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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)**

### **DISCLOSEABLE TRANSACTION**

### **DEEMED DISPOSAL OF EQUITY INTEREST IN CANTON RISEN FINANCIAL LEASING CO., LTD.\***

References are made to (i) the announcement dated 28 September 2018, (ii) the announcement dated 28 December 2018 and the circular dated 15 February 2019, and (iii) the announcement dated 10 April 2019 of the Company in relation to the First Capital Injection, the Second Capital Injection and the Third Capital Injection respectively.

#### **THE FOURTH CAPITAL INJECTION AGREEMENT**

On 20 August 2019, CIH Finance, ZCCK, Yueqiao Assets Management, Dali Water Supply, Huaxing Glass and Canton Risen entered into the Fourth Capital Injection Agreement with Lianzhifu Investment in relation to the Fourth Capital Injection. Pursuant to the Fourth Capital Injection Agreement, Lianzhifu Investment agreed to contribute RMB52,146,900 (equivalent to approximately HK\$57,935,206) in cash to the capital of Canton Risen, thereby enlarging the equity of Canton Risen as disclosed below.

## **LISTING RULES IMPLICATIONS**

Following the completion of the Fourth Capital Injection, the Group's equity interest in Canton Risen will be reduced, which will constitute a deemed disposal of the Company's interest in a subsidiary pursuant to Rule 14.29 of the Listing Rules. As the applicable percentage ratios calculated in accordance with the Listing Rules in respect of the Fourth Capital Injection are more than 5% but less than 25%, the Fourth Capital Injection Agreement and the transactions of the Group contemplated thereunder constitute a discloseable transaction of the Company pursuant to Chapter 14 of the Listing Rules. The Fourth Capital Injection, when aggregated with the First Capital Injection, the Second Capital Injection and the Third Capital Injection, will not classify the matter in a transaction class higher than the major transaction already approved and disclosed as per the announcement and circular of the Company of 28 December 2018 and 15 February 2019 respectively.

## **INTRODUCTION**

References are made to (i) the announcement dated 28 September 2018, (ii) the announcement dated 28 December 2018 and the circular dated 15 February 2019, and (iii) the announcement dated 10 April 2019 of the Company in relation to the First Capital Injection, the Second Capital Injection and the Third Capital Injection respectively.

The Board is pleased to announce that on 20 August 2019, CIH Finance, ZCXX, Yueqiao Assets Management, Dali Water Supply, Huaxing Glass and Canton Risen entered into the Fourth Capital Injection Agreement with Lianzhifu Investment in relation to the Fourth Capital Injection. Set out below is a summary of the principal terms of the Fourth Capital Injection Agreement.

## **THE FOURTH CAPITAL INJECTION AGREEMENT**

### **Date:**

20 August 2019

### **Parties:**

- (1) CIH Finance, a wholly-owned subsidiary of the Company;
- (2) ZCXX, a wholly-owned subsidiary of the Company;
- (3) Yueqiao Assets Management;

- (4) Dali Water Supply;
- (5) Huaxing Glass;
- (6) Lianzhifu Investment; and
- (7) Canton Risen, a subsidiary of the Company.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Yueqiao Assets Management, Dali Water Supply, Huaxing Glass, Lianzhifu Investment and their ultimate beneficial owners are third parties independent of the Group and its connected persons.

### **The Fourth Capital Injection**

Pursuant to the terms of the Fourth Capital Injection Agreement, Lianzhifu Investment will contribute an amount of RMB52,146,900 (equivalent to approximately HK\$57,935,206) (of which RMB50,000,000 (equivalent to HK\$55,550,000) will be contributed to the registered capital and the remainder to the capital reserve) in cash to the capital of Canton Risen.

The equity-holding structures of Canton Risen both before and after the Fourth Capital Injection with reference to the registered capital and the currently paid-up capital are illustrated below:

<b>Equity holder(s) of Canton Risen before the Fourth Capital Injection</b>	<b>Registered capital (RMB)</b>	<b>Approximate percentage</b>	<b>Paid-up capital (RMB)</b>	<b>Approximate percentage</b>
CIH Finance	325,000,000	50.0000%	33,068,400	10.3316%
ZCXK	175,000,000	26.9231%	137,000,000	42.8033%
Yueqiao Assets Management	50,000,000	7.6923%	50,000,000	15.6217%
Dali Water Supply	50,000,000	7.6923%	50,000,000	15.6217%
Huaxing Glass	50,000,000	7.6923%	50,000,000	15.6217%
<b>Total</b>	<b><u>650,000,000</u></b>	<b><u>100%</u></b>	<b><u>320,068,400</u></b>	<b><u>100%</u></b>

