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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)**

# **VERY SUBSTANTIAL DISPOSAL AND CONNECTED TRANSACTION PROPOSED DISPOSAL OF 72% EQUITY INTEREST IN A NON-WHOLLY OWNED SUBSIDIARY**

## **THE DISPOSAL AGREEMENT**

The Board announces that on 6 December 2023 (after trading hours), the Vendor (a wholly-owned subsidiary of the Company) and the Purchaser entered into the Disposal Agreement, pursuant to which the Vendor conditionally agreed to sell, and the Purchaser conditionally agreed to acquire, 72% equity interest in Sino Rock Tyco at a consideration of RMB972 million (equivalent to approximately HK\$1,063 million). Upon Completion, members of the Sino Rock Tyco Group will cease to be subsidiaries of the Company and the financial results of the Sino Rock Tyco Group will no longer be consolidated into the financial statements of the Group.

## **LISTING RULES IMPLICATIONS**

As the highest percentage ratio under Rule 14.07 of the Listing Rules in respect of the Disposal exceeds 75%, the Disposal constitutes a very substantial disposal for the Company and is therefore subject to the reporting, announcement, circular and Shareholders' approval requirement under Chapter 14 of the Listing Rules.

Also, as at the date of this announcement, the Purchaser is a controlling shareholder of the Company, interested in 71.41% of all issued Shares and hence a connected person of the Company. Accordingly, the Disposal also constitutes a connected transaction of the Company and is subject to the reporting, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **GENERAL**

The Independent Board Committee has been established to make recommendation to the Independent Shareholders regarding the Disposal Agreement. Octal Capital Limited has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Disposal Agreement are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

A circular containing, amongst other things, (i) information on the transaction; (ii) financial information of Sino Rock Tyco Group; (iii) pro forma financial information of the Remaining Group; (iv) property valuation report; (v) the letter of advice from the independent financial adviser; (vi) the letter from the Independent Board Committee; (vii) a notice convening the SGM; and (viii) other information as required under the Listing Rules, will be despatched to the Shareholders on or before 29 December 2023.

**As the Disposal Agreement is subject to fulfillment of the conditions as set out in the paragraph headed “Condition precedents” below, the Disposal Agreement may or may not become unconditional and therefore the Disposal may not proceed. Shareholders and investors should exercise caution when dealing in the securities of the Company.**

## **THE DISPOSAL AGREEMENT**

On 6 December 2023, the Vendor and the Purchaser entered into the Disposal Agreement, pursuant to which the Vendor conditionally agreed to sell, and the Purchaser conditionally agreed to acquire, 72% equity interest in Sino Rock Tyco. A summary of the key terms of the Disposal Agreement are set out as follows:

### **Date**

6 December 2023 (after trading hours)

### **Parties**

- (i) the Vendor (a wholly-owned subsidiary of the Company)
- (ii) the Purchaser

### **Asset to be disposed of**

The Sale Interest, representing 72% equity interest in Sino Rock Tyco, is proposed to be disposed of by the Vendor to the Purchaser pursuant to the Disposal Agreement.

## Consideration

The consideration for the Disposal is RMB972 million (equivalent to approximately HK\$1,063 million), which shall be paid by the Purchaser to the Vendor in one lump sum, after payment of the income tax by the Purchaser on behalf of the Vendor in connection with the Disposal, within 10 Business Days following the Completion Date.

The consideration was arrived at after arm's length negotiations between the parties with reference to (1) the unaudited consolidated net book assets value of Sino Rock Tyco Group of approximately HK\$771 million (equivalent to approximately RMB705 million) attributable to the Sale Interest as of 30 June 2023 (the "**Net Asset Value**"); and (2) the appreciation adjustment for properties interests of Sino Rock Tyco Group in the amount of approximately HK\$281 million (equivalent to approximately RMB257 million) (the "**Adjustments**") attributable to the Sale Interest.

