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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)

MAJOR TRANSACTION DESIGN, PROCUREMENT AND CONSTRUCTION CONTRACT

The Board is pleased to announce that on 8 November 2023, upon the successful conclusion of the open tender at Foshan Public Resources Trading Platform (佛山市公共資源交易信息化綜合平台), Sino Rock Tyco has entered into the EPC Agreement with the Successful Bidders, pursuant to which the Successful Bidders have been engaged as the general contractor for the survey, design, procurement and construction works and other incidental services for the New Energy Factory Project. The consideration payable by Sino Rock Tyco under the EPC Agreement is RMB129,947,400 (equivalent to approximately HK\$139,563,508).

As the highest of the applicable percentage ratios for the transactions contemplated under the EPC Agreement exceeds 25% but all of them are less than 100%, the entering into of the EPC Agreement constitutes a major transaction for the Company pursuant to Chapter 14 of the Listing Rules and is subject to the announcement, circular and shareholders' approval requirements under the Listing Rules.

No Shareholder is materially interested in the EPC Agreement and no Shareholder is required to abstain from voting at a general meeting of the Company approving the transactions contemplated under the EPC Agreement, and the Company has, pursuant to Rule 14.44 of the Listing Rules, obtained written approval of the transactions contemplated under the EPC Agreement 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 exempt from convening a general meeting to approve the transactions contemplated under the EPC Agreement.

A circular containing further information on the EPC Agreement is expected to be despatched to the Shareholders on or before 29 November 2023.

THE EPC AGREEMENT

The Board is pleased to announce that upon the successful conclusion of the open tender at Foshan Public Resources Trading Platform (佛山市公共資源交易信息化綜合平台), Sino Rock Tyco has entered into the EPC Agreement with the successful bidders, CCTEB and Zhongyu Design, the principal terms of which are as follows: -

Date:

8 November 2023

Parties:

- (1) Principal: Sino Rock Tyco, a subsidiary of the Company; and
- (2) Successful bidders: CCTEB and Zhongyu Design.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Successful Bidders and their ultimate beneficial owners are third parties independent of the Company and its connected persons under the Listing Rules.

Subject matter

The Successful Bidders have been engaged as the general contractor for the survey, design, procurement, turnkey construction, commissioning testing and incidental works for the New Energy Factory Project. Non-essential works may be sub-contracted out by the Successful Bidders with Sino Rock Tyco's consent.

It is expected that all works will be completed within 540 calendar days from the date of the signing of the EPC Agreement (i.e. on or before 30 April 2025).

Consideration

The consideration payable by Sino Rock Tyco under the EPC Agreement is RMB129,947,400 (equivalent to approximately HK\$139,563,508), subject to adjustment upon completion, which consists of survey fee of RMB91,800 (equivalent to approximately HK\$98,593), design fee of RMB1,083,600 (equivalent to approximately HK\$1,163,787), and construction and installation fees of RMB128,772,000 (equivalent to approximately HK\$138,301,128).

The final consideration may be adjusted upon completion with reference to factors including any change in construction work, relevant PRC laws and regulatory requirements, the final construction plans and fluctuation in material costs, which is not expected to be significant. The Company will make further announcement (at the time if any actual adjustments are made) if and as required under the Listing Rules.

The consideration amount was determined through open tender, which involved the assessment of factors including the ceiling bid price and discount offered by the Successful Bidders, their relevant experience, the scope of work involved and estimated costs and expenses necessary for the survey, design, procurement and construction of the New Energy Factory Project. In short, the ceiling bid price of RMB130,168,000 (equivalent to approximately HK\$139,800,432) was determined with reference to the project budget report prepared by an independent professional agency based on its estimate of the project costs and expenses in line with construction market standards. The discount was offered by the Successful Bidders for competitiveness and helped indicate the proficiency of the Successful Bidders in cost-effectively handling the project in view of their work experience relevant to the project scope, which are all factors relevant in assessing a bid.

