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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 PROCUREMENT AND CONSTRUCTION AGREEMENT

The Board is pleased to announce that on 28 April 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 bidder, pursuant to which the Consortium has been engaged as the general contractor for the survey, design and construction works for the New Energy Factory Project. The consideration payable by Sino Rock Tyco under the EPC Agreement is RMB202,190,200 (equivalent to approximately HK\$229,283,687).

As one of the applicable percentage ratios calculated in accordance with the Listing Rules in respect of the EPC Agreement exceeds 25% but all of them are less than 100%, the EPC Agreement and the transactions contemplated thereunder constitute a major transaction of the Company pursuant to Chapter 14 of the Listing Rules.

As no Shareholder is considered to be materially interested in the EPC Agreement or required to abstain from voting at any general meeting of the Company approving the transactions contemplated under the EPC Agreement, 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 at the date of this announcement). As such, the Company is exempted from convening a general meeting of its Shareholders to approve the transactions contemplated under the EPC Agreement.

A circular containing further information on the transaction is expected to be despatched to the Shareholders on or before 22 May 2023.

THE EPC AGREEMENT

The Board is pleased to announce that upon the successful conclusion of the open tender at the 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 bidder, the principal terms of which are as follows: –

Date:

28 April 2023

Parties:

(1) Principal: Sino Rock Tyco, a subsidiary of the Company; and

(2) Successful bidder: the Consortium

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

Subject matter

The Consortium has been engaged as the general contractor for the survey, design and construction works for the New Energy Factory Project. Non-essential works may be sub-contracted out by the Consortium with Sino Rock Tyco's consent.

It is expected that all works will be completed within 18 months from the date of the EPC Agreement (i.e. on or before 27 October 2024).

Consideration

The consideration amount payable by Sino Rock Tyco under the EPC Agreement is RMB202,190,200 (equivalent to approximately HK\$229,283,687), subject to adjustments upon completion, comprising:–

- (i) a survey fee of RMB368,200 (equivalent to approximately HK\$417,539);
- (ii) a design fee of RMB2,370,000 (equivalent to approximately HK\$2,687,580); and
- (iii) a construction and installation fee of RMB199,452,000 (equivalent to approximately HK\$226,178,568).

The final consideration may be adjusted upon completion with reference to factors including any change in construction work, increase in construction costs due to amendments made in the 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, its relevant experience, the scope of work involved and estimated costs and expenses necessary for the survey, design and construction of the New Energy Factory Project.

Payment terms

The consideration payment will be satisfied in cash through internal resources and/or available facilities of the Group. Sino Rock Tyco will pay to the Consortium 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, 25% within 30 days after receiving the construction planning permit issued by the relevant government authority, 35% 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 fee – up to 85% based on the monthly assessment of the work performed by the Consortium from time to time, up to 90% after the completion of works and up to 100% post completion inspection, 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

The Consortium has provided Sino Rock Tyco with a performance guarantee by way of a letter of guarantee issued by bank with the term from 25 April 2023 to 31 October 2024. The amount of performance guarantee is equivalent to 10% of the total consideration for the EPC Agreement (representing approximately RMB20,219,020 (equivalent to approximately HK\$22,928,369)).

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 Town, Nanhai District, Foshan City, the PRC for leasing to new energy related businesses, including electric vehicle and hydrogen powered fuel cell vehicle productions. Income from the Danzao Industry Park helps 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.

Having considered the tender responses of the potential contractors through tender, Sino Rock Tyco considers that the Consortium is able to provide the necessary survey, design, procurement and construction services 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 one of the applicable percentage ratios calculated in accordance with the Listing Rules in respect of the EPC Agreement exceeds 25% but all of them are less than 100%, the EPC Agreement and the transactions contemplated thereunder constitute a major transaction of the Company pursuant to Chapter 14 of the Listing Rules.