The Adjustments represent (i) the sum of (a) the book value of the deferred income received from government subsidies in the amount of approximately HK\$169 million (equivalent to approximately RMB154 million) (the "**Paid Subsidies**"); (b) the property value of Sino Rock Tyco Group as at 30 September 2023 in the amount of RMB2,230 million (equivalent to approximately HK\$2,440 million) based on the valuation report issued by the independent valuer (the "**Valuation**"); (c) the after-tax discounted value of government subsidies receivable in the future in the amount of approximately RMB126 million (equivalent to approximately HK\$138 million) (the "**Unpaid Subsidies**"); less (ii) the book value of the properties interests of Sino Rock Tyco Group as at 30 June 2023 in the amount of HK\$2,287 million (equivalent to approximately RMB2,090 million) and the construction expense payables as at 30 September 2023 in the amount of RMB63 million (equivalent to approximately HK\$69 million) (the "**Construction Expenses**").

The Paid Subsidies and the Unpaid Subsidies are both financial subsidies from the Government of Nanhai District in Foshan to support the construction of the new energy industrial park and ancillary facilities in Nanhai District. The Paid Subsidies have been received by Sino Rock Tyco Group but are yet to be recognized as revenue in accordance with accounting standards, whereas the Unpaid Subsidies are expected to be received in the future, and are considered as rights and interests yet to be recognized in accordance with accounting standards. Therefore, the Paid Subsidies and the Unpaid Subsidies have not yet been reflected in the Net Asset Value and adjustments were made as if they were added back to the Net Asset Value.

The Construction Expenses are estimated costs and expenses payable to independent third parties (e.g contractors, project managers) upon completion of the projects in relation to the property interests of Sino Rock Tyco Group. However, as the Valuation was prepared based on the assumption that constructions have been completed, the financial liability for the construction costs to be paid has not been taken into account in the Valuation but was instead deducted from the Valuation.

Given that the construction expenses to be incurred under any construction agreement entered into post-Valuation Benchmark Date will increase the fixed assets of Sino Rock Tyco Group but at the same time will also increase its liabilities through accounts payable or reduce its cash balance, it will not have an impact on the Net Asset Value and will not affect the amount of consideration in respect of the Disposal.

Therefore, in view of the above, the Directors are of the view that the consideration for the Disposal (including the Adjustments) is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### **Conditions precedent**

Implementation of the Disposal is conditional upon fulfillment (or waiver, if applicable) of the following conditions precedent:

- a) the Disposal Agreement being executed by the parties;
- b) Guangdong Nanhai Industry having agreed to the Disposal and giving up its pre-emptive right;
- c) the Sale Interest is legally owned by the Vendor and such equity interest has not been transferred or pledged to any other entity or person and is not subject to any debt;
- d) the Sale Interest is not subject to any litigation, arbitration, administrative penalties or enforcement, nor is there any restriction on transfer or existence of any trust arrangement or ownership dispute;
- e) during the Transitional Period, there being no material adverse change regarding the operation or financial situation of Sino Rock Tyco or profit distribution in any form;
- f) during the Transitional Period, there being no creation of, or allowance to create, any encumbrances over the asset or property of Sino Rock Tyco and Sino Rock Tyco has not directly or indirectly dispose of its major assets, and has not incurred any material debt (other than disposal, leases, or liabilities during normal business operation);
- g) Sino Rock Tyco has been in continuous operation and there has not been any major violation of laws or regulations before the date of the Disposal Agreement;
- h) all the necessary authorizations and approvals for the signing of the Disposal Agreement by the Purchaser have been legally obtained; and

- i) all the necessary consents, authorizations and approvals in connection with the Disposal having been obtained by the Vendor and the Company, including but not limited to the approval by the board of directors of the Vendor and approvals by the Board and shareholders of the Company respectively.

Save for the conditions referred to in (a), (c), (h) and (i) above, all the other conditions precedent above may be waived by the parties by agreement.

### **Completion**

Within 45 Business Days from the Effective Date of the Disposal Agreement, the Vendor shall facilitate Sino Rock Tyco in applying for the registration of industrial and commercial changes regarding the Disposal, change of company's business nature and change of articles of association etc. and the Purchaser shall provide necessary assistance. The rights and liabilities of Sino Rock Tyco will continue to be enjoyed and borne by Sino Rock Tyco upon Completion. Sino Rock Tyco will continue its business operation upon Completion and contracts with its employees shall continue to be in force.

