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## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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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).

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### CHINA INVESTMENTS HOLDINGS LIMITED

中國興業控股有限公司\*

*(Incorporated in Bermuda with limited liability)*

(Stock code: 132)

### CONNECTED TRANSACTION PROPOSED EXTENSION OF MATURITY DATE OF CONVERTIBLE BONDS AND NOTICE OF THE SECOND SPECIAL GENERAL MEETING OF 2019

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



Gram Capital Limited  
嘉林資本有限公司

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A letter from the Board is set out on pages 4 to 12 of this circular.

A letter of advice from Gram Capital to the Independent Board Committee and the Independent Shareholders is set out on pages IFA-1 to IFA-11 of this circular. The letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on pages IBC-1 of this circular.

A notice convening the Second SGM to be held at the Luxembourg Room, 3rd Floor, Regal Kowloon Hotel, 71 Mody Road, Tsimshatsui, Kowloon, Hong Kong on Thursday, 23 May 2019 at 10:50 a.m. (or such time immediately following the conclusion (or adjournment) of the first special general meeting of 2019 of the Company to be held on the same day, 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 Second 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 Second SGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from subsequently attending and voting in person at the Second SGM or any adjournment thereof (as the case may be) should you so wish.

25 April 2019

\* For identification purpose only

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## DEFINITIONS

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

“Board”	the board of Directors of the Company
“Bond Certificate”	the bond certificate dated 13 October 2014 issued by the Company to Prize Rich in relation to the Convertible Bonds
“Company”	China Investments Holdings Limited (中國興業控股有限公司*), a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 132)
“Conversion Commencement Date”	the date immediately following the third anniversary of the issue date of the Bond Certificate, being 14 October 2017
“Conversion Shares”	the Share(s) to be issued by the Company pursuant to the exercise of the conversion rights attaching to the Convertible Bonds
“Convertible Bonds”	the convertible bonds in the aggregate principal amount of HK\$166,232,000 issued by the Company to Prize Rich in accordance with the terms of the Bond Certificate
“controlling shareholder(s)”	shall have the meaning as ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Extended CB Maturity Date”	13 October 2024
“Extension”	the proposed extension of the maturity date of the Convertible Bonds from 13 October 2019 to 13 October 2024
“Extension Deed”	the deed of extension entered into between the Company and Prize Rich on 12 March 2019 to extend the maturity date of the Convertible Bonds
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HK\$”	Hong Kong Dollar, the lawful currency of Hong Kong

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## DEFINITIONS

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“Independent Board Committee”	the independent board committee, comprising all the independent non-executive Directors, namely Mr. CHAN Kwok Wai, Mr. CHEN Da Cheng and Mr. DENG Hong Ping, which has been established to make recommendations to the Independent Shareholders in respect of the Extension
“Independent Financial Adviser” or “Gram Capital”	Gram Capital Limited, a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser appointed by the Company with the approval of the Independent Board Committee for the purpose of advising the Independent Board Committee and the Independent Shareholders in respect of the Extension
“Independent Shareholders”	Shareholder(s) other than Prize Rich and, if any, any other Shareholder with a material interest in the Extension who is required to abstain from voting at the Second SGM pursuant to the Listing Rules
“Independent Third Party(ies)”	(an) independent third party(ies) not connected with the Group and any Director, chief executive or substantial shareholder of the Group or any of its subsidiaries or their respective associate of any of them as defined in the Listing Rules
“Last Trading Day”	11 March 2019, being the last full trading day on which the Shares were traded on the Stock Exchange prior to the publication of the announcement dated 12 March 2019
“Latest Practicable Date”	17 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 Committee”	has the same meaning ascribed to it under the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China which, for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan

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## DEFINITIONS

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“Prize Rich”	Prize Rich Inc., a company incorporated in the British Virgin Islands, holder of the Convertible Bonds
“Second SGM”	the second special general meeting of 2019 of the Company to be convened and held at Luxembourg Room, 3rd Floor, Regal Kowloon Hotel, 71 Mody Road, Tsimshatsui, Kowloon, Hong Kong on Thursday, 23 May 2019 at 10:50 a.m. (or such time immediately following the conclusion (or adjournment) of the first special general meeting of 2019 of the Company to be held on the same day, and at the same place, whichever is later) to consider, and, if thought fit, to approve, the Extension and the Specific Mandate
“SFC”	the Securities and Futures Commission
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Law of Hong Kong)
“Shareholder(s)”	shareholder(s) of the Company
“Share(s)”	Ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

\* *For identification purposes only*

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## LETTER FROM THE BOARD

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### CHINA INVESTMENTS HOLDINGS LIMITED

中國興業控股有限公司\*

(Incorporated in Bermuda with limited liability)

(Stock code: 132)

*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*)

*Registered office:*

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

*Independent non-executive Directors:*

Chan Kwok Wai  
Chen Da Cheng  
Deng Hong Ping

25 April 2019

*To the Shareholders*

Dear Sir or Madam,

### CONNECTED TRANSACTION PROPOSED EXTENSION OF MATURITY DATE OF CONVERTIBLE BONDS

#### INTRODUCTION

Reference is made to the announcement of the Company dated 12 March 2019 in relation to the entering into of the Extension Deed to extend the maturity date of the outstanding Convertible Bonds in the principal amount of HK\$166,232,000 by 5 years from 13 October 2019 to 13 October 2024 (i.e. the Extended CB Maturity Date), with all the terms and conditions of the outstanding Convertible Bonds unchanged.

