
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).

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.



CHINA INVESTMENTS HOLDINGS LIMITED

中國興業控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 132)

MAJOR TRANSACTION ENTERING INTO THE FINANCE LEASES AS THE LESSOR

A letter from the Board is set out on pages 4 to 11 of this circular.

The transaction being the subject matter of this circular has been approved by written shareholders' approval pursuant to the Listing Rules and this circular is being despatched to the Shareholders for information only.

* For identification purpose only

25 February 2020

CONTENTS

	<i>Page</i>
DEFINITIONS	1
LETTER FROM THE BOARD	4
APPENDIX I – FINANCIAL INFORMATION OF THE GROUP	I-1
APPENDIX II – GENERAL INFORMATION	II-1

DEFINITIONS

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

“Agile Group Holdings Limited”	Agile Group Holdings Limited (雅居樂集團控股有限公司), a company incorporated in Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 3383)
“Asset 1”	shall have the meaning as disclosed in the section headed “INFORMATION ON THE ASSETS” in this circular
“Asset 2”	shall have the meaning as disclosed in the section headed “INFORMATION ON THE ASSETS” in this circular
“Assets”	collectively, Asset 1 and Asset 2
“Board”	the board of Directors of the Company
“business day(s)”	any day(s) other than Saturday(s), Sunday(s) and statutory holiday(s) of the PRC
“Canton Risen”	Canton Risen Financial Leasing Co., Ltd.* (廣東粵盛科融資租賃有限公司), a company incorporated in the PRC with limited liability and a subsidiary of the Company
“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)
“Director(s)”	the director(s) of the Company
“Existing Finance Leases and Incidental Documentation”	being the finance lease agreements and incidental documentation dated 15 August 2019 entered into between Canton Risen and the then lessees, the details of which have been disclosed in the announcement of the Company dated 19 August 2019
“Finance Lease No. 1”	the finance lease agreement dated 20 January 2020 entered into between Canton Risen and the Lessees in relation to the transfer of ownership and lease back of Asset 1
“Finance Lease No. 2”	the finance lease agreement dated 20 January 2020 entered into between Canton Risen and the Lessees in relation to the transfer of ownership and lease back of Asset 2

DEFINITIONS

“Finance Leases”	collectively, Finance Lease No. 1 and Finance Lease No. 2
“Group”	the Company and its subsidiaries
“Guarantor”	Jinxiang Shengyun Environmental Protection Electric Power Co., Ltd.* (金鄉盛運環保電力有限公司), a limited company incorporated in the PRC, which is ultimately controlled by Agile Group Holdings Limited, and an Independent Third Party
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HK\$”	Hong Kong Dollar, the lawful currency of Hong Kong
“Independent 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
“Latest Practicable Date”	19 February 2020, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information for inclusion in this circular
“Lessee 1”	Jining Mingde Environmental Technology Co., Ltd.* (濟寧明德環保科技有限公司), a limited liability company incorporated in the PRC, which is ultimately controlled by Agile Group Holdings Limited, and an Independent Third Party
“Lessee 2”	Guangzhou Agile Solid Waste Treatment Co., Ltd.* (廣州雅居樂固體廢物處理有限公司), a limited liability company incorporated in the PRC, which is ultimately controlled by Agile Group Holdings Limited, and an Independent Third Party
“Lessees”	collectively, Lessee 1 and Lessee 2

DEFINITIONS

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PBOC”	the People’s Bank of China
“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
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	the ordinary share(s) of HK\$0.10 each of the Company
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

* For identification purpose only

LETTER FROM THE BOARD



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 February 2020

To the Shareholders

Dear Sir or Madam,

MAJOR TRANSACTION ENTERING INTO THE FINANCE LEASES AS THE LESSOR

INTRODUCTION

Reference is made to the announcement of the Company dated 20 January 2020 in relation to the entering into of the Finance Leases with the Lessees, to acquire the ownership of the Assets from the Lessees for an aggregate consideration of RMB100,000,000 (equivalent to approximately HK\$113,300,000), which would be leased back to the Lessees for their use and possession for a term of 5 years.

The purpose of this circular is to provide you with, among other things, further information on the Finance Leases and the incidental documentation and other information as required under the Listing Rules.