Upon Completion, members of the Sino Rock Tyco Group will cease to be subsidiaries of the Company and the financial results of the Sino Rock Tyco Group will no longer be consolidated into the financial statements of the Group. Accordingly, the Group will cease to engage in the industrial parks and property development business upon Completion.

### **Arrangement on government subsidies**

The Government of Nanhai District in Foshan shall provide Sino Rock Tyco Group with government subsidies in the total amount of RMB600 million for its construction of the new energy industrial park and ancillary facilities (the "**Subsidies**"). The Subsidies entitlement period is from 2018 to 2026. As of the Benchmark Date, Sino Rock Tyco and its wholly-owned subsidiary Foshan City Xianhuwan Development Co., Ltd.\* (佛山市仙湖灣置業有限公司) have received a portion of the Subsidies in the amount of approximately RMB419 million (comprising approximately RMB408 million of subsidies actually received and accounted for and approximately RMB11 million representing a portion of the Paid Subsidies) and the remaining portion of the Subsidies (represent the before tax and before discount value of the Unpaid Subsidies) in the amount of approximately RMB181 million (the "**Remaining Subsidies**") are expected to be received in batches from 2023 to 2027.

However, if any amount of the Remaining Subsidies has not been collected as at 1 January 2028, the Vendor shall pay the after-tax value of the uncollected Remaining Subsidies to the Purchaser according to the corresponding proportion of the Purchaser's equity interest in Sino Rock Tyco within 20 Business Days from 1 January 2028 (the "**Paid Amount**"). If Sino Rock Tyco subsequently collected any receivable Remaining Subsidies, the Purchaser shall, within 20 Business Days upon Sino Rock Tyco's receipt of any amount of the Remaining Subsidies, return the corresponding proportion of the Paid Amount to the Vendor.

## **INFORMATION ON SINO ROCK TYCO GROUP**

Sino Rock Tyco is a company established in the PRC in 2017 with limited liability. As at the date of this announcement, Sino Rock Tyco has a fully paid-up registered capital of RMB910,000,000 and is owned as to 72% by the Vendor (a wholly-owned subsidiary of the Company) and 28% by Guangdong Nanhai Industry which is principally engaged in investment, development, construction and management of financial high-tech zone projects; real estate development and management; real estate agency services and property management; new technology and product project investment; provision of consulting services, technical support, planning services, investment management for business decision-making; corporate management; acceptance of other equity investment entrustment, provision of equity investment, management, consulting services. Guangdong Nanhai Industry is held as to 90% by the State-owned Assets Supervision and Administration Bureau of Nanhai District, Foshan City\* (佛山市南海區國有資產監督管理局) and 10% by Department of Finance of Guangdong Province, both of which are also the ultimate beneficial owners of the Purchaser.

Sino Rock Tyco engages in the investment, development, construction and operation of new energy industrial park in Danzao Town, Nanhai District, Foshan, the PRC. Sino Rock Tyco entered into the land use right lease agreements, pursuant to which the unencumbered land use right for the total site area of approximately 916,000 square metres in Danzao Town have been leased to Sino Rock Tyco for terms ranging from approximately 32 to 34 years commencing from 2018 or 2019. The park includes production plants, pilot plants, a research and development hub and related supporting facilities. As at the date of this announcement, Phase 1 and 2 of the park have been completed, and the production plants and the pilot plants have been put into operation with a leasable area of approximately 186,000 square metres and 113,000 square metres, respectively. Sino Rock Tyco also completed the construction of Dan Qing Garden rental housing project of approximately 102,000 square metres. The Group operates the park for leasing. In addition, Sino Rock Tyco acquired the properties of Xianhuwan Commercial Plaza in Danzao Town with a gross floor area of approximately 29,000 square metres which have been rented out for use as offices, exhibition hall, hotel accommodation and catering centre.