As no Shareholder is considered to be materially interested in the EPC Agreement or required to abstain from voting at any general meeting of the Company approving the transactions contemplated under the EPC Agreement, 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 at the date of this announcement). As such, the Company is exempted from convening a general meeting of its Shareholders to approve the transactions contemplated under the EPC Agreement.

A circular containing further information on the transaction is expected to be despatched to the Shareholders on or before 22 May 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.

The Consortium

Guangdong Structural Engineering

Guangdong Structural Engineering is a limited liability company established under the laws of the PRC and is principally engaged in provision of housing construction, municipal public works construction and concrete prefabricated components. Guangdong Structural Engineering is indirectly owned as to approximately 40% 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 approximately 60% by Guangdong No. 2 Hydropower Engineering Co., Ltd.* (廣東水電二局股份有限公司), a stated-owned enterprise established under the laws of the PRC and a company listed on the Shenzhen Stock Exchange (stock code: 002060).

Hangzhou Urban Construction Design Institute

Hangzhou Urban Construction Design Institute is a limited liability company established under the laws of the PRC and is principally engaged in provision of engineering design and engineering consulting. Hangzhou Urban Construction Design Institute is owned as to approximately 17.66% by Hangzhou Urban Construction Design Institute's union committee* (杭州市城建設計研究院有限公司工會委員會) which comprises all employees of Hangzhou Urban Construction Design Institute and each employee entitled to equal rights in the union committee (for reference, Hangzhou Urban Construction Design Institute has 672 employees as at the date of this announcement), and as to approximately 82.34% in total by 42 employees of the Hangzhou Urban Construction Design Institute, save for five employees who hold approximately 10.36% by Yang Shulin (楊書林), 7.48% by Zhao Linqiang (趙林強), 6.10% by Wang Zhengfa (王正法), 5.60% by Wang Yingen (王銀根), 5.10% by Jin Tiande (金天德), the other 37 employees hold no more than 5% respectively.

East China 267 Institute

East China 267 Institute is an enterprise owned by the whole people and established under the laws of the PRC and is principally engaged in the provision of engineering survey, surveying and mapping, geological disaster prevention and assessment. East China 267 Institute is directly wholly-owned by the state-owned No. 3 Geological Party, Jiangxi Bureau of Geology* (江西省地質局第三地質大隊).

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”	the consortium comprising Guangdong Structural Engineering, Hangzhou Urban Construction Design Institute and East China 267 Institute
“Danzao Industry Park”	The new energy industrial park in Danzao Town, Nanhai District, Foshan City, the PRC operated by the Group
“Director(s)”	the director(s) of the Company
“EPC Agreement”	the engineering design, procurement and construction agreement dated 28 April 2023 entered into between Sino Rock Tyco and the Consortium for the New Energy Factory Project
“East China 267 Institute”	East China 267 Engineering Survey Institute of Nuclear Industry* (核工業華東二六七工程勘察院), a whole people owned enterprise incorporated in the PRC
“Group”	the Company and its subsidiaries

“Guangdong Structural Engineering”	Guangdong Structural Engineering Construction Co., Ltd.* (廣東省構建工程建設有限公司), a company incorporated in the PRC with limited liability
“Hangzhou Urban Construction Design Institute”	Hangzhou Urban Construction Design and Research Institute Co., Ltd.* (杭州市城建設計研究院有限公司), 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
“New Energy Factory Project”	a new energy factory project comprises 4 single storey factories, a four-storey factory and a seven-storey complex building to be constructed with a gross floor area of approximately 86,000 square metres at a site situated in plot number 13, 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

“%”

per cent

On behalf of
China Investments Holdings Limited
HE Xiangming
Chairman

Hong Kong, 28 April 2023

As at the date of this announcement, the Board consists of three executive Directors, namely Mr. HE Xiangming (Chairman), Mr. FU Weiqiang (Managing Director) and Mr. YOU Guang Wu 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\$1.134.

* *For identification purpose only*