<b>Equity holder(s) of Canton Risen after the Fourth Capital Injection</b>	<b>Registered capital (RMB)</b>	<b>Approximate percentage</b>	<b>Paid-up capital (RMB)</b>	<b>Approximate percentage</b>
CIH Finance	325,000,000	46.428%	33,068,400	8.94%
ZCXK	175,000,000	25.000%	137,000,000	37.02%
Yueqiao Assets Management	50,000,000	7.143%	50,000,000	13.51%
Dali Water Supply	50,000,000	7.143%	50,000,000	13.51%
Huaxing Glass	50,000,000	7.143%	50,000,000	13.51%
Lianzhifu Investment	50,000,000	7.143%	50,000,000	13.51%
<b>Total</b>	<b><u>700,000,000</u></b>	<b><u>100%</u></b>	<b><u>370,068,400</u></b>	<b><u>100%</u></b>

### **Basis of determining the amount of the Fourth Capital Injection**

The amount of the Fourth Capital Injection was determined with reference to the funding allocation schedule of the Group and the amount of additional capital the Group allows for injection taking into account the relative equity percentages of the equity holders of Canton Risen on a paid-up and enlarged basis.

### **Timing for the Fourth Capital Injection**

Lianzhifu Investment will pay the amount of the Fourth Capital Injection to Canton Risen in full by a lump sum payment on 28 August 2019.

### **Management structure**

Pursuant to the Fourth Capital Injection Agreement, except that Lianzhifu Investment is entitled to nominate a supervisor to Canton Risen, the current management structure of Canton Risen will remain unchanged.

### **Equity holders' rights and benefits and sharing of profit and loss**

During the Relevant Period, Lianzhifu Investment will not share the profit and loss resulting from the operation of Canton Risen.

Upon completion of the Fourth Capital Injection, each of the equity holders will be entitled to such rights and benefits (including receiving dividends) in proportion to its respective paid-up capital, which is in compliance with Section 34 of the Company Law of the PRC. According to the articles of association of Canton Risen, the Group will pay up its portion of the registered capital in Canton Risen before 18 December 2019.

### **Registration procedures**

Canton Risen will proceed with the change of industrial and commercial registration procedures and change of Sino-foreign joint venture filing and registration procedures within 5 business days from the effective date of the Fourth Capital Injection Agreement as well as all incidental documentation (including the amended constitutional documents and the supplemental joint venture agreement signed by all shareholders of Canton Risen).

### **Liabilities for breach**

In the event that Lianzhifu Investment fails to pay the amount of the Fourth Capital Injection within 90 days from 28 August 2019, CIH Finance, ZCXX, Yueqiao Assets Management, Dali Water Supply, Huaxing Glass and Canton Risen will be entitled to terminate the Fourth Capital Injection Agreement.

## **INVESTMENT GUARANTEE AGREEMENT**

In addition, on 20 August 2019, Lianzhifu Investment entered into the Investment Guarantee Agreement with Nanhai Canmanage, a wholly-owned subsidiary of the Company, as guarantor, whereby Nanhai Canmanage undertakes to guarantee Lianzhifu Investment the Agreed Investment Return for a term of 3 years in respect of the Fourth Capital Injection.

Pursuant to the Investment Guarantee Agreement, if the amount of the annual profit distribution of Canton Risen received by Lianzhifu Investment is less than the amount of the Agreed Investment Return, Nanhai Canmanage shall compensate Lianzhifu Investment such difference within 30 days from the date of the annual profit distribution. In the event that Canton Risen does not make any profit distribution during the year, Nanhai Canmanage shall pay Lianzhifu Investment the Agreed Investment Return within 3 months from the last date of that calendar year. Any amount of annual profit distribution of Canton Risen received by Lianzhifu Investment in excess of the Agreed Investment Return should be returned to Nanhai Canmanage.

## **Purchase of equity interests of Lianzhifu Investment in Canton Risen**

Nanhai Canmanage or its designated third party should pay the amount of the Fourth Capital Injection to Lianzhifu Investment to purchase the equity interests held by Lianzhifu Investment in Canton Risen within 1 month after the expiry of the guarantee period, during which the relevant assignment and transfer procedures should be carried out by Nanhai Canmanage or its designated third party.