The purpose of this circular is to provide you with, among other things, (i) further information on the Extension; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in relation to the Extension; (iii) a letter of advice from Gram Capital to the Independent Board Committee and the Independent Shareholders in relation to the Extension; (iv) other information as required under the Listing Rules; and (v) a notice of the Second SGM together with the proxy form.

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## LETTER FROM THE BOARD

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### EXTENSION OF MATURITY DATE OF THE CONVERTIBLE BONDS

#### Background

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

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

#### Extension Deed

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

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

#### Condition precedent

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

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

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## LETTER FROM THE BOARD

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### Principal terms of the Convertible Bonds

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

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

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

Conversion Shares	:	Assuming that the Convertible Bonds are fully converted into Conversion Shares at the initial conversion price of HK\$0.76, a total of 218,726,315 Conversion Shares will be issued which represent approximately 12.77% of the issued share capital of the Company as at the Latest Practicable Date and approximately 11.33% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares.
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Conversion Price	:	The initial price at which each Share shall be issued upon conversion shall be HK\$0.76 (subject to adjustment, if any). The conversion price of HK\$0.76 represents:
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- (i) a premium of approximately 83.13% over the closing price of HK\$0.415 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a premium of approximately 78.40% over the average closing price of HK\$0.426 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day;



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## LETTER FROM THE BOARD

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- (iii) a premium of approximately 87.19% over the average closing price of HK\$0.406 per Share as quoted on the Stock Exchange for the last three months up to and including the Last Trading Day;
- (iv) a premium of approximately 85.37% over the closing price of HK\$0.41 per Share as quoted on the Stock Exchange on the Lastest Practicable Day;
- (v) a premium of approximately 88.12% over the average closing price of HK\$0.404 per Share as quoted on the Stock Exchange for the last five consecutive days up to and including the Lastest Practicable Day;
- (vi) a premium of approximately 85.37% over the average closing price of HK\$0.41 per Share as quoted on the Stock Exchange for the last three months up to and including the Lastest Practicable Day;
- (vii) a premium of approximately 31.04% over the equity attributable to owners of the Company per Share as at 31 December 2018;

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

- Conversion Period : The period commencing on the Conversion Commencement Date and expiring on the Extended CB Maturity Date.
- Redemption : The Convertible Bonds shall be redeemed by the Company on the Extended CB Maturity Date at the principal amount then outstanding together with all accrued and unpaid interest thereon up to and including the Extended CB Maturity Date. By giving notice to the bondholder, the Convertible Bonds may also be redeemed, in whole or in part, at any time prior to the Extended CB Maturity Date by the Company at the principal amount then outstanding or such part(s) of the principal amount then outstanding together with any accrued and unpaid interest.

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## LETTER FROM THE BOARD

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- Transferability : The Convertible Bonds or any part(s) thereof (in integral multiple(s) of HK\$1,000,000, or the outstanding principal amount of the Convertible Bonds is less than HK\$1,000,000, the entire outstanding principal amount) may be assigned or transferred, subject to the satisfaction of the following conditions:
- (a) prior written consent of the Company;
  - (b) compliance with the conditions, if any, set out in the approval from the Stock Exchange in relation to the listing of, and permission to deal in, the Conversion Shares; and
  - (c) compliance with the conditions, approvals, requirements and any other provisions of or under:
    - (i) the Listing Rules;
    - (ii) the Takeovers Code; and
    - (iii) all applicable laws and regulations.
- Events of default : As set out in the circular of the Company dated 30 June 2014, if any of the events of default set out in the terms and conditions of the Convertible Bonds occurs, the bondholder may by written notice to the Company declare that the Convertible Bonds are immediately due and payable at its principal amount then outstanding plus interest accrued thereon up to and including the date of such written notice.
- Voting : The bondholder will not be entitled to receive any notices of, attend or vote at any meetings of the Company by reason only of it being the bondholder of the Convertible Bonds.
- Listing : The Convertible Bonds are not listed on any stock exchange.
- Ranking of Conversion Shares : The Conversion Shares will rank *pari passu* in all respects with all existing Shares then in issue at the date on which the notice of conversion is given. The Company will seek a new specific mandate at the Second SGM for the issuance of the Conversion Shares (the “Specific Mandate”).