Payment terms

Approximately 74.1% of the consideration is expected to be funded through external banking facilities and the remaining approximately 25.9% is expected to be funded through the internal resources of the Group. Sino Rock Tyco will pay to the Successful Bidders the fees in the following manner: -

- (i) Survey fee – 10% within 15 working days after the signing of the EPC Agreement, 60% within 30 days after receiving the qualified documents in relation to the approval of the relevant survey reports, and 30% after the passing of completion inspection;
- (ii) Design fee – 10% within 15 working days after the signing of the EPC Agreement, 35% within 30 days after receiving the construction planning permit issued by the relevant government authority, 25% within 30 days after receiving the approval of the construction drawings by the relevant approval centre, 20% within 30 days after the completion of works, and 10% after the passing of completion inspection; and
- (iii) Construction and installation fees – up to 85% based on the monthly assessment of the work performed by the Successful Bidders which will be paid on a monthly basis, up to 90% after the passing of completion inspection and up to 100% after the works settlement audit, subject to 3% being retained as quality assurance deposit which will be paid upon expiry of the defect liability period (being 24 months from the passing of completion inspection of the works).

Performance guarantee

CCTEB has provided Sino Rock Tyco with a performance guarantee to guarantee the due performance and successful completion of the survey, design and construction works for the New Energy Factory Project by way of a letter of guarantee issued by bank with the term from 8 November 2023 to 30 April 2025. The amount of performance guarantee is equivalent to 10% of the total consideration for the EPC Agreement (representing approximately RMB12,994,740 (equivalent to approximately HK\$13,956,351)). A claim notice will be submitted by Sino Rock Tyco to the insurer upon any failure on the performance of their obligations under the EPC Agreement by the CCTEB, including but not limited to, delay in completion on the part of the CCTEB and the quality of works do not meet the standards pursuant to the EPC Agreement. The amount of performance guarantee would be payable to Sino Rock Tyco upon submission of a claim notice stating the total amount of the claim to the insurer within the effective term of the letter of guarantee. The payment will be paid in cash from the insurer to Sino Rock Tyco.

REASONS FOR AND BENEFITS OF ENTERING INTO THE EPC AGREEMENT

The Group operates the Danzao Industry Park, which is a new energy industrial park located in Danzao, Nanhai District, Foshan City, the PRC for leasing to new energy related businesses. Meanwhile, by implementing the New Energy Factory Project, the Group can provide clean energy in an environmentally-friendly way to the tenants of the Danzao Industry Park. The rental and electrical incomes from the Danzao Industry Park help to enhance the operating income of the Group.

The Group regularly engages contractors through separate tender processes for its construction needs in different projects, including the Danzao Industry Park, from time to time depending on capital expenditure requirements and availability of funds.

The New Energy Factory Project requires expertise in the areas of survey, design, procurement and construction. The principal activities of the Successful Bidders include engineering design, engineering survey and construction works, and the Successful Bidders have substantial experience, competent expertise and a proven track record in these areas of work. It is considered in the interest of Sino Rock Tyco to leverage on the expertise of the Successful Bidders, and engage the Successful Bidders for implementing the construction of the New Energy Factory Project under the EPC Agreement.

The Directors consider that the EPC Agreement and the transactions contemplated thereunder are fair and reasonable and in the interests of the Shareholders as a whole.

LISTING RULES IMPLICATION

As the highest of the applicable percentage ratios for the transactions contemplated under the EPC Agreement exceeds 25% but all of them are less than 100%, the entering into of the EPC Agreement constitutes a major transaction for the Company pursuant to Chapter 14 of the Listing Rules and is subject to the announcement, circular and shareholders' approval requirements under the Listing Rules.

No Shareholder is materially interested in the EPC Agreement and no Shareholder is required to abstain from voting at a general meeting of the Company approving the transactions contemplated under the EPC Agreement, and the Company has, pursuant to Rule 14.44 of the Listing Rules, obtained written approval of the transactions contemplated under the EPC Agreement 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 exempt from convening a general meeting to approve the transactions contemplated under the EPC Agreement.

A circular containing further information on the EPC Agreement is expected to be despatched to the Shareholders on or before 29 November 2023.

