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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 ENTERING INTO OF LAND USE RIGHT LEASE AGREEMENTS

THE LUR LEASE AGREEMENTS

On 23 October 2018 (after trading hours), Sino Rock Tyco (a subsidiary of the Company) entered into the LUR Lease Agreements as lessee with the Landlords respectively, pursuant to which the Landlords will lease the Land Parcels to Sino Rock Tyco for an aggregate consideration of approximately RMB304,745,132 (equivalent to approximately HK\$343,752,509) for a term of approximately 33 years.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio calculated in accordance with the Listing Rules in respect of the transactions under the LUR Lease Agreements is more than 5% but less than 25%, the matter constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

THE LUR LEASE AGREEMENTS

The Board is pleased to announce that on 23 October 2018 (after trading hours), Sino Rock Tyco entered into the LUR Lease Agreement 1 and the LUR Lease Agreement 2 respectively with the Landlords, pursuant to which the Landlords will lease the Land Parcels to Sino Rock Tyco. Set out below is a summary of the principal terms of the LUR Lease Agreements:

Date:

23 October 2018 (after trading hours)

Parties:

LUR Lease Agreement 1:

- (1) Sino Rock Tyco, a subsidiary of the Company (as lessee); and
- (2) Landlord 1 (as lessor).

LUR Lease Agreement 2:

- (1) Sino Rock Tyco (as lessee); and
- (2) Landlord 2 (as lessor).

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Landlords and their respective ultimate beneficial owners are third parties independent of the Group and its connected persons.

The Land Parcels

Landlord 1 and Landlord 2 will respectively lease Land Parcel 1 and Land Parcel 2 to Sino Rock Tyco as follows:

- (1) **Land Parcel 1:** the unencumbered land use right for a piece of commercial land with a rental area of 54.35 acres situated at the Danzao Logistics Centre, Danzao Town, Nanhai District, Foshan City (佛山市南海區丹灶鎮丹灶物流中心) ; and
- (2) **Land Parcel 2:** the unencumbered land use right for a piece of industrial land with a rental area of 146.61 acres situated at the Danzao Logistics Centre, Danzao Town, Nanhai District, Foshan City (佛山市南海區丹灶鎮丹灶物流中心) .

The Land Parcels are expected to be recorded by the Company initially in the amount of approximately RMB130,828,860 (equivalent to approximately HK\$147,574,954) according to HKFRS 16.

Use

The Land Parcels are expected to be used for the development of industrial parks, the agreed construction period for which is 60 months from the date of the LUR Lease Agreements, within which Sino Rock Tyco is required to complete the relevant construction. Else, Sino Rock Tyco will be required to pay 120% of the then current rent for the period of delayed construction.

Sino Rock Tyco is also required to comply with the specific construction requirements implemented by the Western Nanhai District Planning Department. The Landlords will assist Sino Rock Tyco to facilitate communication, with a view of coordinating, with contractors with respect to public and infrastructure works in the vicinity.

Sino Rock Tyco may sub-lease the completed developments to third parties for a term not exceeding the term of the LUR Lease Agreements.

Lease term

The lease term of Land Parcel 1 will be approximately 33 years from 23 October 2018 or the date when Land Parcel 1 is delivered, whichever is later, to 9 August 2051; whereas the lease term of Land Parcel 2 will be approximately 33 years from 23 October 2018 or the date when Land Parcel 2 is delivered, whichever is later, to 20 December 2051.

Sino Rock Tyco may apply for an extension of the lease term under the LUR Lease Agreements by 6-month advance notice in writing.

Delivery

The Land Parcels were delivered on the date of the LUR Lease Agreements.