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## LETTER FROM THE BOARD

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### Shareholding structure of the Company

As at the Latest Practicable Date, the Company has 1,712,329,142 Shares in issue. The shareholding structure of the Company (i) as at the Latest Practicable Date for illustrative purpose; and (ii) immediately after and assuming full conversion of Convertible Bonds, assuming that there will be no other change in the shareholding structure of the Company immediately before the exercise of the conversion rights attached to the Convertible Bonds, will be as follows:

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

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

### REASONS FOR AND BENEFITS OF THE PROPOSED EXTENSION

The Convertible Bonds would mature on 13 October 2019 unless further extended. The conversion price of the Convertible Bonds (being HK\$0.76) has been higher than the average closing price of the Shares as quoted on the Stock Exchange during the period from the Conversion Commencement Date and up to the Latest Practicable Day (being HK\$0.518). In the circumstances, it is expected that the bondholder is not going to exercise its conversion rights and the Company is expected to have a substantial cash outflow amounting to HK\$166,232,000 (being the principal amount of the Convertible Bonds then outstanding as at the maturity date) in order to redeem the Convertible Bonds.

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

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## LETTER FROM THE BOARD

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The Board (with the views of the independent non-executive Directors set out in the section headed “Letter from the Independent Board Committee” in this circular) considers that the terms and conditions of the Extension and the Specific Mandate are fair and reasonable and in the interest of the Company and its shareholders as a whole.

### PRINCIPAL BUSINESSES OF THE PARTIES

The Group is principally engaged in hotel investment, management and operation, property investments in both properties held for sale and investment properties, wellness elderly care, finance leasing and big data businesses. Through its joint ventures and associates, the Group also participates and invests in fast-growing sectors, including electric utilities, civil explosives and finance leasing in the PRC. The Group has engaged in the operation and management of financial leasing business and gradually accumulated related experience through Guangdong Financial Leasing Co., Ltd.\* (廣東粵科融資租賃有限公司), a 25%-owned associate of the Group, since its establishment in 2014.

The bondholder, Prize Rich, is principally engaged in investment holding. Its ultimate beneficial owner is Guangdong Nanhai Holding Investment Co., Ltd.\* (廣東南海控股投資有限公司), which is under the supervision of the PRC government.

### LISTING RULES IMPLICATIONS

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

Pursuant to Rule 28.05 of the Listing Rules, any alteration in the terms of convertible debt securities after issue must be approved by the Stock Exchange, except where the alteration takes effect automatically under the existing terms of such convertible debt securities. The Company has made an application for the approval of the Extension and such approval for the Extension and listing of the Conversion Shares has been granted by the Stock Exchange on 23 April 2019.

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## LETTER FROM THE BOARD

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### SECOND SGM

A notice convening the Second SGM to be held at the Luxembourg Room, 3rd Floor, Regal Kowloon Hotel, 71 Mody Road, Tsimshatsui, Kowloon, Hong Kong on Thursday, 23 May 2019 at 10:50 a.m. (or such time immediately following the conclusion (or adjournment) of the first special general meeting of 2019 of the Company to be held on the same day, and at the same place, whichever is later) is set out on pages SGM-1 to SGM-2 of this circular. Ordinary resolutions will be proposed at the Second SGM to consider, and if thought fit, to approve the Extension and the Specific Mandate by way of poll.

As at the Latest Practicable Date, Prize Rich held 1,222,713,527 Shares, representing approximately 71.41% of the issued share capital of the Company, and will abstain from voting at the Second SGM on the resolutions in respect of the Extension.

Since none of the Directors has a material interest in the Extension, no Director was required to abstain from voting on the resolutions of the Board approving the Extension. The results of the voting will be announced in accordance with Rule 2.07C of the Listing Rules after the Second SGM.

Whether or not you are able to attend and/or vote at the Second 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 Second SGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from subsequently attending and voting in person at the Second SGM or any adjournment thereof (as the case may be) should you so wish.

### RECOMMENDATIONS

Taking into account the reasons set out above, the Board (with the views of the independent non-executive Directors set out in the section headed "Letter from the Independent Board Committee" in this circular), considers that the terms and conditions of the Extension and the Specific Mandate are fair and reasonable and are in the interest of the Company and its Shareholders as a whole. Accordingly, the Board recommends the Independent Shareholders to vote in favour of the proposed resolution as set out in the notice of the Second SGM to approve the Extension and the Specific Mandate.

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## LETTER FROM THE BOARD

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### ADDITIONAL INFORMATION

You attention is drawn to (i) the letter from the Independent Board Committee set out on page IBC-1 of this circular which contains its recommendation to the Independent Shareholders concerning the resolutions to be voted at the Second SGM; and (ii) the letter from Gram Capital set out on pages IFA-1 to IFA-11 of this circular, which contains its advice to the Independent Board Committee and the Independent Shareholders concerning the resolutions to be voted at the Second SGM.

