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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 TRANSACTIONS
ENTERING INTO FINANCE LEASES AS THE LESSOR**

A letter from the Board is set out on pages 4 to 11 of this circular.

The transactions being the subject matter of this circular have been approved by written shareholders' approvals pursuant to the Listing Rules and this circular is being despatched to the Shareholders for information only.

17 October 2023

* *For identification purpose only*

CONTENTS

	<i>Page</i>
DEFINITIONS	1
LETTER FROM THE BOARD	4
APPENDIX I – FINANCIAL INFORMATION OF THE GROUP	I-1
APPENDIX II – GENERAL INFORMATION	II-1

DEFINITIONS

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

“Assets A1”	shall have the meaning as disclosed in the section headed “(A) THE FINANCE LEASES A – Information on the Assets A” in this circular
“Assets A2”	shall have the meaning as disclosed in the section headed “(A) THE FINANCE LEASES A – Information on the Assets A” in this circular
“Assets A”	collectively, Assets A1 and Assets A2
“Assets B”	shall have the meaning as disclosed in the section headed “(B) THE FINANCE LEASE B – Information on the Assets B” in this circular
“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)
“Director(s)”	the director(s) of the Company
“Existing Finance Lease A”	the finance lease agreement and incidental documentation dated 18 September 2023 entered into between Greengold Leasing and Lessee A, the details of which have been disclosed in the announcement of the Company dated 18 September 2023
“Finance Lease A1”	the finance lease agreement and the relevant Incidental Documentation A dated 25 September 2023 entered into between Greengold Leasing and Lessee A in relation to the transfer of ownership and lease back of the Assets A1
“Finance Lease A2”	the finance lease agreement and the relevant Incidental Documentation A dated 25 September 2023 entered into between Greengold Leasing and Lessee A in relation to the transfer of ownership and lease back of the Assets A2
“Finance Leases A”	collectively, the Finance Lease A1 and the Finance Lease A2

DEFINITIONS

“Finance Lease B”	the finance lease agreement and the Incidental Documentation B dated 25 September 2023 entered into between Greengold Leasing and Lessee B in relation to the transfer of ownership and lease back of the Assets B
“Greengold Leasing”	Canton Greengold Financial Leasing Ltd.* (廣東綠金融租賃有限公司), a company incorporated in the PRC with limited liability and a subsidiary of the Company
“Group”	the Company and its subsidiaries
“Guarantor B”	Zhaoqing Gaoxin Investment Holdings Ltd.* (肇慶高新區投資控股有限公司), a Company incorporated in the PRC, which is a state-owned enterprise wholly controlled by Zhaoqing High-Tech Industry Development Zone Administration Committee* (肇慶高新技術產業開發區管理委員會), and an Independent Third Party
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong Dollar, the lawful currency of Hong Kong
“Incidental Documentation A”	the transfer agreements incidental to the Finance Leases A
“Incidental Documentation B”	the agreements incidental to the Finance Lease B, including the transfer agreement, the consultancy agreement and the guarantee
“Independent Third Party(ies)”	(an) independent third party(ies) not connected with the Group and any Director, chief executive or substantial shareholder of the Group or any of its subsidiaries or their respective associate of any of them as defined in the Listing Rules
“Latest Practicable Date”	12 October 2023, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information for inclusion in this circular
“Lessee A”	Foshan Nanhai Xiqiao Construction Investment Co., Ltd.* (佛山市南海區西樵建設投資有限公司), a company incorporated in the PRC with limited liability, which is a state-owned enterprise ultimately controlled by the Public Assets Office of Xiqiao Town, Nanhai District, Foshan City* (佛山市南海區西樵鎮公有資產管理委員會辦公室), and an Independent Third Party

DEFINITIONS

“Lessee B”	Zhaoqing Gaoxin Construction Investment Development Limited* (肇慶市高新區建設投資開發有限公司), a company incorporated in the PRC with limited liability, which is ultimately controlled by Guarantor B, and an Independent Third Party
“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 circular, 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
“SFO”	the Securities and Future Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	the ordinary share(s) of HK\$0.10 each of the Company
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