LETTER FROM THE BOARD

FINANCE LEASES AND THE INCIDENTAL DOCUMENTATION

Set out below is a summary of the principal terms of the Finance Leases and the incidental documentation:

Date:

20 January 2020

The Finance Leases would be effective upon compliance of the applicable requirements of the Listing Rules by the Company.

Parties:

- (1) Canton Risen, a subsidiary of the Company, as the lessor;
- (2) the Lessees; and
- (3) the Guarantor (in relation to the relevant guarantees).

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, each of the Lessees, the Guarantor and their ultimate beneficial owners are Independent Third Parties.

Transfer of Assets and consideration

Canton Risen agreed to acquire the unencumbered ownership of Asset 1 and Asset 2 from the Lessees on an "as-is" basis for RMB50,000,000 (equivalent to approximately HK\$56,650,000) and RMB50,000,000 (equivalent to approximately HK\$56,650,000) respectively in cash, payable within 1 month from the date of the Finance Leases to any of the Lessees as the Lessees may decide pursuant to both the Finance Leases and the standard forms of transfer agreements annexed thereto. The transfer agreements for Finance Lease No. 1 and Finance Lease No. 2 were entered into between Canton Risen and the Lessees on the date of the Finance Leases, effecting the terms of the Finance Leases in relation to the transfer of the Assets from the Lessees to Canton Risen above. While the consideration for the acquisition of Asset 1 was paid in full to Lessee 1 on 20 January 2020, the consideration for the acquisition of Asset 2 is yet to be paid as at the Latest Practicable Date and is expected to be paid within one month from the date of the Finance Leases.

Such consideration amount was determined following arm's length negotiation by the parties with reference to the original costs of Asset 1 and Asset 2 of approximately RMB87,358,708.09 (equivalent to approximately HK\$98,977,416.27) and RMB136,677,638.80 (equivalent to approximately HK\$154,855,764.76) respectively and their state, which were reviewed by Canton Risen's experienced finance leasing team. Approximately 80% of such consideration amount for the acquisition of the Assets is expected to be funded through external banking facilities and the remaining 20% is expected to be funded through the internal resources of the Group.

The consideration amount provides additional liquidity for the Lessees.

LETTER FROM THE BOARD

Lease period

Canton Risen will lease back the Assets to the Lessees for their use and possession for a term of 5 years commencing from the day the consideration for the Assets transfer has been paid by Canton Risen. Unless otherwise waived by Canton Risen, the release of payment of the consideration for the Assets transfer by Canton Risen is conditional upon the fulfillment of certain conditions within 1 month from the date of the Finance Leases including, mainly, the satisfactory provision of the relevant guarantees by the Guarantor.

Lease payments

Pursuant to Finance Lease No. 1, the total amount of lease payments is approximately RMB58,310,860.35 (equivalent to approximately HK\$66,066,204.78) (subject to changes of the loan prime rate for 1 year RMB loans), comprising (a) the lease principal payment of RMB50,000,000 (equivalent to approximately HK\$56,650,000) and (b) the aggregate lease interest of approximately RMB8,310,860.35 (equivalent to approximately HK\$9,416,204.78) (subject to changes of the loan prime rate for 1 year RMB loans). Both the lease principal and the interest shall be payable every three months in twenty (20) installments during the lease period in which the first installment being payable on 18 February 2020.

Pursuant to Finance Lease No. 2, the total amount of lease payments is approximately RMB58,310,860.35 (equivalent to approximately HK\$66,066,204.78) (subject to changes of the loan prime rate for 1 year RMB loans), comprising (a) the lease principal payment of RMB50,000,000 (equivalent to approximately HK\$56,650,000) and (b) the aggregate lease interest of approximately RMB8,310,860.35 (equivalent to approximately HK\$9,416,204.78) (subject to changes of the loan prime rate for 1 year RMB loans). Both the lease principal and the interest shall be payable every three months in twenty (20) installments during the lease period in which the first installment is expected to be payable on 18 February 2020.