Your attention is also drawn to the general information as set out in Appendix I to this circular.

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

\* *For identification purposes only*

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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25 April 2019

*To the Independent Shareholders*

Dear Sir or Madam,

### CONNECTED TRANSACTION PROPOSED EXTENSION OF MATURITY DATE OF CONVERTIBLE BONDS

We refer to the circular dated 25 April 2019 (the “**Circular**”) issued by the Company to the Shareholders of which this letter forms part. Terms defined in the Circular shall have the same meanings herein unless the context otherwise requires.

We have been appointed by the Board as the Independent Board Committee to give a recommendation to the Independent Shareholders in respect of the Extension. Gram Capital has been appointed as the Independent Financial Adviser to advise you and us in this regard. Details of their advice, together with the principal factors and reasons they have taken into consideration in giving such advice, are set out on pages IFA-1 to IFA-11 of the Circular. Your attention is also drawn to the letter from the Board in the Circular and the additional information set out in the appendix thereto.

Having considered the terms of the Extension and the Specific Mandate and taking into account the advice from Gram Capital and the relevant information contained in the letter from the Board, we are of the view that the terms and conditions of the Extension and the Specific Mandate are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned, and the Extension, while not in the ordinary and usual course of business of the Company, is in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolutions to be presented at the Second SGM to approve the Extension and the Specific Mandate.

Yours faithfully,

For and on behalf of the Independent Board Committee

**Mr. CHAN Kwok Wai**  
*Independent non-executive  
Director*

**Mr. CHEN Da Cheng**  
*Independent non-executive  
Director*

**Mr. DENG Hong Ping**  
*Independent non-executive  
Director*

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## LETTER FROM GRAM CAPITAL

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*Set out below is the text of a letter received from Gram Capital, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Extension and the Specific Mandate for the purpose of inclusion in this circular.*



Room 1209, 12/F.  
Nan Fung Tower  
88 Connaught Road Central/  
173 Des Voeux Road Central  
Hong Kong

25 April 2019

*To: The independent board committee and the independent shareholders  
of China Investments Holdings Limited*

Dear Sir/Madam,

### CONNECTED TRANSACTION PROPOSED EXTENSION OF MATURITY DATE OF CONVERTIBLE BONDS

#### INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Extension and the Specific Mandate, details of which are set out in the letter from the Board (the “**Board Letter**”) contained in the circular dated 25 April 2019 issued by the Company to the Shareholders (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

On 5 June 2014, an acquisition agreement was entered into amongst, inter alia, China Investments Limited (a wholly-owned subsidiary of the Company) and Prize Rich in respect of the acquisition of the entire issued share capital of Southern Limited by China Investments Limited. Pursuant to the acquisition agreement, part of the consideration was satisfied by the issue of the Convertible Bonds in the principal amount of HK\$166,232,000 by the Company to Prize Rich, which may be converted into 218,726,315 Shares upon full exercise of the conversion rights therein at the initial conversion price of HK\$0.76 per Conversion Share.

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

With reference to the Board Letter, the Extension constitutes a connected transaction of the Company which is subject to announcement, circular and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules.



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## LETTER FROM GRAM CAPITAL

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The Independent Board Committee comprising Mr. Chan Kwok Wai, Mr. Chen Da Cheng and Mr. Deng Hong Ping (all being independent non-executive Directors) has been established to advise the Independent Shareholders on (i) whether the terms of the Extension and the Specific Mandate are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; (ii) whether the Extension is in the interests of the Company and the Shareholders as a whole; and (iii) how the Independent Shareholders should vote in respect of the resolution(s) to approve the Extension and the Specific Mandate at the Second SGM. We, Gram Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

### **BASIS OF OUR OPINION**

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations as provided to us by the Directors. We have assumed that all information and representations that have been provided by the Directors, for which they are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its advisers and/or the Directors, which have been provided to us. Our opinion is based on the Directors' representation and confirmation that there is no undisclosed private agreement/arrangement or implied understanding with anyone concerning the Extension and the Specific Mandate. We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with Rule 13.80 of the Listing Rules.

The 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 the 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 the Circular misleading. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Circular, save and except for this letter of advice.

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## LETTER FROM GRAM CAPITAL

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We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs of the Company, Prize Rich or their respective subsidiaries or associates, nor have we considered the taxation implication on the Group or the Shareholders as a result of the Extension and the Specific Mandate. Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments (including any material change in market and economic conditions) may affect and/or change our opinion and we have no obligation to update this opinion to take into account events occurring after the Latest Practicable Date or to update, revise or reaffirm our opinion. In addition, nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

Lastly, where information in this letter has been extracted from published or otherwise publicly available sources, it is the responsibility of Gram Capital to ensure that such information has been correctly extracted from the relevant sources while we are not obligated to conduct any independent in-depth investigation into the accuracy and completeness of those information.