* For identification purpose only

LETTER FROM THE BOARD



CHINA INVESTMENTS HOLDINGS LIMITED

中國興業控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 132)

Executive Directors:

He Xiangming (*Chairman*)

Fu Weiqiang (*President*)

You Guang Wu

Registered office:

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

Non-executive Director:

Shi Xuguang

Independent Non-executive Directors:

Chan Kwok Wai

Peng Xinyu

Lin Junxian

17 October 2023

To the Shareholders

Dear Sir or Madam,

MAJOR TRANSACTIONS ENTERING INTO FINANCE LEASES AS THE LESSOR

INTRODUCTION

Reference is made to the announcement of the Company dated 25 September 2023 in relation to the entering into of (i) the Finance Leases A with Lessee A to obtain the ownership of Assets A at an aggregate consideration of RMB150,000,000 (equivalent to approximately HK\$161,100,000), which would be leased back to Lessee A for its use and possession for a term of 5 years; and (ii) the Finance Lease B with Lessee B to obtain the ownership of Assets B at a consideration of RMB100,000,000 (equivalent to approximately HK\$107,400,000), which would be leased back to Lessee B for its use and possession for a term of 5 years.

The purpose of this circular is to provide you with, among other things, further information on the Finance Leases A and Finance Lease B and other information as required under the Listing Rules.

LETTER FROM THE BOARD

THE FINANCE LEASES A AND FINANCE LEASE B

Set out below is a summary of the principal terms of the Finance Leases A and Finance Lease B:–

(A) THE FINANCE LEASES A

Date:

25 September 2023

The Finance Leases A will take effect upon compliance of the applicable requirements of the Listing Rules by the Company.

Parties:

- (1) Greengold Leasing, a subsidiary of the Company, as the lessor; and
- (2) Lessee A.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Lessee A and its ultimate beneficial owner are Independent Third Parties.

Transfer of the Assets A and consideration

Greengold Leasing will be transferred the unencumbered ownership of Assets A1 and Assets A2 from Lessee A on an "as-is" basis at the consideration of RMB80,000,000 (equivalent to approximately HK\$85,920,000) and RMB70,000,000 (equivalent to approximately HK\$75,180,000) in cash pursuant to Finance Lease A1 and Finance Lease A2 respectively, payable within 12 months from the date of the Finance Leases A. The transfer agreements were entered into between Greengold Leasing and Lessee A on the date of the Finance Leases A, effecting the terms of the Finance Leases A in relation to the transfer of the Assets A from Lessee A to Greengold Leasing above.

Such consideration amount was determined following arm's length negotiations by the parties to the Finance Leases A with reference to the amount of Assets A1 and Assets A2 of approximately RMB92,630,000 (equivalent to approximately HK\$99,485,000) and RMB83,687,000 (equivalent to approximately HK\$89,880,000) as valued by an independent valuer as at 31 July 2023 respectively, and their state, which were reviewed by Greengold Leasing's experienced leasing team. The consideration amount for the ownership of the Assets A will be funded through the internal resources of the Group and/or external banking facilities.

Lease period

Greengold Leasing will lease back the Assets A to Lessee A for its use and possession for a term of 5 years commencing from the day the relevant consideration for Assets A1 and Asset A2 transfer has been paid respectively by Greengold Leasing.

LETTER FROM THE BOARD

Payments under the Finance Leases A

In respect of Finance Lease A1, the total amount of lease payments is approximately RMB94,348,000 (equivalent to approximately HK\$101,330,000), comprising (a) the lease principal payment of RMB80,000,000 (equivalent to approximately HK\$85,920,000) and (b) the aggregate lease interest of approximately RMB14,348,000 (equivalent to approximately HK\$15,410,000). Both the lease principal and interest will be paid quarterly over the lease period.

In respect of Finance Lease A2, the total amount of lease payments is approximately RMB82,645,000 (equivalent to approximately HK\$88,761,000), comprising (a) the lease principal payment of RMB70,000,000 (equivalent to approximately HK\$75,180,000) and (b) the aggregate lease interest of approximately RMB12,645,000 (equivalent to approximately HK\$13,581,000). Both the lease principal and interest will be paid quarterly over the lease period.