Pursuant to the Finance Leases, the aggregate lease interest amounts are calculated on the then outstanding lease principal payment amount (being initially the amount of consideration for the Assets transfer paid by Canton Risen) at 202.5 basic points above the loan prime rate for 1 year RMB loans (as per the information disclosed by the National Interbank Funding Center, the prevailing loan prime rate for 1 year RMB loans is 4.15% (which is subject to adjustment published by the National Interbank Funding Center on the 20th day every month), and therefore the interest rate is approximately 6.175% p.a. as at the Latest Practicable Date). Such interest rate was determined after arm's length negotiations between the parties to the Finance Leases with reference to the principal amount of the lease, the interest risk of financing, the return of the Finance Leases for the Group and the credit risks associated with the Finance Leases, and the targeted overall return of the Finance Leases for the Group (taking into account both the lease payments and the consultancy fees payable under the Finance Leases). In light of the above, the Board considered that the interest at 202.5 basic points above the loan prime rate for 1 year RMB loans is fair and reasonable, on normal commercial terms and in the interests of the Company's shareholders as a whole.

LETTER FROM THE BOARD

The Lessees will facilitate all credit checks by Canton Risen with the Credit Reference Center of the PBOC from time to time.

Termination and purchase option

The Lessees may terminate the Finance Leases provided that all outstanding amounts due thereunder and a compensation equivalent to 10 percent of the total outstanding lease interest amount as at the time of early termination have been settled by them. All payment obligations of the Lessees towards Canton Risen are joint and several, regardless of whether any of them may have actual possession and/or usage of the Assets. At the end of the lease period or in the event of an early termination of the Finance Leases, subject to the settlement of all outstanding amounts due, the Lessees will have the right to purchase the Assets at a nominal purchase price of RMB100 each (equivalent to approximately HK\$113.3).

Guarantee deposits

The Lessees agreed to pay interest-free deposits of RMB3,375,000 (equivalent to approximately HK\$3,823,875) and RMB3,375,000 (equivalent to approximately HK\$3,823,875) to Canton Risen on the same day the consideration for the Assets transfer has been paid by Canton Risen to secure their payment obligations under Finance Lease No. 1 and Finance Lease No. 2 respectively. While the guarantee deposit for Finance Lease No. 1 was paid in full by the Lessees to Canton Risen on 20 January 2020, the guarantee deposit for Finance Lease No. 2 is yet to be paid by the Lessees to Canton Risen as at the Latest Practicable Date. Such guarantee deposit is expected to be paid on the same day the consideration for the transfer of Asset 2 has been paid by Canton Risen.

The aforementioned guarantee deposits may be used for the payment of compensation to Canton Risen in case of any breach of the Finance Leases by the Lessees. Subject to the aforementioned deduction, the guarantee deposits may be used for settling the outstanding amount of lease payments due from the Lessees to Canton Risen.

Guarantees

The Guarantor had executed guarantees on the date of the Finance Leases guaranteeing Canton Risen, effectively on a joint and several basis, the due and punctual settlement of any and all amounts payable by the Lessees under the Finance Leases.

Pledges

Pursuant to the asset pledge agreements entered into between Canton Risen and Lessee 1 on the date of the Finance Leases, although the ownership of the Assets shall be transferred to Canton Risen as the lessor as part of the Finance Leases, the Assets are treated as security of payment obligations of the Lessees under the Finance Leases and the Lessees may continue to utilize the Assets during the lease term.

LETTER FROM THE BOARD

Additionally, Lessee 2 had also executed share pledge agreements on the date of the Finance Leases, pledging 90% shareholding interests (representing RMB93,823,920 (equivalent to approximately HK\$106,302,501.36) in value of the registered capital of the Guarantor as at the date of the Finance Leases) and equity derivatives in the Guarantor in favour of Canton Risen for a term of 5 years.

Consultancy agreements

In addition, on 20 January 2020, Canton Risen entered into two consultancy agreements with Lessee 1 in respect of each of the Finance Leases whereby Canton Risen has agreed to provide financial consultancy services to Lessee 1 which include but are not limited to finance lease demand analysis consultancy service, finance lease structural design consultancy service, finance lease transactional arrangement consultancy service and finance lease financial and tax advisory services, and Lessee 1 has agreed to pay Canton Risen consultancy fees of RMB3,000,000 (equivalent to approximately HK\$3,399,000) and RMB3,000,000 (equivalent to approximately HK\$3,399,000) for the financial consultancy services in relation to Finance Lease No. 1 and Finance Lease No. 2 respectively.