### **PRINCIPAL FACTORS AND REASONS CONSIDERED**

In arriving at our opinion in respect of the Extension and the Specific Mandate, we have taken into consideration the following principal factors and reasons:

#### **1. Background of and reasons for the Extension**

##### ***Information on the Group***

With reference to the Board Letter, 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), a 25%-owned associate of the Group, since its establishment in 2014.

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## LETTER FROM GRAM CAPITAL

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Set out below are the audited consolidated financial information of the Group for the three years ended 31 December 2018 as extracted from the Company's annual report of the Company for the year ended 31 December 2017 (the "2017 Annual Report") and annual report for the year ended 31 December 2018 (the "2018 Annual Report"):

	<b>For the year ended 31 December 2018 <i>HK\$'000</i></b>	<b>For the year ended 31 December 2017 <i>HK\$'000</i></b>	<b>For the year ended 31 December 2016 <i>HK\$'000</i></b>
Revenue	79,550	29,846	24,554
Gross profit	42,016	7,295	13,151
Profit/(loss) for the year	55,815	27,630	(4,331)
	<b>As at 31 December 2018 <i>HK\$'000</i></b>	<b>As at 31 December 2017 <i>HK\$'000</i></b>	<b>As at 31 December 2016 <i>HK\$'000</i></b>
Cash and cash equivalents	1,221,671	886,861	151,097
Borrowings	1,634,787	810,263	136,383

As shown in the table above, the Group recorded revenue of approximately HK\$29.85 million for the year ended 31 December 2017 ("FY2017"), representing an increase of approximately 21.55% as compared to that for the year ended 31 December 2016 ("FY2016"). In addition, the Group made profit of approximately HK\$27.63 million for FY2017 as compared to loss for FY2016. With reference to the 2017 Annual Report and as confirmed by the Directors, such turnaround from loss to the profit was mainly due to net exchange gain and net gain on disposal of an investment property in FY2017.

As also shown in the table above, the Group recorded revenue of approximately HK\$79.55 million for the year ended 31 December 2018 ("FY2018"), representing an increase of approximately 166.53% as compared to that for FY2017. In addition, the Group made profit of approximately HK\$55.82 million for FY2018, representing an increase of approximately 102.01% as compared to that for FY2017. With reference to the 2018 Annual Report and as confirmed by the Directors, such increase was mainly due to the increase in revenue and the increase in other operating income.

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## LETTER FROM GRAM CAPITAL

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With reference to the 2018 Annual Report, 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. 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.

### ***Information on the Bondholder***

With reference to the Board Letter, the bondholder, Prize Rich, is principally engaged in investment holding. Its ultimate beneficial owner is 廣東南海控股投資有限公司 (Guangdong Nanhai Holding Investment Co., Ltd.\*), which is under the supervision of the PRC government.

### ***Reasons for and benefits of the proposed Extension***

With reference to the Board Letter, the Convertible Bonds would mature on 13 October 2019 unless further extended. The conversion price of the Convertible Bonds (being HK\$0.76) has been higher than the average closing price of the Shares as quoted on the Stock Exchange during the period from the Conversion Commencement Date and up to the Latest Practicable Date (being HK\$0.518). In the circumstances, it is expected that the bondholder is not going to exercise its conversion rights and the Company is expected to have a substantial cash outflow amounting to HK\$166,232,000 (being the principal amount of the Convertible Bonds then outstanding as at the maturity date) in order to redeem the Convertible Bonds. The Extension will enable the Company to postpone such substantial cash outflow and release the liquidity and working capital pressure of the Company, and allow the Group to retain more liquid financial resources for its business operations, whilst allowing additional time for the Shares' performance to mature without having to incur additional financing costs to effect immediate repayment, in particular having considered that the interest rate under the Convertible Bonds, being 2% per annum, is reasonable and better than the rate that the Group could obtain under bank or other borrowings.

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## LETTER FROM GRAM CAPITAL

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We noticed that the Group had cash and cash equivalents of approximately HK\$1,222 million as at 31 December 2018. Upon our enquiry, we were advised by the Directors that the Group will have the following capital requirements in near future:

Item	Estimated capital requirements	Time
Development of part of the industrial park situated in 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*), details of which are set out under the Company's announcement dated 7 March 2019	Approximately RMB1.46 billion (70% to be funded by internal resources and 30% to be funded by bank facilities)	2019 to 2021
Capital injection in 廣東粵盛科融資租賃有限公司 (Canton Risen Financial Leasing Co., Ltd.*), being a subsidiary of the Company which is principally engaged in the provision of finance, including through finance leasing, with an initial focus on government public utility, environmental protection, new energy and telecommunication projects in the PRC.	Approximately RMB330 million	2019
Wellness elderly care project	Approximately RMB27 million	2019 to 2020

As demonstrated by the table above, the Group will have capital requirements of approximately RMB1.82 billion for the period from 2019 to 2021. Accordingly, it is reasonable to retain more liquid financial resources for the Group's business operations and development.