The terms of the Finance Leases A, including the lease principal and interest, were determined after arm's length negotiations between the parties to the Finance Leases A with reference to the lending and interest rate environment including the prime lending rate published by the National Interbank Funding Center from time to time (for reference purpose, the prevailing prime lending rate was 3.45% as at the date of the Finance Leases A), and adjustments taking into account the principal amount of the Finance Leases A and availability of funds, the interest risk of financing and servicing costs over the lease period, the credit risks associated and the targeted overall return and risk tolerance of the Group for the Finance Leases A on a case by case basis.

Termination and transfer of the Assets A to Lessee A

Lessee A may terminate the Finance Leases A provided that all outstanding amounts due thereunder and a compensation equivalent to 20% of the total outstanding lease interest amount as at the time of early termination have been settled. At the end of the lease period or in the event of an early termination of the Finance Leases A, subject to the settlement of all outstanding amounts due, Lessee A had agreed to purchase the Assets A at a nominal purchase price of RMB1 each (equivalent to approximately HK\$1.074).

Information on the Assets A

Assets A1 comprise certain designated facilities of vehicles parking and equipment and facilities of ventilation, lighting, water supply and drainage and lightning protection situated in Foshan City, Guangdong Province.

Assets A2 comprise other designated facilities of vehicles parking and equipment and facilities of ventilation, lighting, water supply and drainage and lightning protection situated in Foshan City, Guangdong Province.

Lessee A will bear any maintenance, taxation and other costs and levies associated with the Assets A.

LETTER FROM THE BOARD

(B) THE FINANCE LEASE B

Date:

25 September 2023

The Finance Lease B will take effect upon compliance of the applicable requirements of the Listing Rules by the Company.

Parties:

- (1) Greengold Leasing, a subsidiary of the Company, as the lessor;
- (2) Lessee B; and
- (3) Guarantor B (in relation to the guarantee).

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Lessee B, Guarantor B and their ultimate beneficial owners are Independent Third Parties.

Transfer of the Assets B and consideration

Greengold Leasing will be transferred the unencumbered ownership of the Assets B from Lessee B on an "as-is" basis at the consideration of RMB100,000,000 (equivalent to approximately HK\$107,400,000) in cash pursuant to the Finance Lease B, payable within 12 months from the date of the Finance Lease B. The transfer agreement was entered into between Greengold Leasing and Lessee B on the date of the Finance Lease B, effecting the terms of the Finance Lease B in relation to the transfer of the Assets B from Lessee B to Greengold Leasing above.

Such consideration amount was determined following arm's length negotiations by the parties to the Finance Lease B with reference to the amount of the Assets B of approximately RMB168,257,000 (equivalent to approximately HK\$180,708,000) as valued by an independent valuer as at 31 March 2023, and their state, which were reviewed by Greengold Leasing's experienced leasing team. The consideration amount for the ownership of the Assets B will be funded through the internal resources of the Group and/or external banking facilities.

Lease period

Greengold Leasing will lease back the Assets B to Lessee B for its use and possession for a term of 5 years commencing from the day the consideration for the Assets B transfer has been paid by Greengold Leasing.

LETTER FROM THE BOARD

Payments under the Finance Lease B

The total amount of lease payments for the Finance Lease B is approximately RMB115,707,000 (equivalent to approximately HK\$124,269,000), comprising (a) the lease principal payment of RMB100,000,000 (equivalent to approximately HK\$107,400,000) and (b) the aggregate lease interest and other fees and expenses under the Incidental Documentation B of approximately RMB15,707,000 (equivalent to approximately HK\$16,869,000). Both the lease principal and interest will be paid quarterly over the lease period.

The terms of the Finance Lease B, including the lease principal and interest, were determined after arm's length negotiations between the parties to the Finance Lease B with reference to the lending and interest rate environment including the prime lending rate published by the National Interbank Funding Center from time to time (for reference purpose, the prevailing prime lending rate was 3.45% as at the date of the Finance Lease B), and adjustments taking into account the principal amount of the Finance Lease B and availability of funds, the interest risk of financing and servicing costs over the lease period, the credit risks associated and the targeted overall return and risk tolerance of the Group for the Finance Lease B on a case by case basis.

