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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 DESIGN AND CONSTRUCTION AGREEMENT

The Board is pleased to announce that on 20 September 2022, upon the successful conclusion of an open tender process at Foshan Public Resources Trading Platform (佛山市公共資源交易信息化綜合平台), Guangdong Taoyuan has entered into with the successful bidder the EPC Agreement, pursuant to which the Consortium has been engaged as the general contractor for design and construction works for the Elderly Home Site. The consideration payable by Guangdong Taoyuan under the EPC Agreement is RMB136,220,443.70 (equivalent to approximately HK\$152,430,676.50).

As the highest of the applicable percentage ratios for the transactions contemplated under the EPC Agreement exceeds 5% but is less than 25%, the entering into of the EPC Agreement constituted a discloseable transaction for the Company under the Listing Rules.

THE EPC AGREEMENT

The Board is pleased to announce that upon the successful conclusion of an open tender process at the Foshan Public Resources Trading Platform (佛山市公共資源交易信息化綜合平台), Guangdong Taoyuan has entered into with the successful bidder the EPC Agreement, the principal terms of which are as follows:—

Date:

20 September 2022

* For identification purpose only

Parties:

- (1) Principal: Guangdong Taoyuan, a subsidiary of the Company; and
- (2) Successful bidder: the Consortium comprising Guangdong Yingju Construction and Guangdong Jianke.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Consortium and its ultimate beneficial owner is each a third party independent of the Company and its connected persons under the Listing Rules.

Subject matter

The Consortium has been engaged as the general contractor for design and construction works for the Elderly Home Site. Non-essential works may be sub-contracted out by the Consortium with Guangdong Taoyuan's consent.

It is expected that all works will be completed within approximately 18 months from the date of 30 September 2022.

Consideration

The consideration amount payable by Guangdong Taoyuan under the EPC Agreement is RMB136,220,443.70 (equivalent to approximately HK\$152,430,676.50), subject to adjustment upon completion, comprising:–

- (i) a design fee of RMB1,770,098.25 (equivalent to approximately HK\$1,980,739.94); and
- (ii) a construction fee of RMB134,450,345.45 (equivalent to approximately HK\$150,449,936.56).

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 material adjustments are made) if and as required under the Listing Rules.

The consideration amount was determined through open tender with reference to the ceiling bid price and discount offered by the Consortium, the scope of work involved and estimated costs and expenses necessary for the design and construction services of the Elderly Home Site.

Payment terms

The consideration payment will be satisfied in cash through internal resources of the Group and external loans. Guangdong Taoyuan will pay to the Consortium the consideration in the following manner:

- (i) Design fee – 20% within 10 working days after the signing of the EPC Agreement, 40% within 10 working days after receiving the construction permit issued by the relevant government authority, 20% within 10 working days after the completion of works, and 20% after the passing of completion inspection subject to 3% being retained as quality assurance deposit; and
- (ii) Construction fee – up to 80% based on the monthly assessment of the work performed by the Consortium from time to time and up to 100% post completion inspection, subject to 3% being similarly 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

The Consortium will arrange for an amount equivalent to 10% of the total consideration for the EPC Agreement (representing RMB13,622,044.37 (equivalent to approximately HK\$15,243,067.65)) to be paid to Guangdong Taoyuan as performance guarantee. Such amount will be released by Guangdong Taoyuan within 30 days after the passing of completion inspection of the works under the EPC Agreement.

REASONS FOR AND BENEFITS OF ENTERING INTO THE EPC AGREEMENT

Guangdong Taoyuan is authorized 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) to operate its elderly assets in Nanhai Welfare Centre* (南海區社會福利中心) and to develop elderly business in Nanhai District, Foshan City for a period of 40 years, commencing from 1 September 2021 to 31 August 2061. The construction of the Elderly Home Site is in furtherance to the Group's direction of developing a three-tier elderly care system comprising institutions, communities and households with integration of medical and care services in Nanhai District, Foshan City.

Having considered the qualification and experience on similar projects and tender responses of the potential contractors through the tendering process, Guangdong Taoyuan considers that the Consortium is able to provide the necessary design and construction services for implementing the EPC Agreement.

The Directors consider that the EPC Agreement and the transactions contemplated thereunder are on normal commercial terms and fair and reasonable and in the best interests of the Group and 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 5% but is less than 25%, the entering into of the EPC Agreement constituted a discloseable transaction for the Company under the Listing Rules.

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 and 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.

Guangdong Taoyuan

Guangdong Taoyuan is a subsidiary of the Company, which is principally engaged in the provision of comprehensive elderly care services in the PRC.

The Consortium

Guangdong Yingju Construction is principally engaged in construction engineering works including residential interior renovation, landscaping construction works, building materials sales, earthwork construction and construction machinery leasing. Guangdong Yingju Construction is directly owned as to 49% by Mr. Zhu Tao, a PRC individual, and 51% by Shenzhen Magic Decoration.

Guangdong Jianke is principally engaged in engineering survey and design and project management including soil and water conservation monitoring and technical consultation, various urban and rural landscape related planning and design services, post-decoration, decoration and cleaning of construction projects and other related ancillary services. Guangdong Jianke is indirectly wholly-owned by the State-owned Assets Supervision and Administration Commission of the People's Government of Guangdong Province* (廣東省人民政府國有資產監督管理委員會).

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)
“Consortium”	A consortium comprising Guangdong Yingju Construction and Guangdong Jianke
“Director(s)”	the director(s) of the Company
“Elderly Home Site”	an elderly home to be constructed with a gross floor area of 28,416 square metre at a site situated in Luocun, Shishan Town, Nanhai District, Foshan City, Guangdong Province, the PRC
“EPC Agreement”	the design and construction agreement dated 20 September 2022 entered into between Guangdong Taoyuan and the Consortium in relation to the Elderly Home Site
“Group”	the Company and its subsidiaries
“Guangdong Jianke”	Guangdong Province Jianke Architectural Design Institute Co., Ltd.* (廣東省建科建築設計院有限公司), a company incorporated in the PRC with limited liability
“Guangdong Taoyuan”	Guangdong Taoyuan Comprehensive Health Operation Co., Ltd. (廣東桃苑大健康產業運營有限公司), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of the Company
“Guangdong Yingju Construction”	Guangdong Yingju Construction Engineering Co., Ltd.* (廣東英聚建築工程有限公司), a company incorporated 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
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“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
“Shenzhen Magic Decoration”	Shenzhen Magic Design and Decoration Engineering Co. Ltd.* (深圳市美芝裝飾設計工程股份有限公司), a PRC company, the shares of which are listed on the Shenzhen Stock Exchange (SZ: 002856) and is ultimately controlled by the State-owned Assets Supervision and Administration Bureau of Foshan City, Nanhai District* (佛山市南海區國有資產監督管理局)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

On behalf of
China Investments Holdings Limited
HE Xiangming
Chairman

Hong Kong, 21 September 2022

As at the date of this announcement, the Board consists of six executive Directors, namely Mr. HE Xiangming (Chairman), Mr. FU Weiqiang (Managing Director), Mr. YOU Guang Wu (Director), Mr. HUANG Zhihe (Deputy Managing Director), Ms. WANG Xin (Deputy Managing Director) and Mr. CHENG Weidong (Deputy Managing Director) and three independent non-executive Directors, namely Mr. CHAN Kwok Wai, Mr. DENG Hong Ping and Mr. PENG Xinyu.

For the purpose of this announcement, amounts denominated in RMB have been translated into HK\$ at the indicative exchange rate of RMB1 = HK\$1.119.

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