With reference to the 2018 Annual Report, the Group's weighted average effective interest rates on bank loans ranged from 1.95% to 4.9% per annum for FY2018 (the "**Group Borrowing Rates Range**"). The Convertible Bonds interest rate of 2% is close to the lower end of the aforesaid range. Accordingly, the finance cost of the Convertible Bonds is relatively low as compared to the Group's other borrowings.

Having considered the above, we are of the view that although the Extension is not in the ordinary and usual course of business of the Company, it is in the interest of the Company and the Shareholders as a whole.

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## LETTER FROM GRAM CAPITAL

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### 2. Principal terms of the Extension Deed

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

Set out below are the principal terms of the Convertible Bonds after the Extension Deed has become effective:

Maturity Date:	13 October 2024 (i.e. the Extended CB Maturity Date)
Principal Amount:	HK\$166,232,000
Issue Price:	100% of the principal amount of the Convertible Bonds
Interest:	2% per annum, payable annually in arrears (the “ <b>Interest Rate</b> ”)
Conversion Price:	The price at which each Share shall be issued upon conversion shall be HK\$0.76 (subject to adjustment) (the “ <b>Conversion Price</b> ”).
Redemption:	The Convertible Bonds shall be redeemed by the Company on the Extended CB Maturity Date at the principal amount then outstanding together with all accrued and unpaid interest thereon up to and including the Extended CB Maturity Date. By giving notice to the bondholder, the Convertible Bonds may also be redeemed, in whole or in part, at any time prior to the Extended CB Maturity Date by the Company at the principal amount then outstanding or such part(s) of the principal amount then outstanding together with any accrued and unpaid interest.

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## LETTER FROM GRAM CAPITAL

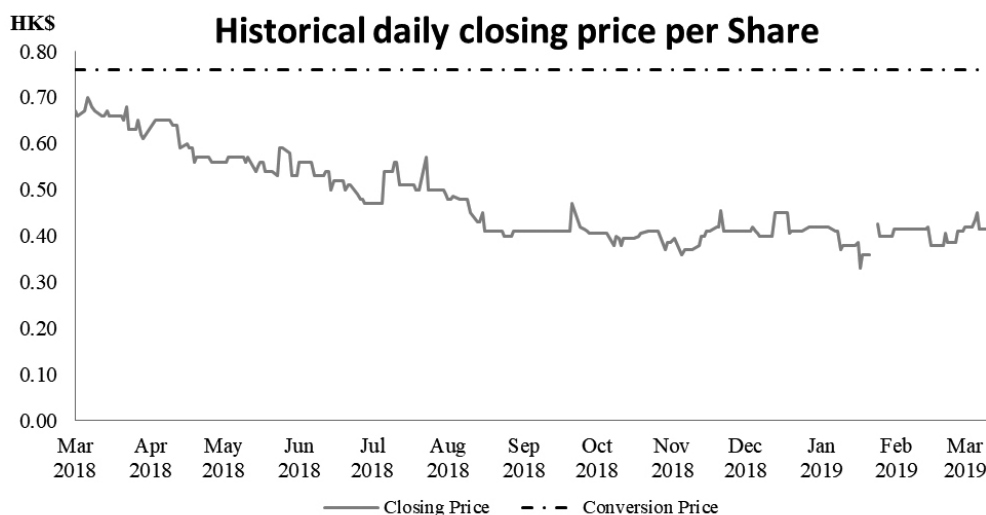
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### *Comparison of Conversion Price with historical Share price*

The Conversion Price of HK\$0.76 represents:

- (a) a premium of approximately 85.37% to the closing price per Share of HK\$0.410 as quoted on the Stock Exchange on the Latest Practicable Date;
- (b) a premium of approximately 83.13% over the closing price of HK\$0.415 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (c) a premium of approximately 78.40% over the average closing price of HK\$0.426 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day; and
- (d) a premium of approximately 87.19% over the average closing price of HK\$0.406 per Share as quoted on the Stock Exchange for the last three months up to and including the Last Trading Day.

In order to assess the fairness and reasonableness of the Conversion Price, we reviewed the daily closing price of the Shares as quoted on the Stock Exchange from 1 March 2018 up to and including 11 March 2019 (i.e. the Last Trading Day) (the “**Review Period**”), being a period of approximately one year prior to and including the Last Trading Day. The comparison of daily closing prices of the Shares and the Conversion Price is illustrated as follows:



Source: the Stock Exchange's website

Note: Trading in the Shares was suspended on 22 January 2019 and 23 January 2019 (both days inclusive).