Such fee was determined after arm's length negotiations between the parties to the Finance Leases with reference to the return of the Finance Leases for the Group as a whole and would be payable in lump sum to Canton Risen within three business days (but if the three-business-day period shall lie between two months, the consultancy fee shall be paid by the end of the earlier month) after Lessee 1 confirms in writing that Canton Risen has completed the provision of consultancy service pursuant to the agreement. As at the date of this circular, the consultancy fee of RMB3,000,000 (equivalent to approximately HK\$3,399,000) for Finance Lease No.1 has been paid by Lessee 1 to Canton Risen. The remaining consultancy fee for Finance Lease No. 2 shall be paid by Lessee 1 to Canton Risen in the aforementioned manner after Lessee 1 has confirmed in writing about the completion of the provision of consultancy services by Canton Risen.

The consultancy agreements and the Finance Leases were entered alongside for business purposes, the terms of which are independent of each other.

REASONS FOR AND BENEFITS OF ENTERING INTO THE FINANCE LEASES AND THE INCIDENTAL DOCUMENTATION

The entering into of the Finance Leases and the incidental documentation is part of Canton Risen's ordinary and usual course of business which is expected to provide a stable revenue and cashflow to the Group.

LETTER FROM THE BOARD

Canton Risen's experienced finance leasing team had assessed the credit worthiness of both the Lessees and the Guarantor. In view that Lessee 2 had pledged 90% shareholding interests in value of the registered capital of the Guarantor as at the date of the Finance Leases as well as the equity derivatives in the Guarantor to Canton Risen and that the Guarantor had guaranteed, jointly and severally, the due and punctual settlement of any and all amounts payable by the Lessees under the Finance Leases, the Board is satisfied with the credit risks assessment on the Lessees and the Guarantor and that the arrangement in respect of the Finance Leases is suitable for the risk acceptance level of the Group.

The Directors consider that the Finance Leases and the incidental documentation 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.

FINANCIAL EFFECTS OF THE FINANCE LEASES ARRANGEMENTS

The Finance Leases are expected to attribute approximately RMB22,621,721 (equivalent to approximately HK\$25,630,410) to the Group's turnover, from the total interest income of approximately RMB16,621,721 (equivalent to approximately HK\$18,832,410) plus consultation service fee income of RMB6,000,000 (equivalent to approximately HK\$6,798,000) over the whole period of such Finance Leases. On the other hand, the Group is expected to bear the total interest payments of approximately RMB6,400,676 (equivalent to approximately HK\$7,251,966) to the Group's cost of sales in respect of external banking facilities over the whole period of such Finance Leases. Such banking facilities are secured by the related finance lease receivables and the loan interest amounts are calculated on the then outstanding loan amount at 202.5 basic points above the loan prime rate for 1 year RMB loans on the date of the Finance Leases (the prevailing loan prime rate for 1 year RMB loans is 4.15% and therefore the interest rate is approximately 6.175% p.a. as at the Latest Practicable Date).

As at the date when the consideration for the Assets transfer was paid, the Group had also recorded on its balance sheet the Finance Leases receivables of RMB100,000,000 (equivalent to approximately HK\$113,300,000) in respect of such Finance Leases, bank borrowings by the Group of RMB80,000,000 (equivalent to approximately HK\$90,640,000) and other payable related to guarantee deposits received of RMB6,750,000 (equivalent to approximately HK\$7,647,750), and decreased the cash and cash equivalents of RMB13,250,000 (equivalent to approximately HK\$15,012,250) of the Group, being the net amount has been funded through the internal resources of the Group of RMB20,000,000 (equivalent to approximately HK\$22,660,000) and the guarantee deposits has been received of RMB6,750,000 (equivalent to approximately HK\$7,647,750).

INFORMATION ON THE ASSETS

Asset 1 comprises the incineration line equipment, the landfill works of Jining City Industrial Waste Treatment Center Project and the triple-effect evaporation equipment of Lessee 1 situated at Jining City, Liangshan County.

LETTER FROM THE BOARD

Asset 2 comprises section 1 and section 2 of the main contracted project of the hazardous waste treatment equipments and construction works, the stabilization and solidification equipment, the vertical anti-seepage project, the recycling equipment of waste packaging bins, the physical and chemical sewage treatment system, oil wastewater treatment system and the chimney equipment of Lessee 1 situated at Jining City, Liangshan County.