Termination and transfer of the Assets B to Lessee B

Lessee B may terminate the Finance Lease B provided that all outstanding amounts due thereunder and a compensation equivalent to 20% of the total outstanding lease interest amount as at the time of early termination have been settled. At the end of the lease period or in the event of an early termination of the Finance Lease B, subject to the settlement of all outstanding amounts due, Lessee B had agreed to purchase the Assets B at a nominal purchase price of RMB100 (equivalent to approximately HK\$107.4).

Guarantee deposit

Lessee B will pay an interest-free deposit of RMB5,000,000 (equivalent to approximately HK\$5,370,000) to Greengold Leasing on the same day the consideration for the Assets B transfer has been paid by Greengold Leasing to secure its payment obligations under the Finance Lease B.

Guarantee

Guarantor B had executed a guarantee on the date of the Finance Lease B guaranteeing Greengold Leasing the due and punctual settlement of any and all amount payable by Lessee B under the Finance Lease B.

Information on the Assets B

Assets B comprise certain designated equipment and facilities for rainwater and sewage conveyance situated in Zhaoqing City, Guangdong Province.

Lessee B will bear any maintenance, taxation and other costs and levies associated with the Assets B.

LETTER FROM THE BOARD

REASONS FOR AND BENEFITS OF ENTERING INTO THE FINANCE LEASES A AND FINANCE LEASE B

The entering into of the Finance Leases A and Finance Lease B is part of Greengold Leasing's ordinary and usual course of business and is expected to provide a stable revenue and cashflow to the Group.

The Directors consider that the Finance Leases A and Finance Lease B and the transactions contemplated thereunder are on normal commercial terms which are made on an arm's length basis and are fair and reasonable and in the best interests of the Group and the Shareholders as a whole.

FINANCIAL EFFECTS OF THE FINANCE LEASES ARRANGEMENTS

The Finance Leases A is expected to attribute approximately RMB26,993,000 (equivalent to approximately HK\$28,991,000) to the Group's turnover, from the aggregate interest income over the whole period of such Finance Leases. On the other hand, the Group is expected to bear the aggregate loan interest payments of approximately RMB23,750,000 (equivalent to approximately HK\$25,508,000) to the Group's cost of sales in respect of secured external loans.

As at the date when the consideration for the Assets A transfer was paid, the Group had also recorded on its balance sheet the Finance Lease receivables of RMB150,000,000 (equivalent to approximately HK\$161,100,000) in respect of such Finance Leases and borrowings by the Group of the same amount of RMB143,000,000 (equivalent to approximately HK\$153,582,000) and decreased cash and cash equivalents of RMB7,000,000 (equivalent to approximately HK\$7,518,000) of the Group.

The Finance Lease B is expected to attribute approximately RMB15,707,000 (equivalent to approximately HK\$16,869,000) to the Group's turnover, from the aggregate interest income and other fees and expenses over the whole period of such Finance Lease. On the other hand, the Group is expected to bear the aggregate loan interest payments of approximately RMB9,506,000 (equivalent to approximately HK\$10,209,000) to the Group's cost of sales in respect of secured external loans.

As at the date when the consideration for the Assets B transfer was paid, the Group had also recorded on its balance sheet the Finance Lease receivables of RMB100,000,000 (equivalent to approximately HK\$107,400,000) in respect of such Finance Lease, borrowings by the Group of RMB80,000,000 (equivalent to approximately HK\$85,920,000) and decreased cash and cash equivalents of RMB20,000,000 (equivalent to approximately HK\$21,480,000) of the Group.

LISTING RULES IMPLICATION

As one of the applicable percentage ratios for the transactions contemplated under the Finance Leases A, whether on a standalone basis or an aggregated basis with the transactions under the Existing Finance Lease A, exceeds 25% but all of them are less than 100%, the entering into of the Finance Leases A constitutes a major transaction for the Company under the Listing Rules and is subject to the announcement, circular and shareholders' approval requirements under the Listing Rules.