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## LETTER FROM GRAM CAPITAL

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During the Review Period, the highest and lowest closing prices of the Shares as quoted on the Stock Exchange were HK\$0.7 recorded on 6 March 2018 and HK\$0.330 per Share recorded on 17 January 2019. From March 2018 to September 2018, the closing prices of the Shares followed a general sliding trend. Subsequently, the closing prices of the Shares fluctuated within the range from HK\$0.330 to HK\$0.455 up to the Last Trading Day.

The Conversion Price of HK\$0.76 is above the daily closing prices of the Shares as quoted on the Stock Exchange during the entire Review Period.

### *Comparison with other convertible bonds/notes*

As part of our analysis, we also identified placing/subsorption of convertible bonds (the “**CB Comparables**”) which were announced by listed companies in Hong Kong from 1 January 2019 up to 11 March 2019 (i.e. the Last Trading Day), being an approximate two months period prior to and including the Last Trading Day. To the best of our knowledge and as far as we are aware of, we found 14 transactions which met the said criteria and they are exhaustive as far as we are aware of. Shareholders should note that the businesses, operations and prospects of the Company are not the same as the subject companies of the CB Comparables.

Company name (stock code)	Date of announcement	Maturity (approximate years)	Interest rate per annum (%)	Premium/ (discount) of the conversion price over/(to) the closing price per share on/prior to the date of agreement
China YuHua Education Corporation Limited (6169)	10 January 2019	1	3	7.96
TUS International Limited (872)	11 January 2019	6	Nil	(14.31)
Lenovo Group Limited (992)	15 January 2019	5	3.375	39.93
Chinese Energy Holdings Limited (8009)	21 January 2019	2	8	Nil
Shunten International (Holdings) Limited (932)	22 January 2019	2	5	20.83
ShiFang Holding Limited (1831)	24 January 2019	3	3	9.09
i-CABLE Communications Limited (1097)	25 January 2019	10	2	8.70
Grand Peace Group Holdings Limited (8108)	29 January 2019	1.25	8	371.70
Enviro Energy International Holdings Limited (1102)	31 January 2019	1	15	11.70
Sinco Pharmaceuticals Holdings Limited (6833)	4 February 2019	1.5	6	22.00
IBO Technology Company Limited (2708)	17 February 2019	3	7.5	Nil
China Finance Investment Holdings Limited (875)	4 March 2019	1	5	5.06
Millennium Pacific Group Holdings Limited (8147)	5 March 2019	2	4	9.76
Link Real Estate Investment Trust (823)	8 March 2019	5	1.6	22.50
<b>Maximum</b>		<b>10</b>	<b>15</b>	<b>371.70</b>
<b>Maximum (excluding outliers)</b>		<b>10</b>	<b>15</b>	<b>39.93</b>
<b>Minimum</b>		<b>1</b>	<b>Nil</b>	<b>(14.31)</b>
<b>Average (excluding outliers)</b>		<b>3.27</b>	<b>4.88</b>	<b>11.02</b>
<b>The Company</b>	12 March 2019	<b>5</b>	<b>2</b>	<b>83.13</b>



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## LETTER FROM GRAM CAPITAL

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*i. Conversion price*

As illustrated from the table above, we noted that the conversion prices of the CB Comparables (excluding Grand Peace Group Holdings Limited (Stock code: 8108) which is considered to be an outlier as it has conversion price representing exceptional high premium over its closing price per share on the date of agreement that may produce an anomalous result to our analysis) ranged from a discount of approximately 14.31% to a premium of approximately 39.93% to/over the respective closing prices of their shares on/prior to the date of agreement. The premium of the Conversion Price of the Convertible Bonds over the closing price of the Shares on the Last Trading Day is higher than the aforesaid market range. Also given that the Conversion Price of HK\$0.76 is above the daily closing prices of the Shares as quoted on the Stock Exchange during the entire Review Period, we are of the opinion that the Conversion Price to be justifiable.

*ii. Interest rate*

As shown in the table above, the interest rates of the CB Comparables (excluding Grand Peace Group Holdings Limited (Stock code: 8108) which is considered to be an outlier) ranged from nil to 15% per annum with an average interest rate of approximately 4.88% per annum. The interest rate of the Convertible Bonds is below the average of that of the CB Comparables and falls within the aforesaid market range. Given also that the Convertible Bonds interest rate of 2% is close to the lower end of the Group Borrowing Rates Range from 1.95% to 4.9% per annum, we consider that the interest rate of the Convertible Bonds is fair and reasonable.

Taking into account the principal terms of the Convertible Bonds as highlighted above, we are of the view that the terms of the Extension and the Specific Mandate are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned.

### **3. Possible dilution effect on the shareholding interests of the public Shareholders**

With reference to the shareholding table in the section headed “Shareholding structure of the Company” of the Board Letter, the shareholding interests of the existing public Shareholders would be diluted by approximately 3.24 percentage point (the “**Dilution**”) immediately after conversion of the whole of the principal amount of the Convertible Bonds by Prize Rich. Taking into account (i) the aforementioned reasons for the Extension; and (ii) the terms of the Extension being fair and reasonable, we are of the view that the Dilution is justifiable.