Set out below is certain unaudited financial information of Sino Rock Tyco Group prepared in accordance with Hong Kong Financial Reporting Standards for the two financial years ended 31 December 2021 and 2022 and for the six months ended 30 June 2023:

	<b>For the year ended</b>		<b>For the six</b>
	<b>31 December</b>		<b>months ended</b>
	<b>2021</b>	<b>2022</b>	<b>30 June</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)	(unaudited)
Revenue	31,093	82,555	48,047
Net profit before taxation	13,287	42,456	13,371
Net profit after taxation	11,379	38,094	13,305

The unaudited consolidated net asset value of Sino Rock Tyco Group as at 30 June 2023 prepared in accordance with Hong Kong Financial Reporting Standards was approximately HK\$1,071,133,000. The book value of the properties interests of Sino Rock Tyco Group as at 30 June 2023 was approximately HK\$2,287,344,000 and the Valuation of Sino Rock Tyco Group as at 30 September 2023 was RMB2,230,104,000 (equivalent to approximately HK\$2,439,734,000).

In arriving at the Valuation, the valuer has considered various valuation methods:

**(A) Industrial real estate and the Dan Qing Garden rental housing**

The discounted cash flow approach was used. This valuation includes the value of the above-ground buildings and the leased land use rights assets where they are located. The cash flow forecast has not deducted the land rent and land management fees to be paid during the remaining operating period of the properties. The discounted cash flow is calculated as: valuation of property interests

$$= \sum \frac{\text{Net income from property operation for each year during the property operating period}}{(1 + \text{discounted rate})^{\text{Operating period}}}$$

The net operating income of the properties is calculated as the estimated rental income of the properties in the future operating period less the relevant operating costs. The discounted rate used in the valuation is 5%, primarily with reference to the general rate of return for leasing real estate of similar use in the local area. The operating period is from the Valuation Benchmark Date to the end of 2051 based on the remaining operating period of the leasehold land where the properties are located. The incremental rate of rent during the operating period is set at 3% per year according to the prevailing market conditions. Pursuant to the land lease agreement, the properties shall be transferred back at nil consideration upon the expiration of the operating period. Hence there shall be no recovery of residual value.

## **(B) Properties in commercial plaza and the buildings therein**

### ***(i) Properties in commercial plaza***

The depreciated replacement cost approach was used, which is calculated as the total current replacement cost of the building, less estimated depreciation. The total replacement cost of the property comprises the construction cost, pre-construction and other costs, capital costs and construction profit, of which the construction cost is estimated with reference to the construction cost of similar buildings, and the unilateral construction cost is approximately RMB4,096 per sq.m. The upfront cost rate includes the management fee, bidding agent fee, environmental impact assessment fee, survey and design fee, project supervision fee, infrastructure support fee and others of the construction unit, which is calculated with reference to the relevant local fee standards. The capital cost is calculated according to the 1-year construction cycle with reference to the loan prime rate of 3.55% for the corresponding period, and the development profit is calculated at 8% with reference to the general level of the industry. The buildings have been in use for approximately 9 years and the remaining useful life of the buildings was approximately 21 years based on the shorter of the theoretical useful life of the buildings and the remaining useful life of the land. Based on the calculation of the building residue ratio = 
$$\frac{\text{Remaining useful life of the buildings}}{(\text{Remaining useful life of the building} + \text{serviced life of the buildings})}$$
, it was concluded that the building residue ratio of the property was approximately 69%.

### ***(ii) Land use right of commercial plaza***

The market approach was used and cases of land market transactions were selected for comparative analysis. Having taken into account the actual situation of the land parcel concerned, the average floor area price of the land parcel was RMB1,821.97 per sq.m. by making adjustments with respect to the location, physical condition and remaining tenure of the above cases, of which the magnitude of the adjustment of the location generally ranged from -15% to 15%.