The Lessees will bear any maintenance, taxation and other costs and levies associated with the Assets.

LISTING RULES IMPLICATION

As the applicable percentage ratios for the transactions contemplated under the Finance Leases and the incidental documentation, when calculated on a standalone basis or an aggregated basis with the transactions contemplated under the Existing Finance Leases and Incidental Documentation, exceed 25% but are less than 100%, the entering into of such transactions constitute a major transaction for the Company under the Listing Rules and is subject to the announcement, circular and shareholders' approval requirements under the Listing Rules.

As no Shareholder is materially interested in the Finance Leases and the incidental documentation and no Shareholder is required to abstain from voting at a general meeting of the Company approving the transactions contemplated under the Finance Leases and the incidental documentation, and the Company has, pursuant to Rule 14.44 of the Listing Rules, obtained written approval of the transactions contemplated under the Finance Leases and the incidental documentation from Prize Rich Inc., a Shareholder holding 1,222,713,527 issued ordinary shares of the Company (representing 71.41% of its entire issued share capital). As such, the Company is exempted from convening a general meeting to approve the transactions contemplated under the Finance Leases and the incidental documentation.

PRINCIPAL BUSINESSES OF THE PARTIES

The Group

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.

Canton Risen

Canton Risen is 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.

LETTER FROM THE BOARD

The Lessees

Lessee 1 is a limited liability company established in the PRC and is principally engaged in the protection of environmental pollution.

Lessee 2 is a limited liability company established in the PRC and is principally engaged in the treatment of solid waste.

The Guarantor

The Guarantor is a limited company established in the PRC and is principally engaged in waste power generation.

Lessee 1, Lessee 2 and the Guarantor are all ultimately controlled by Agile Group Holdings Limited, the shares of which are listed on the main board of the Stock Exchange (stock code: 3383).

RECOMMENDATIONS

The Directors consider that the terms of the Finance Leases and the incidental documentation 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.

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 consolidated 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, 2018, respectively, and details of the unaudited consolidated interim financial information of the Group for the six months ended 30 June 2019 are disclosed in the following interim report of the Company for the six months ended 30 June 2019, which have been published and are available on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (<http://chinainvestments.tonghaiir.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 43 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 63 to 178 in particular;
- the annual report 2018 of the Company for the year ended 31 December 2018 which was published on 15 April 2019 (available on: <http://www.hkexnews.hk/listedco/listconews/sehk/2019/0415/ltn20190415209.pdf>), please refer to pages 66 to 244 in particular; and
- the interim report of the Company for the six months ended 30 June 2019 which was published on 12 September 2019 (available on: <https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0912/ltn20190912561.pdf>), please refer to pages 19 to 84 in particular.

2. INDEBTEDNESS STATEMENT

As at the close of business on 31 December 2019, the Group had outstanding secured interest bearing bank loans of approximately HK\$1,953,965,000 which were secured by the pledge of investment properties of HK\$293,929,000, property, plant and equipment of HK\$216,362,000, bank deposit of HK\$27,238,000, finance lease receivables of HK\$1,136,206,000 and paid-up capital of a non-wholly owned subsidiary of HK\$227,080,000. Among such loans, a small number of them are having a maturity profile in the near term (maturing in 2020) and the rest are in the mid (maturing in 2021, 2022, 2023 and 2024) to long term (maturing in 2026, 2028, 2029 and 2035). The Group also had an unsecured interest bearing loan from its immediate holding company, associate and other independent third parties of approximately HK\$90,000,000, HK\$26,847,000 and HK\$78,303,000 respectively, all of which will mature in 2020 and 2022. The Group had lease liabilities of approximately HK\$1,021,243,000. In addition, the Group had outstanding convertible notes in the aggregate principal amount of HK\$166,232,000 issued by the Company on 13 October 2014 which were extended on 12 March 2019 and will mature on 13 October 2024.

The Group has obtained a loan facility from a bank of approximately USD110,090,000 which a controlling shareholder has provided the necessary corporate guarantee. As at the close of business on 31 December 2019, the Group has drawn down USD100,000,000 of the loan facility. During the year, the Group settled USD10,000,000.