INFORMATION ON THE PARTIES

The Group

The Group is principally engaged in wellness elderly care, finance leasing, property investments in both properties held for sale and investment properties, big data, civil explosives, hotel investment, management and operation businesses. Through its joint ventures and associated companies, the Group also participates and invests in fast growing sectors, including electric utilities in the PRC.

Sino Rock Tyco

Sino Rock Tyco is principally engaged in property investment, development, construction, operation and management.

CCTEB

CCTEB is a company incorporated in the PRC with limited liability and is principally engaged in construction, consultation, construction technology development, constructions projects, machinery and equipment leasing, production and wholesale of commercial concrete, landscaping projects, and sales of constructions equipment materials, mechanical and electrical equipment and sewage treatment equipment. CCTEB is a state-owned enterprise ultimately controlled by the State-owned Assets Supervision and Administration Commission of the State Council.

Zhongyu Design

Zhongyu Design is a company incorporated in the PRC with limited liability and is principally engaged in the provision of project design, consultation and management services. Zhongyu Design is directly owned by Guangdong Pubo Enterprise Management Co., Ltd.* (廣東溥博企業管理有限公司) (“**Pubo Enterprise**”), Guangdong Jianzhi Enterprise Management Co., Ltd.* (廣東簡至企業管理有限公司) (“**Jianzhi Enterprise**”), Guangdong Mingyi Enterprise Management Co., Ltd.* (廣東明壹企業管理有限公司) (“**Mingyi Enterprise**”) and Foshan Bokai Enterprise Management Co., Ltd.* (佛山市博開企業管理有限公司) (“**Bokai Enterprise**”) as to 37%, 28%, 18% and 17% respectively. Pubo Enterprise is wholly owned by Mr. Yu Feiyang. Jianzhi Enterprise is held by Mr. Wang Junyong and Mr. Wang Yiwen as to 95% and 5% respectively. Mingyi Enterprise is held by Mr. Yang Minbo and Mr. Peng Sainan as to 90% and 10% respectively. Bokai Enterprise is held by Ms. Chen Rong and Mr. Zhou Haorong as to 80% and 20% respectively.

DEFINITIONS

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

“Board”	the board of Directors of the Company
“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)
“CCTEB”	China Construction Third Engineering Bureau Group Co., Ltd.* (中建三局集團有限公司), a company incorporated in the PRC with limited liability
“Director(s)”	the director(s) of the Company
“EPC Agreement”	the engineering design, procurement and construction agreement dated 8 November 2023 entered into between Sino Rock Tyco and the Successful Bidders for the survey, design, procurement and construction works and other incidental services in relation to the New Energy Factory Project
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong Dollar, the lawful currency of Hong Kong
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“New Energy Factory Project”	the project to build a number of new single-storey and double-storey plants and one comprehensive building, with a proposed total construction area of about 54,300 square metres at a site situated in plot number 18, Danzao Industry Park, Nanhai District, Foshan City, Guangdong Province, the PRC
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	shareholder(s) of the Company
“Sino Rock Tyco”	Guangdong Sino Rock Tyco Construction Co., Ltd. * (廣東中岩泰科建設有限公司), a company incorporated in the PRC with limited liability and a subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Successful Bidders”	CCTEB and Zhongyu Design collectively
“Zhongyu Design”	Zhongyu Design Co., Ltd.* (中譽設計有限公司), a company incorporated in the PRC with limited liability
“%”	per cent

On behalf of
China Investments Holdings Limited
HE Xiangming
Chairman

Hong Kong, 8 November 2023

As at the date of this announcement, the Board consists of three executive Directors, namely Mr. HE Xiangming (Chairman), Mr. FU Weiqiang (President) and Mr. YOU Guang Wu, one non-executive Director, namely Mr. SHI Xuguang and three independent non-executive Directors, namely Mr. CHAN Kwok Wai, Mr. PENG Xinyu and Ms. LIN Junxian.

For the purpose of this announcement, amounts denominated in RMB have been translated into HK\$ at the indicative exchange rate of RMB1 = HK\$1.074.

* For identification purpose only