Consideration

The aggregate amount payable by Sino Rock Tyco pursuant to the LUR Lease Agreements will be approximately RMB304,745,132 (equivalent to approximately HK\$343,752,509), comprising:

- (1) **Rent:** in the first three years ending 22 October 2021, the annual rent payable by Sino Rock Tyco will be RMB30,000 per acre (equivalent to approximately HK\$33,840 per acre); and from 23 October 2021 onwards, the annual rent will be increased by 8% every three years; and
- (2) **Management fee:** Sino Rock Tyco will pay an annual management fee of RMB1.3 per square meter (equivalent to approximately HK\$1.47 per square meter) in enabling the settlement of land use tax by the Landlords specifically.

The consideration payable by Sino Rock Tyco pursuant to the LUR Lease Agreements was determined after arm's length negotiations between Sino Rock Tyco and the Landlords with reference to the rent, lease term and relevant tax charges in comparable market as well as the development prospects of the Land Parcels. The consideration is expected to be funded through the internal resources of Sino Rock Tyco.

Payment

The first annual rent and management fee payment shall be made upon the expiry of the 6-month rent-free period commencing on the date of delivery of the respective Land Parcels. Thereafter, the annual rent and management fee will be payable in full in advance before 15 January in respect of each year.

Security deposits

Within 10 days after the date of the LUR Lease Agreements, Sino Rock Tyco will pay security deposits of RMB800,000 (equivalent to approximately HK\$902,400) and RMB2,200,000 (equivalent to approximately HK\$2,481,600) to Landlord 1 and Landlord 2 respectively.

If, during the lease term, any amount has been forfeited or deducted by a Landlord from the relevant security deposit, Sino Rock Tyco will replenish the security deposit to its initial amount within 15 working days.

INFORMATION ON THE PARTIES

The Group is engaged in hotel investment, management and operation, property investments in both properties held for sale and investment properties, wellness elderly care businesses and finance leasing. 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.

Landlord 1 is principally engaged in property development, operation and management.

Landlord 2 is principally engaged in investment, management, development and construction of industrial park.

REASONS FOR AND BENEFITS OF ENTERING INTO OF THE LUR LEASE AGREEMENTS

The Land Parcels are expected to be used for industrial parks development for leasing to new energy related businesses, including electric vehicle and hydrogen powered fuel cell vehicle productions. As disclosed in the circular of the Company dated 19 December 2017, the Group sees a valuable investment opportunity to participate in the necessary infrastructure and supporting facility development in the Nanhai region, by capturing the commercial potential introduced by the PRC's national-level industry support policies to promote the transition for green development sustainable clean growth economy and "The Project of Accelerating the Development and Commercialisation of Fuel Cell Vehicles in China (促進中國燃料電池汽車商業化發展項目) launched by the United Nations Development Programme, the PRC Ministry of Finance and the PRC Ministry of Science and Technology.

The Directors are of the view that the terms of the LUR Lease Agreements are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

LISTING RULES IMPLICATION

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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)
“connected persons”	shall have the meaning as ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong Dollar, the lawful currency of Hong Kong
“Landlords”	Landlord 1 and Landlord 2
“Landlord 1”	Foshan City Nanhai District Danzao Town Land Resources Development Ltd.* (佛山市南海區丹灶鎮土地資源開發公司), a collectively-owned enterprise incorporated in the PRC
“Landlord 2”	Foshan City Nanhai Lianyun Investment Co., Ltd.* (佛山市南海聯運投資有限公司), a company incorporated in the PRC with limited liability

“Land Parcels”	Land Parcel 1 and Land Parcel 2
“Land Parcel 1”	as defined in the section headed “The Land Parcels” in this announcement
“Land Parcel 2”	as defined in the section headed “The Land Parcels” in this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“LUR Lease Agreements”	the LUR Lease Agreement 1 and the LUR Lease Agreement 2
“LUR Lease Agreement 1”	the lease agreement dated 23 October 2018 entered into between Landlord 1 and Sino Rock Tyco
“LUR Lease Agreement 2”	the lease agreement dated 23 October 2018 entered into between Landlord 2 and Sino Rock Tyco
“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
“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

“%”

per cent

On behalf of
China Investments Holdings Limited
HE Xiangming
Chairman

Hong Kong, 24 October 2018

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\$1.128. 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*