**(C) Leased land use rights assets to be developed**

The discounted cash flow method was used. Pursuant to the land lease agreement for the land parcel, the tenure commences from 23 October 2018 and ends on 20 December 2051, and the agreed land lease fee for the first year is RMB30,000 per mu per year (inclusive of VAT) which shall be increased by 8% every 3 years, while the land management fee is RMB1.3 per sq.m. per year (inclusive of VAT) which shall be increased by 8% every 3 years. The valuation conclusion does not include lease fees and management fees to be paid after the Valuation Benchmark Date. The cash flows used in the valuation are the rent (exclusive of VAT) and land management fees as agreed in the land lease agreement, and the discounted rate used is calculated at Sino Rock Tyco's incremental borrowing rate of 5% with reference to the relevant accounting standards, which was discounted at the beginning of each year according to the time of payment of the lease fees.

**(D) Construction in progress**

Replacement cost method was used and the cost recorded in the books was used as the assessed value.

In the Valuation, the valuer has assumed that:

- (i) all necessary statutory approvals for the properties or the building of which the properties forms part of its use have been obtained;
- (ii) no deleterious or hazardous materials or techniques have been used in the construction of the properties;
- (iii) the properties are not subject to any unusual or especially onerous restrictions, encumbrances or outgoing and that good title can be shown; and
- (iv) the relevant construction costs and construction expenses of the properties as of the Valuation Benchmark Date of 30 September 2023 have been paid, and the impact on the Valuation in respect of subsequent construction costs to be paid has not been taken into account.

Further details of the Valuation will be disclosed in the circular to be despatched to the Shareholders.

## **FINANCIAL EFFECTS OF THE DISPOSAL**

The Group expects to record a gain as a result of the Disposal of approximately HK\$195 million, being the difference between (i) the consideration for the Disposal of RMB972 million (equivalent to approximately HK\$1,063 million) net of the estimated expenses and tax expenses in connection with the Disposal of approximately RMB30 million (equivalent to approximately HK\$33 million); and (ii) the unaudited consolidated net asset value of Sino Rock Tyco Group attributable to the Sale Interest as at 30 June 2023 of approximately HK\$771 million after making adjustments on the release of foreign currency translation reserve of approximately HK\$73 million of Sino Rock Tyco Group and other reserve of approximately HKD9 million upon the Disposal. In addition, following the Disposal, the Group expects to record a loss following the derecognition of an equity option as financial assets of approximately HK\$86 million, representing the fair value of the equity option as at 30 June 2023, which was determined using the binomial pricing model approach to derive the valuation of the equity option. The equity option was part of the terms of the joint venture establishment for Sino Rock Tyco between the Vendor and Guangdong Nanhai Industry relating to the equity interests in Sino Rock Tyco. The Vendor is entitled to exercise the equity option at its absolute discretion.

Subject to audit and completion of the Disposal, the actual amount of gain or loss on the Disposal to be recognized by the Group may vary.

## **REASONS FOR AND BENEFITS OF THE DISPOSAL**

In 2017, Sino Rock Tyco was established to invest and construct the new energy industrial park in Danzao Town, Nanhai District, the PRC. The Group has developed a diversified business with development potential during the “Thirteenth Five-Year Plan” period including wellness elderly care, finance leasing, park construction and operation, civil explosive business, big data, hotel, etc., laying a solid and industrious foundation for the Group. The industrial parks and property development business of the Group would not have been profitable in the year ended 31 December 2022 and for the six months ended 30 June 2023 without the respective government subsidies and compensations recorded of over HK\$92 million and HK\$41 million for that segment. Since the “Fourteenth Five-Year Plan” period, with the vision of becoming the Greater Bay Area’s first-rate elderly care and wellness investment group, the Group has intended to streamline its business and the Disposal is a part of such strategic positioning measure by the Group.