LETTER FROM THE BOARD

As one of the applicable percentage ratios for the transactions contemplated under the Finance Lease B exceeds 25% but all of them are less than 100%, the entering into of the Finance Lease B constitutes a major transaction for the Company under the Listing Rules and is subject to the announcement, circular and shareholders' approval requirements under the Listing Rules.

No Shareholder is materially interested in the Finance Leases A and Finance Lease B and no Shareholder is required to abstain from voting at a general meeting of the Company approving the transactions contemplated under the Finance Leases A and Finance Lease B respectively, and the Company has, pursuant to Rule 14.44 of the Listing Rules, obtained written approvals of the transactions contemplated under the Finance Leases A and Finance Lease B respectively 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 such, the Company is exempt from convening a general meeting to approve the transactions contemplated under the Finance Leases A and Finance Lease B.

PRINCIPAL BUSINESSES OF 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.

Greengold Leasing

Greengold Leasing is a subsidiary of the Company, which is principally engaged in the provision of finance, including through finance leasing, with a focus on environmental protection projects in the PRC.

The lessees

Lessee A is a limited liability company established in the PRC and is principally engaged in asset operation and management in the PRC.

Lessee B is a limited liability company established in the PRC and is principally engaged in industrial park infrastructure investment, land development, investment promotion, services and consultation in the PRC.

The guarantor

Guarantor B is a limited liability company established in the PRC and is principally engaged in investment and asset management in the PRC.

LETTER FROM THE BOARD

RECOMMENDATIONS

The Directors consider that the terms of the Finance Leases A and Finance Lease B and the transactions contemplated thereunder are on normal commercial terms which are made on an arm's length basis and are fair and reasonable, and in the best interests of the Group and the Shareholders as a whole.

Accordingly, if a general meeting were to be convened, the Board would recommend the Shareholders to vote in favour of the ordinary resolutions to approve the Finance Leases A and Finance Lease B and the transactions contemplated thereunder at such general meeting.

ADDITIONAL INFORMATION

Your attention is drawn to the financial and general information as set out in the appendices to this circular.

On behalf of
China Investments Holdings Limited
HE Xiangming
Chairman

* *For identification purpose only*

1. FINANCIAL INFORMATION OF THE GROUP

Details of the audited consolidated financial information of the Group for each of the three years ended 31 December 2020, 2021 and 2022 are disclosed in the following annual reports of the Company for the years ended 31 December 2020, 2021 and 2022 respectively, and details of the unaudited consolidated interim financial information of the Group for the six months ended 30 June 2023 are disclosed in the following interim report of the Company for the six months ended 30 June 2023, which have been published and are available on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (<http://chinainvestments.tonghaiir.com>):

- the annual report 2020 of the Company for the year ended 31 December 2020 which was published on 29 April 2021 (available on: <https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0429/2021042901219.pdf>), please refer to pages 75 to 273 in particular;
- the annual report 2021 of the Company for the year ended 31 December 2021 which was published on 28 April 2022 (available on: <https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0428/2022042802012.pdf>), please refer to pages 126 to 301 in particular;
- the annual report 2022 of the Company for the year ended 31 December 2022 which was published on 27 April 2023 (available on: <https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0427/2023042700579.pdf>), please refer to pages 131 to 309 in particular; and
- the interim report 2023 of the Company for the six months ended 30 June 2023 which was published on 20 September 2023 (available on: <https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0920/2023092000384.pdf>), please refer to pages 25 to 84 in particular.

2. INDEBTEDNESS STATEMENT

As at the close of business on 31 August 2023, the Group had outstanding interest bearing bank loans of approximately HK\$4,193,889,000 (comprising secured and guaranteed bank loans of approximately HK\$3,887,313,000 which were secured by the pledge of investment properties of HK\$348,191,000, plant, property and equipment of HK\$371,647,000, bank deposit of HK\$6,980,000, finance lease receivables and future interest receivable of HK\$2,901,354,000, paid-up capital of a non-wholly owned subsidiary of HK\$219,473,000 and a future rental receivable from the properties; and unsecured and unguaranteed bank loans of approximately HK\$306,576,000. Among such loans, a small number of them are having a maturity profile in the near term (maturing in 2023) and the rest are in the midterm (maturing in 2024, 2025 and 2026) to long term (maturing in 2027, 2028, 2029, 2035, 2037, 2043, 2046 and 2047).