Nanhai Canmanage shall continue to pay Lianzhifu Investment the Agreed Investment Return from the expiry of the term of the Investment Guarantee Agreement until Nanhai Canmanage or its designated third party has paid Lianzhifu Investment the amount of the Fourth Capital Injection in full in purchasing the equity interests held by Lianzhifu Investment in Canton Risen.

## **INFORMATION ON CANTON RISEN**

Canton Risen, established in the PRC on 19 December 2017, 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.

According to the audited financial statements of Canton Risen, the net asset value of Canton Risen was approximately RMB289,706,361 (equivalent to approximately HK\$321,863,767) as at 31 December 2018 and its net profits for the 12 months period ended 31 December 2018 before and after taxation were approximately RMB20,474,024 (equivalent to approximately HK\$22,746,641) and RMB15,346,061 (equivalent to approximately HK\$17,049,474) respectively.

## **INFORMATION ON THE PARTIES TO THE FOURTH CAPITAL INJECTION AGREEMENT AND THE INVESTMENT GUARANTEE AGREEMENT**

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.

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

ZCXXK, a wholly-owned subsidiary of the Company, is principally engaged in investment holding.

Yueqiao Assets Management, a company incorporated in the PRC with limited liability, is principally engaged in assets management.

Dali Water Supply, a company incorporated in the PRC, is principally engaged in real estate rental.

Huaxing Glass, a company incorporated in the PRC with limited liability, is principally engaged in the research and development, design and manufacturing of daily glass products.

Lianzhifu Investment, a company incorporated in the PRC with limited liability, is principally engaged in property and equity investment.

Nanhai Canmanage, a wholly-owned subsidiary of the Company, is principally engaged in property and project investment.

## **FINANCIAL EFFECT OF THE DEEMED DISPOSAL TO THE GROUP**

Upon completion of the Fourth Capital Injection, Canton Risen will remain a subsidiary of the Company according to the relevant accounting standard. The financial results of Canton Risen will continue to be consolidated by the Group. Therefore, it is expected that the Group will not record any gain or loss from the deemed disposal in the consolidated income statement of the Group.

## **USE OF THE FOURTH CAPITAL INJECTION AMOUNT**

The amount of the Fourth Capital Injection provided by Lianzhifu Investment will be used by Canton Risen in its ordinary course of business.

## **REASONS FOR AND BENEFITS OF ENTERING INTO OF THE FOURTH CAPITAL INJECTION AGREEMENT**

The principal business of Canton Risen continues to develop rapidly. The Company believes that the businesses of Canton Risen will be further strengthened with a broader equity holder base pooling resources and capabilities together while sharing in the associated risks. The Fourth Capital Injection will provide further source of capital for Canton Risen to develop its existing businesses while lightening the Group's financial load. The Group will continue to evaluate the funding needs of Canton Risen from time to time.

The Directors are of the view that the terms of the Fourth Capital Injection Agreement are on normal commercial terms and fair and reasonable and the Fourth Capital Injection and the transactions contemplated thereunder are in the interests of the Company and its Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

Following the completion of the Fourth Capital Injection, the Group's equity interest in Canton Risen will be reduced, which will constitute a deemed disposal of the Company's interest in a subsidiary pursuant to Rule 14.29 of the Listing Rules. As the applicable percentage ratios calculated in accordance with the Listing Rules in respect of the Fourth Capital Injection are more than 5% but less than 25%, the Fourth Capital Injection Agreement and the transactions of the Group contemplated thereunder constitute a discloseable transaction of the Company pursuant to Chapter 14 of the Listing Rules. The Fourth Capital Injection, when aggregated with the First Capital Injection, the Second Capital Injection and the Third Capital Injection, will not classify the matter in a transaction class higher than the major transaction already approved and disclosed as per the announcement and circular of the Company of 28 December 2018 and 15 February 2019 respectively.