To maintain adaptability and mitigate against market risks as part of its periodic review of business segments from time to time to optimize strategic positioning, the Group had remained opened to divestment opportunities for its investment portfolios whilst continuing its efforts to keep up the park's operations. The preliminary negotiation on the Disposal started around April 2023 by the respective development and investment departments of the Company and the Purchaser. The Group regularly engages contractors through separate tender processes for its construction needs in different projects from time to time depending on capital expenditure requirements and availability of funds. The transactions contemplated under the two procurements and construction agreements dated 28 April 2023 and 8 November 2023, for the survey, design, procurement and construction works and other incidental services for the projects in the new energy industrial park invested and established by Sino Rock Tyco Group (the "**Transactions**") were entered into as part of the business of Sino Rock Tyco. As Sino Rock Tyco is a subsidiary of the Company, the Group is responsible to keep up the ongoing operations of Sino Rock Tyco prior to Completion. As the Transactions were entered into by Sino Rock Tyco, their costs and value were borne by Sino Rock Tyco and will have no effect on the Remaining Group following the Completion. In view of the above, the Company considers that the entering into of the Transactions are fair and reasonable and in the interests of the Company.

Against the backdrop of China's aging population, the wellness elderly care business is full of investment and development potential. In the past two years, the Group has successfully integrated and operated most of the public elderly care institutions in the Nanhai District. However, problems exist such as outdated facilities, low-quality hardware and weak marketization management capabilities of these institutions. Although the profitability of the wellness elderly care business of the Group is not strong at this early incubation stage, through facilities upgrading to improve business service capabilities, the scale and quality of the wellness elderly care business will be expanded and upgraded, and its profitability will improve gradually. Taking into account that the industrial parks and property development business and the wellness elderly care business are both asset and capital-heavy businesses, the Disposal will improve the financial positions and liquidity of the Group and allow the Group to shift its resource allocation towards the wellness elderly care business and sharpen the Group's strategic focus on wellness elderly care business to facilitate its long-term business development.

In addition, given some of Sino Rock Tyco Group's property assets have depreciated in the past two years and the prevailing negative sentiment and systemic risks permeating the property market showing no sign of subsiding in the near future, the Disposal would be a good opportunity for the Group to effectively eliminate the possible continued depreciation of the future value of such properties and realise its investment.

Save as disclosed above, the Company has not entered into any negotiation, arrangement or agreement, nor does it have any intention, to downsize, cease or dispose of any of the existing business of the Group as at the date of this announcement.

The Directors further consider that the proceeds from the Disposal can provide immediately available funds to satisfy the Group's capital needs, therefore enhancing the Group's liquidity and financial position and reducing the gearing ratio of the Group to enable it to seek banking facilities with more favourable terms for future business development. The current liabilities of the Company as at 31 October 2023 amounted to approximately HK\$703,503,800. The Company intends to apply the net proceeds from the Disposal, which is estimated to be approximately RMB942 million (equivalent to approximately HK\$1,031 million) (after deducting transaction costs and expenses), as to (i) RMB272 million (equivalent to approximately HK\$298 million) for repayment of loan due from the Company and its other subsidiaries to Sino Rock Tyco Group; (ii) US\$90 million (equivalent to approximately HK\$702 million) for repayment of bank loan due from the Company; and (iii) approximately HK\$31 million for the Group's general working capital purpose.

In view of the above, the Directors (excluding members of the Independent Board Committee whose views will be given after considering the advice of the independent financial adviser) consider that notwithstanding that the Disposal is not in the ordinary and usual course of business of the Group, the terms and conditions of the Disposal Agreement (including the consideration) and the Disposal contemplated thereunder are on normal commercial terms, and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **INFORMATION ON THE PARTIES**

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.

The Vendor is a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company, which is principally engaged in finance and project investment.

The Purchaser is a company established in the PRC with limited liability and is principally engaged in investments, assets management, park management, property development, management and leasing, land use right leasing and power generation and supply. The Purchaser is held as to 90% by the State-owned Assets Supervision and Administration Bureau of Nanhai District, Foshan City\* (佛山市南海區國有資產監督管理局) and 10% by Department of Finance of Guangdong Province.

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

## **LISTING RULES IMPLICATIONS**

As the highest percentage ratio under Rule 14.07 of the Listing Rules in respect of the Disposal exceeds 75%, the Disposal constitutes a very substantial disposal for the Company and is therefore subject to the reporting, announcement, circular and Shareholders' approval requirement under Chapter 14 of the Listing Rules.