The Group had unsecured and unguaranteed interest bearing loans from its immediate holding company and non-controlling interest of approximately HK\$136,000,000 and HK\$28,009,000 respectively, all of which will mature in 2024 and 2025. The Group also had unsecured and unguaranteed interest bearing loans from other independent third parties of approximately HK\$75,681,000. All loans will mature in 2024.

The Group had outstanding secured and guaranteed asset backed securities of approximately HK\$500,622,000 by the pledge of finance lease receivables and future interest receivable of HK\$388,880,000 and unsecured and guaranteed other bonds of approximately HK\$324,345,000.

In addition, the Group had unsecured and unguaranteed lease liabilities and outstanding convertible notes of approximately HK\$1,012,973,000 and aggregate principal amount of HK\$166,232,000 issued by the Company will mature on 13 October 2024 respectively.

Save as aforesaid or otherwise disclosed herein, as at the close of business on 31 August 2023, the Group did not have any debt securities issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages, charges, hire purchase commitments, guarantees or other contingent liabilities.

3. MATERIAL ADVERSE CHANGE

At the Latest Practicable Date, the Directors confirm that there had been no material adverse change in the financial or trading position of the Group since 31 December 2022, being the date to which the latest published audited consolidated financial statements of the Company were made up.

4. WORKING CAPITAL

The Directors, after due and careful enquiry, are of the opinion that, taking into account the existing cash and bank balances, other internal resources and available existing unutilised credit facilities, the Group has sufficient working capital for its present requirements and to satisfy its requirements for at least the next 12 months from the date of publication of this circular in the absence of unforeseen circumstances.

The Company has obtained the relevant confirmation as required under Rule 14.66 (12) of the Listing Rules.

5. FINANCIAL AND TRADING PROSPECT OF THE GROUP

The global economy remains unstable, and economic growth remains slow, while rate hikes dampened consumer spending and corporate investment, and threatened the stability of the financial system. With more economic uncertainties as a result of the war in Ukraine, the insufficient total demand in China, the new headwinds of economic restructuring and upgrading, the unsatisfactory operation of enterprises in various industries, the sluggishness of real estate development and construction, the Group is still committed to its strategic mission by proactively adjusting its deployment, cohesively pursuing its core business. The Group will constantly enhance its business activities, and steadily develop its business in elderly care and wellness, financial leasing, industrial parks/property investment, big data and civil explosives.

For our elderly care and wellness business, Guangdong Taoyuan Comprehensive Health Operation Company Limited (“Taoyuan Comprehensive Health”) will continue to consolidate its elderly care business and strengthen its principal business. The Group will strengthen the standard operation and branding of its elderly care business, proactively expand its asset-light trustee operation, increase the number of operating beds, and seize the opportunity to become the first echelon in the Guangdong-Hong Kong-Macao Greater Bay Area, and in this way, it will introduce long-term strategic investors whose business will mutually empower the Group. In terms of medical and care services integration, the Group has been promoting care service with medical service and assisting medical service with care service by establishing a rehabilitation hospital focusing on geriatrics and rehabilitation and building a regional medical and care service consortium with the People’s Hospital of the district. Our community care and household care business operations are based on the community-rooted Taoyuan Intelligent Recreation Port and are actively striving for market share. In addition, the Company is committed to serving the community while enabling our elderly care and wellness business to continue to grow and become an important contributor to the Company’s profitability by further improving management, reducing costs, increasing efficiency, enhancing the quality and strengthening service quality.