Save as aforesaid or otherwise disclosed herein, as at the close of business on 31 December 2019, the 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

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 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 in the absence of unforeseen circumstances.

5. FINANCIAL AND TRADING PROSPECT OF THE GROUP

With experience accumulated during the course of transformation and upgrading over the past few years, the Group has generally set its focus and direction for development. To seize opportunities of market development, the Group will strive to adjust and optimize its businesses, shifting to segments such as industrial parks/property development and investment, finance, technology and wellness elderly care.

In respect of property development and investment, with our solid position in the property development and investment sector and by capitalizing on relevant experience in such fields, the Group will continue to develop the new energy industrial park in Danzao Town, Nanhai District, Foshan City, China.

In respect of the finance sector, with China's economic growth, changes of financing models and increasing demand for finance lease, the Group will further develop the financial leasing business and intends to focus on business areas including public utilities projects, energy conservation and environmental protection projects, new energy projects and telecommunication projects, while being cautious to risk management.

In respect of the technology sector, by taking advantages of the opportunities arising from the new smart city construction plan in Nanhai District, the Group will continue the research on and development of the Big Data industry projects, as a main drive contributing to our profit growth in the future.

In the wellness elderly care sector, based on the Smart Elderly Care Services Platform, the Group will expand to cover other wellness elderly care services. After the establishment of the first institutional care project in the first half of the year, the Group will continue to head in the direction of institutional elderly care business and the development of a 3-tier elderly care system comprising institutes, communities and households in Nanhai District.

Meanwhile, the Group will also, through its joint ventures and associates, participate and invest in power generation, civil explosives, and other high-growth industries in the PRC. With the aforesaid business development directions, the Group will be able to expand its business and gradually achieve the goal of increasing and maintaining stable returns for shareholders.

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:

- 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 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		Approximate percentage of total issued Shares as at the Latest Practicable Date ¹
		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%

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 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.

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 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. DIRECTORS' COMPETING INTERESTS

As at the Latest Practicable Date, so far as the Directors are aware, 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 was 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. It is noted that Canton Risen holds 1.26% equity interests of Shenzhen Weicheng Investment Partnership (Limited Partnership)* (深圳市偉成投資合伙企業(有限合伙)) under an entrustment agreement for certain Directors and the employees of Canton Risen which, notwithstanding such arrangement, is expected to be recognised as the Group's financial assets at fair value through profit or loss in the consolidated financial statements of the Company.

5. MATERIAL CONTRACTS

The following are contracts entered into by the members of the Group within the two years immediately preceding the date of this circular and which is or may be material or of significance:

- (a) the capital contribution agreement dated 28 March 2018 entered into amongst 佛山市南海康美投資有限公司 (Foshan City Nanhai Canmanage Investments Holdings Limited*), a wholly-owned subsidiary of the Company, 佛山市南海區聯華資產經營管理有限公司 (Foshan City Nanhai District Lianhua Asset Operation & Management Co., Ltd.*), 廣東省南海化工總廠有限公司 (Guangdong Nanhai Chemical Factory Co., Ltd.*) and 廣東天諾民爆有限公司 (Guangdong Tiannuo Civil Explosives Co., Ltd.*) (**“Tiannuo Civil Explosives”**) in relation to the contribution of RMB130,333,102.44 to the capital of Tiannuo Civil Explosives for 49% of the enlarged equity interest of Tiannuo Civil Explosives;
- (b) the capital injection agreement dated 27 September 2018 entered into amongst CIH Finance Investments Holdings Limited (**“CIH Finance”**), 中創興科 (深圳) 投資有限公司 (Zhong Chuang Xing Ke (Shenzhen) Investments Company Limited*) (**“ZCXX”**), Canton Risen and 佛山市粵樵資產管理有限公司 (Foshan City 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;
- (c) the capital injection agreement dated 28 December 2018 entered into amongst CIH Finance, ZCXX, 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;
- (d) the lease agreements dated 21 January 2019 entered into between 廣東中岩泰科建設有限公司 (Guangdong Sino Rock Tyco Construction Co., Ltd.*) (**“Sino Rock Tyco”**) and 佛山市南海聯運投資有限公司 (Foshan City Nanhai Lianyun Investment Co., Ltd.*) in respect of the leasing of the unencumbered land use right for 4 parcels of industrial land situated at Danzao Logistics Centre for a consideration of approximately RMB709,160,697 for a term of approximately 33 years;
- (e) the lease agreements dated 7 March 2019 entered into between 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.*) in respect of the leasing of the unencumbered land use right for 4 parcels of industrial land situated at Danzao Logistics Centre for an aggregate amount of rents and management fees of approximately RMB1,049,932,600 for terms ranging from approximately 32 to 34 years;