Also, as at the date of this announcement, the Purchaser is a controlling shareholder of the Company, interested in 71.41% of all issued Shares and hence a connected person of the Company. Accordingly, the Disposal also constitutes a connected transaction of the Company and is subject to the reporting, announcement, circular and Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

Mr. Shi Xuguang, a non-executive Director, has abstained from voting on the relevant Board resolutions as he is the deputy general manager of the Purchaser. Save as disclosed, no other Director has any material interests in the Disposal Agreement and therefore, none of the Directors had abstained from voting on the relevant Board resolutions.

## **GENERAL**

The Independent Board Committee has been established to make recommendation to the Independent Shareholders regarding the Disposal Agreement. Octal Capital Limited has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Disposal Agreement are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

A circular containing, amongst other things, (i) information on the transaction; (ii) financial information of Sino Rock Tyco Group; (iii) pro forma financial information of the Remaining Group; (iv) property valuation report; (v) the letter of advice from the independent financial adviser; (vi) the letter from the Independent Board Committee; (vii) a notice convening the SGM; and (viii) other information as required under the Listing Rules, will be despatched to the Shareholders on or before 29 December 2023.

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following words and expressions shall have the following meanings:

“Benchmark Date”	30 June 2023
“Board”	the board of Directors

“Business Day(s)”	a day other than a Saturday or Sunday or public holiday in the PRC
“Company”	China Investments Holdings Limited (中國興業控股有限公司), a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 132)
“Completion”	completion of the Disposal
“Completion Date”	the date on which the registration of industrial and commercial changes regarding the Disposal has been completed and the Purchaser has been registered as a shareholder of Sino Rock Tyco
“controlling shareholder”	has the meaning as ascribed thereto in the Listing Rules
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Sale Interest by the Vendor to the Purchaser according to the terms and conditions under the Disposal Agreement
“Disposal Agreement”	the conditional equity transfer agreement dated 6 December 2023 entered into between the Vendor and the Purchaser in relation to the conditional sale and purchase of the Sale Interest
“Effective Date”	the effective date of the Disposal Agreement, meaning the date upon which the approval from the corresponding State-owned Assets Supervision and Administration Department having been obtained by the Purchaser, and approval of Independent Shareholders in relation to the Disposal Agreement and the transactions contemplated thereunder having been obtained at the SGM
“Group”	the Company and its subsidiaries
“Guangdong Nanhai Industry”	Guangdong Nanhai Industry Group Co., Ltd.* (廣東南海產業集團有限公司), a company established in the PRC with limited liability
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong Dollar, the lawful currency of Hong Kong

“Independent Board Committee”	an independent board committee which comprises all the independent non-executive Directors, namely Mr. CHAN Kwok Wai, Mr. PENG Xinyu and Ms. LIN Junxian, to advise the Independent Shareholders as to the fairness and reasonableness of the terms of the Disposal Agreement
“Independent Shareholders”	the Shareholders other than those who have material interest in the Disposal Agreement and the transactions contemplated thereunder
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Purchaser”	Guangdong Nanhai Holding Group Co., Ltd.* (廣東南海控股集團有限公司), a company established in the PRC with limited liability and a controlling Shareholder
“Remaining Group”	the Group after completion of the Disposal
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Interest”	72% equity interest of Sino Rock Tyco
“SGM”	the special general meeting of the Company to be convened to consider, if thought fit, the approval of, among other things, the Disposal Agreement and transactions contemplated thereunder
“Share(s)”	the ordinary share(s) of HK\$0.10 each of the Company
“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 established in the PRC with limited liability and a non-wholly owned subsidiary of the Company
“Sino Rock Tyco Group”	Sino Rock Tyco and its subsidiaries
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Transitional Period”	a period from the date of the Disposal Agreement to the Completion Date
“Valuation Benchmark Date”	30 September 2023
“Vendor”	CIH Finance Investments Holdings Limited (中國興業金融投資控股有限公司), a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company holding the Sale Interest
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent

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

Hong Kong, 6 December 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 exchange rate of RMB1 = HK\$1.094 and amounts denominated in US\$ have been translated into HK\$ at the exchange rate of US\$1 = HK\$7.8.*

\* *For identification purpose only*