For our big data business, the Group will continue its efforts to expand its market scale and accelerate the implementation of investments and acquisitions. The Group will continue to boost the scale of the identification application market by further solidifying its cooperation with ICT, FTU and operators, and actively striving for the construction of identification nodes and the declaration of special projects. The Group will also continue to make our service products the rigid demand of manufacturing enterprises and the government, create a quality manufacturing service brand and render “commonality” services to manufacturing enterprises as a collaborative partner, and promote the implementation of a new round of investment and acquisition projects. The Group will complete the launch of the new product DEMO and the Code for Success APP in light of the market demand and product feedback, and continue to diversify its product offering to promote the quality development of the Company. The Group will continue to be positioned as a first-class provider of industrial Internet platform services in the Guangdong-Hong Kong-Macao Greater Bay Area, actively engage in merger and acquisition initiatives and integration, and develop and become stronger in the tide of transformation and upgrading of Industry 4.0 in Nanhai, Foshan, the Guangdong-Hong Kong-Macao Greater Bay Area and in China.

For our financial leasing business, with the strategic goal of developing it into a leading domestic professional financial leasing company featuring environmental protection, the Group will continue to intensively tap into segments of the municipal environmental protection industry, vigorously tap into the upstream and downstream of its partners, and intensify its effort in the direct leasing business of environmental protection equipment and high-end equipment. To improve fund management, the Group will conduct effective management and replace existing high-cost financing to alleviate the pressure of concentrated repayment at maturity and the cost of funds; complete the rating of entities and strive to attain an AA rating after the completion of industrial and commercial changes. The Group will further strengthen its risk control management to mitigate the risk of doubtful debts and strive to attain an A rating for the annual classified supervisory rating.

For our civil explosives business, the Group will further pursue key reforms, actively carry out the technological transformation of clean energy to achieve energy conservation, emission reduction and cost reduction, and carry out reforms in operation and human resources management to continuously enhance the vitality of the Group's development. The Group has made every effort to complete creating conditions for the release of mixed assembly capacity and to establish cooperation in the operation of mixed assembly capacity, so as to substantially improve its future performance and contribute steady revenue streams to the Group in the future.

For our property and industrial park business, the Group will complement the first and second phases of the project with the rental housing project (Dan Qing Garden), and accelerate the development of the third and fourth phases of the project. Meanwhile, we will intensify promotion efforts in business attraction and introduce enterprises into the park to boost the occupancy rate of the park, so as to generate stable rental income and related gains for the Group.

In addition, the Group will aggressively explore opportunities to carry out investment and merger and acquisition of biopharmaceutical and high-tech enterprises or projects to seek leapfrog development of the business of the Company, thereby delivering good returns to the shareholders of the Company.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Interests and short positions of directors and chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company and any associated corporations (within the meaning of Part XV of the SFO) which were required to be (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and chief executives of the Company were taken or deemed to have pursuant to Divisions 7 and 8 of Part XV of the SFO), or (ii) entered in the register required to be kept under Section 352 of the SFO or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) adopted by the Company were as follows:

Long positions in the Shares

Name of Director	Capacity	Nature of interest	Number of Shares held	Approximate percentage of total issued Shares as at the Latest Practicable Date¹
He Xiangming	Beneficial owner	Personal	1,441,000	0.08%

Note: 1. The percentage was calculated based on 1,712,329,142 Shares in issue as at the Latest Practicable Date.

Save as disclosed above, none of the Directors and chief executives of the Company had, as at the Latest Practicable Date, any interests or short positions in any shares and underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and chief executives of the Company were taken or deemed to have pursuant to Divisions 7 and 8 of Part XV of the SFO), or which were entered in the register required to be kept by the Company under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

(b) Interests and short positions of the Shareholders in the Shares, underlying Shares of the Company

As at the Latest Practicable Date, so far as is known to any Director or chief executive of the Company, the interests and short positions of the Shareholders (other than Directors or chief executives of the Company) who had interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were entered in the register required to be kept by the Company pursuant to Section 336 of the SFO, were as follows:–

Name of Shareholder	Capacity of Shareholder	Number of Shares/underlying Shares		Approximate percentage of total issued Shares as at the Latest Practicable Date ¹
		Long position	Short position	
Glories Holdings (HK) Limited	Beneficial Owner	1,441,439,842 ²	–	84.18%
Prize Rich Inc.	Corporate Interest	1,441,439,842 ²	–	84.18%
廣東南海控股集團有限公司 (Guangdong Nanhai Holding Group Co., Ltd.*)	Corporate interest	1,441,439,842 ²	–	84.18%

Notes: 1. The percentage was calculated based on 1,712,329,142 Shares in issue as at the Latest Practicable Date.

