcels situated at 中國佛山市南海區丹灶鎮丹灶物流中心 (Danzao Logistics Centre, Danzao Town, Nanhai District, Foshan City, the PRC*) with an aggregate rental area of approximately 466,367.8 m^2 for terms ranging from approximately 32 to 34 years for an aggregate rents and management fees of approximately RMB1,049,932,660 to be paid over the course of the respective lease term and all such acts and things as may be necessary, expedient or desirable for the purpose of or in connection with the implementation of or giving effect to the transactions by the Company and any of its subsidiaries contemplated thereunder be and are hereby approved, confirmed and ratified; and

(b) any one or more director of the Company (the "**Director(s)**") be and is/are hereby authourised to implement and take all steps and do all acts and things and execute all such documents (including under seal, where application) in which he/she/they consider(s) necessary, desirable or expedient to give effect to the Land Use Right Lease Agreements and the transactions contemplated thereunder and to agree with such variation, amendment or waiver, as in the opinion of the Directors, in the interest of the Company and its shareholders as a whole."

2. "**THAT:**

(a) the acquisition agreement (the "**Acquisition Agreement**", a copy of which has been produced before the meeting marked "E" and initialed by the chairman of the meeting for identification purpose) dated 7 March 2019 entered into among Sino Rock Tyco, 佛山市南海區丹灶仙湖灣商業廣場開發有限公司 (Foshan City Nanhai District Danzao Xianhuwan Commercial Plaza Development Co., Ltd.*) (the "**Vendor**") and 黃培佳 (Huang Peijia*) (the "**Guarantor**"), in relation to the acquisition of 100% equity interest in 佛山市仙湖灣置業有限公司 (Foshan City Xianhuwan Development Co., Ltd.*) for a consideration of RMB185,000,000 and all such acts and things as may be necessary, expedient or desirable for the purpose of or in connection with the implementation of or giving effect to the transactions by the Company and any of its subsidiaries contemplated thereunder be and are hereby approved, confirmed and ratified; and

(b) any one or more Director(s) be and is/are hereby authourised to implement and take all steps and do all acts and things and execute all such documents (including under seal, where application) in which he/she/they consider(s) necessary, desirable or expedient to give effect to the Acquisition Agreement and the transactions contemplated thereunder and to agree with such variation, amendment or waiver, as in the opinion of the Directors, in the interest of the Company and its shareholders as a whole."

On behalf of
China Investments Holdings Limited
HE Xiangming
Chairman

Hong Kong, 25 April 2019

Head Office and Principal Place of Business:
Unit 501, Wing On Plaza,
62 Mody Road, Tsimshatsui,
Kowloon, Hong Kong

Notes:

1. Any member of the Company entitled to attend and vote at the meeting shall be entitled to appoint one or more proxies to attend and, on a poll, vote instead of him. A proxy need not be a member of the Company but must attend the meeting in person to represent you.

2. To be valid, the proxy form, together with any power of attorney or other authority (if any) under which it is signed, or a certified copy thereof, must be lodged with the principal place of business of the Company at Unit 501, Wing On Plaza, 62 Mody Road, Tsimshatsui, Kowloon, Hong Kong not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof. Completion and return of the proxy form shall not preclude any member from attending and voting at the meeting if the member so wishes and in such event, the proxy form shall be deemed to be revoked.

3. Where there are joint holders of any share, any one of such joint holder may vote, either in person or by proxy, in respect of such share as if he were solely entitled thereto, but if more than one of such joint holders is present at the meeting, the vote of the such holder so present whose name stands first on the register of members of the Company in respect of such share shall alone be entitled to vote in respect thereof. Several executors or administrators of a deceased member in whose name any share stands shall be deemed joint holders thereof.

* *For identification purpose only*