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## LETTER FROM GRAM CAPITAL

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### RECOMMENDATION

Having taken into consideration of the factors and reasons as stated above, we are of the opinion that (i) the terms of the Extension and the Specific Mandate are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; and (ii) although the Extension is not in the ordinary and usual course of business of the Group, it is in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the resolution(s) to be proposed at the Second SGM to approve the Extension and the Specific Mandate and we recommend the Independent Shareholders to vote in favour of the resolution(s) in this regard.

Yours faithfully,  
For and on behalf of  
**Gram Capital Limited**  
**Graham Lam**  
*Managing Director*

\* *For identification purpose only*

## 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 <sup>1</sup>
He Xiangming	Beneficial owner	Personal	1,441,000	0.08%

#### *Notes:*

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

*Notes:*

- The percentage was calculated based on 1,712,329,142 Shares in issue as at the Latest Practicable Date.
- These 1,441,439,842 Shares comprises (i) 1,222,713,527 Shares held by Prize Rich which was wholly-owned by 廣東南海控股投資有限公司 (Guangdong Nanhai Holding Investment Co., Ltd.\*); and (ii) 218,726,315 new Shares to be allotted and issued by the Company to Prize Rich upon the exercise of conversion rights attaching to the Convertible Bonds issued by the Company to Prize Rich pursuant to an acquisition agreement as part of the consideration.
- 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 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 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 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 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 Group or were proposed to be acquired or disposed of by or leased to any member 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.

### **5. 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, the date to which the latest published audited accounts of the Company were made up.

### **6. 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).

**7. 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.

**8. EXPERTS' QUALIFICATIONS AND CONSENTS**

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

<b>Name</b>	<b>Qualification</b>
Gram Capital Limited	A corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity as defined under SFO

Gram Capital has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its report or letter or opinion as set out in this circular and references to its names in the form and context in which it appears in this circular.

As at the Latest Practicable Date, Gram Capital did not have 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, Gram Capital did not have any interest, direct or indirect, in any asset which since 31 December 2018, being the date to which the latest published audited consolidated financial statements of the Group were made up, have been acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

**9. 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 Extension Deed;
- (c) the Bond Certificate;
- (d) the letter from the Independent Board Committee, the text of which is set out on page IBC-1 in this circular;
- (e) the letter of advice from Gram Capital to the Independent Board Committee and the Independent Shareholders, the text of which is set out on pages IFA-1 to IFA-11 in this circular;
- (f) this circular.

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## NOTICE OF THE SECOND SGM

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### CHINA INVESTMENTS HOLDINGS LIMITED

中國興業控股有限公司\*

*(Incorporated in Bermuda with limited liability)*

(Stock code: 132)

### NOTICE OF THE SECOND SPECIAL GENERAL MEETING OF 2019

**NOTICE IS HEREBY GIVEN THAT** the second special general meeting (the “**Second SGM**”) 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 10:50 a.m. (or such time immediately following the conclusion (or adjournment) of the first special general meeting of 2019 of the Company to be held on the same day, and at the same place, whichever is later) to consider and if thought fit, pass with or without amendments, the following resolutions as ordinary resolutions of the Company:–

#### ORDINARY RESOLUTIONS

**“THAT:**

- (a) the extension deed (the “**Extension Deed**”, a copy of which has been produced before the meeting marked “A” and initialed by the chairman of the meeting for identification purpose) dated 12 March 2019 entered into between the Company and Prize Rich Inc. (“**Prize Rich**”) in relation to the extension of maturity date of the outstanding convertible bonds in the principal amount of HK\$166,232,000 (the “**Convertible Bonds**”) by 5 years from 13 October 2019 to 13 October 2024 (the “**Extension**”) be and is hereby approved, confirmed and ratified;
- (b) subject to The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) approving the Extension, the board of directors of the Company be and is hereby granted a specific mandate to allot and issue new shares of HK\$0.10 each in the share capital of the Company (the “**Conversion Shares**”) upon exercise of the conversion rights attaching to the Convertible Bonds in accordance with the terms and conditions of the Convertible Bonds (as revised by the Extension) ; and

\* For identification purpose only



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## NOTICE OF THE SECOND SGM

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- (c) any director of the Company (the “**Director**”), or if affixation of the common seal is necessary, any two Directors or any one Director and the secretary of the Company, be and is/are hereby authorised for and on behalf of the Company to execute all such documents and agreements and do all such acts and things, including but without limitation to the execution of all such documents under common seal where applicable, as he/she may in his/her discretion consider necessary, expedient or desirable for the purpose of or in connection with the implementation of or giving effect to the Extension or the Extension Deed and all matters incidental thereto or in connection therewith.”

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.