- (f) the acquisition agreement dated 7 March 2019 entered into between Sino Rock Tyco and 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.*) and 黃培佳 (Huang Peijia*) 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;
- (g) 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;
- (h) 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;
- (i) the capital injection agreement dated 20 August 2019 entered into amongst CIH Finance, ZCXX, Yueqiao Assets Management, Dali Water Supply, Huaxing Glass, Canton Risen and 佛山市南海區聯智富投資有限公司 (Foshan City Nanhai District Lianzhifu Investment Co., Ltd.*) (“**Lianzhifu Investment**”) in relation to the contribution of RMB52,146,900 in cash to the capital of Canton Risen by Lianzhifu Investment;
- (j) the capital injection agreement dated 30 August 2019 entered into amongst CIH Finance, ZCXX, Yueqiao Assets Management, Dali Water Supply, Huaxing Glass, Lianzhifu Investment, Canton Risen and 佛山市南海智造投資有限公司 (Foshan City Nanhai Zhizao Investment Co., Ltd.*) (“**Zhizao Investment**”), in relation to the contribution of RMB52,146,900 in cash to the capital of Canton Risen by Zhizao Investment;
- (k) the main disposal agreement and its ancillary documents dated 30 September 2019 entered into amongst ZCXX, CIH Finance, 佛山市南海金融高新區投資控股有限公司 (Foshan City Nanhai Financial Hi-Tech Zone Investment Holdings Co., Ltd.*) (“**Nanhai Financial Hi-Tech Holdings**”) and 粵盛科融資租賃(廣州)有限公司 (Canton Risen Financial Leasing (Guangzhou) Co., Ltd.*) (“**Canton Risen Guangzhou**”) in relation to the disposal of the entire equity interest in Canton Risen Guangzhou owned by ZCXX and CIH Finance to Nanhai Financial Hi-Tech Holdings pursuant to the terms of the disposal agreement at a cash consideration of RMB52,720,000 and the continued loan by ZCXX to Canton Risen Guangzhou in the form of the outstanding shareholder’s loan in the amount of approximately RMB157,120,000; and
- (l) the disposal agreement dated 4 December 2019 entered into between CIH Finance and Nanhai Financial Hi-Tech Holdings in relation to the disposal of 8% equity interest in Sino Rock Tyco owned by CIH Finance to Nanhai Financial Hi-Tech Holdings pursuant to the terms of the disposal agreement at a cash consideration of RMB84,892,886.65.

6. LITIGATION

As at the Latest Practicable Date, no member of the 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 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. 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 54, 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.

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 10 March 2020:

- (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 interim report of the Company for the six months ended 30 June 2019;

- (d) each of the material contracts referred to in the section headed “Material Contracts” in this appendix;
- (e) the circular of the Company dated 15 February 2019 in relation to the deemed disposal of equity interest in Canton Risen;
- (f) the circular of the Company dated 22 February 2019 in relation to the entering into of the land use right lease agreements;
- (g) the circular of the Company dated 14 March 2019 in relation to the entering into of finance lease as a lessor;
- (h) the circular of the Company dated 25 April 2019 in relation to the extension of maturity date of the convertible bonds;
- (i) the circular of the Company dated 25 April 2019 in relation to the entering into of land use right lease agreements and acquisition agreement;
- (j) the circular of the Company dated 20 September 2019 in relation to deemed disposal of equity interest in Canton Risen;
- (k) the circular of the Company dated 31 October 2019 in relation to disposal of interests in 25%-owned associate Guangdong Financial Leasing Co., Ltd.;
- (l) the circular of the Company dated 7 January 2020 in relation to the entering into of finance lease as lessor; and
- (m) this circular.

* *For identification purpose only*