## **DEFINITIONS**

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

“Agreed Investment Return”	a fixed investment return of 6% per year of the amount of the Fourth Capital Injection guaranteed by Nanhai Canmanage to Lianzhifu Investment
“Board”	the board of Directors of the Company
“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
“CIH Finance”	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



“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)
“connected persons”	shall have the meaning as ascribed to it under Listing Rules
“Dali Water Supply”	Foshan City Nanhai Dali Water Supply Company* (佛山市南海大瀝自來水公司), a collectively-owned enterprise incorporated in the PRC
“Director(s)”	the director(s) of the Company
“First Capital Injection”	the injection of RMB52,145,000 (equivalent to approximately HK\$57,933,095) by Yueqiao Assets Management in cash to the capital of Canton Risen pursuant to the terms of the First Capital Injection Agreement
“First Capital Injection Agreement”	the capital injection agreement dated 27 September 2018 entered into amongst CIH Finance, ZCXX, Yueqiao Assets Management and Canton Risen in relation to the First Capital Injection
“Fourth Capital Injection”	the injection of RMB52,146,900 (equivalent to approximately HK\$57,935,206) by Lianzhifu Investment in cash to the capital of Canton Risen pursuant to the terms of the Fourth Capital Injection Agreement
“Fourth Capital Injection Agreement”	the capital injection agreement dated 20 August 2019 entered into amongst CIH Finance, ZCXX, Yueqiao Assets Management, Dali Water Supply, Huaxing Glass, Lianzhifu Investment and Canton Risen in relation to the Fourth Capital Injection
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Huaxing Glass”	Foshan Huaxing Glass Co., Ltd.* (佛山華興玻璃有限公司), a company incorporated in the PRC with limited liability
“HK\$”	Hong Kong Dollar, the lawful currency of Hong Kong

“Investment Guarantee Agreement”	the investment guarantee agreement dated 20 August 2019 entered into between Lianzhifu Investment and Nanhai Canmanage
“Lianzhifu Investment”	Foshan City Nanhai District Lianzhifu Investment Co., Ltd.* ( 佛山市南海區聯智富投資有限公司 ), a company incorporated in the PRC with limited liability
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Nanhai Canmanage”	Foshan City Nanhai Canmanage Investments Holdings Limited* ( 佛山市南海康美投資有限公司 ), a wholly foreign-owned enterprise incorporated in the PRC with limited liability and a wholly-owned subsidiary of the Company
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong and the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Relevant Period”	the period between 31 August 2018 up to and including the date of completion of the Fourth Capital Injection (which will be the date on which Lianzhifu Investment has paid the amount of the Fourth Capital Injection to Canton Risen in full)
“RMB”	Renminbi, the lawful currency of the PRC
“Second Capital Injection”	the injection of RMB52,146,900 (equivalent to approximately HK\$57,935,206) made by Dali Water Supply in cash to the capital of Canton Risen pursuant to the terms of the Second Capital Injection Agreement
“Second Capital Injection Agreement”	the capital injection agreement dated 28 December 2018 entered into amongst CIH Finance, ZCXX, Yueqiao Assets Management, Dali Water Supply and Canton Risen in relation to the Second Capital Injection
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Third Capital Injection”	the injection of RMB52,146,900 (equivalent to approximately HK\$57,935,206) made by Huaxing Glass in cash to the capital of Canton Risen pursuant to the terms of the Third Capital Injection Agreement
“Third Capital Injection Agreement”	the capital injection agreement dated 10 April 2019 entered into between Canton Risen and Huaxing Glass in relation to the Third Capital Injection
“Yueqiao Assets Management”	Foshan City Yueqiao Assets Management Co., Ltd.* ( 佛山市粵樵資產管理有限公司 ), a company incorporated in the PRC with limited liability
“ZCXC”	Zhong Chuang Xing Ke (Shenzhen) Investments Company Limited* ( 中創興科 ( 深圳 ) 投資有限公司 ), a wholly foreign-owned enterprise incorporated in the PRC with limited liability and a wholly-owned subsidiary of the Company
“%”	per cent

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

Hong Kong, 22 August 2019

*As at the date of this announcement, the Board consists of five executive Directors, namely Mr. HE Xiangming (Chairman), Mr. LIN Pingwu (Managing Director), Mr. YOU Guang Wu (Director), Mr. HUANG Zhihe (Deputy Managing Director) and Ms. WANG Xin (Deputy Managing Director) and three independent non-executive Directors, namely Mr. CHAN Kwok Wai, Mr. CHEN Da Cheng and Mr. DENG Hong Ping.*

*For the purpose of this announcement, amounts denominated in RMB have been translated into HK\$ at the exchange rate of RMB1 = HK\$1.111. Such translations should not be construed as a representation that the amounts in question have been, could have been or could be converted at any particular rate at all.*

\* For identification purpose only