2. These 1,441,439,842 shares/underlying shares are held by Prize Rich Inc., which is wholly-owned by Guangdong Nanhai Holding Group Co., Ltd.* (廣東南海控股集團有限公司). On 25 July 2022, Prize Rich Inc. agreed to transfer 1,222,713,527 shares and HK\$166,232,000 convertible bonds (with underlying shares of 218,726,315) to its wholly-owned subsidiary, Glories Holdings (HK) Limited, pursuant to the equity and convertible bonds transfer agreement.

Saved as disclosed above, as at the Latest Practicable Date, the Company had not been notified by any person (other than directors and chief executives of the Company) who had interests or short positions in the Shares and underlying Shares under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were entered in the register required to be kept under Section 336 of the SFO.

As at the Latest Practicable Date, no Director or proposed Director is a director or employee of a company which has an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

3. DIRECTORS' COMPETING INTERESTS

As at the Latest Practicable Date, so far as the Directors are aware, none of the Directors or his or her respective close associates was considered to have an interest in a business which competes or was likely to compete, either directly or indirectly, with the business of the Group other than those business to which the Directors or his or her close associates were appointed to represent the interests of the Company and/or the Group.

4. DIRECTORS' INTEREST IN CONTRACTS AND ASSETS OF THE GROUP

As at the Latest Practicable Date,

- (a) none of the Directors was materially interested in any contract or arrangement subsisting and which was significant in relation to the business of the Group; and
- (b) none of the Directors had any interest, direct or indirect, in any assets which had been acquired or disposed of by or leased to any member of the Group or were proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2022, being the date to which the latest published audited consolidated financial statements of the Company were made up.

5. MATERIAL CONTRACTS

The following are contracts entered into by the members of the Group within the two years immediately preceding the date of this circular and which are or may be material or of significance:

- (a) the engineering, procurement and construction agreement dated 8 November 2021 entered into between Guangdong Taoyuan Comprehensive Health Operation Co., Ltd.* (廣東桃苑大健康產業運營有限公司) (“Guangdong Taoyuan”), a subsidiary of the Company, and the consortium comprising Guangdong Province Building and Construction Building and Construction Co., Ltd.* (廣東省構建工程建設有限公司), Guangdong Jianya Interior Design and Engineering Co., Ltd.* (廣東建雅室內工程設計施工有限公司) and Zhongyu Design Co., Ltd.* (中譽設計有限公司) in relation to the engagement of the consortium as the general contractor for design, procurement and construction works for the renovation and refurbishment of a comprehensive services building for the disabled at a consideration of RMB70,902,702.37;
- (b) the engineering, procurement and construction agreement dated 20 September 2022 entered into between Guangdong Taoyuan and the consortium comprising Guangdong Yingju Construction Engineering Co., Ltd.* (廣東英聚建築工程有限公司) and Guangdong Province Jianke Architectural Design Institute Co., Ltd.* (廣東省建科建築設計院有限公司) in relation to the engagement of the consortium as the general contractor for design, procurement and construction works for an elderly home at a consideration of RMB136,220,443.70;
- (c) the engineering, procurement and construction agreement dated 28 April 2023 entered into between Guangdong Sino Rock Tyco Construction Co., Ltd.* (廣東中岩泰科建設有限公司), a subsidiary of the Company, and the consortium comprising Guangdong Structural Engineering Construction Co., Ltd.* (廣東省構建工程建設有限公司), Hangzhou Urban Construction Design and Research Institute Co., Ltd.* (杭州市城建設計研究院有限公司) and East China 267 Engineering Survey Institute of Nuclear Industry* (核工業華東二六七工程勘察院) in relation to the engagement of the consortium as the general contractor for design, procurement and construction works for a new energy factory project at a consideration of RMB202,190,200; and

- (d) the engineering, procurement and construction agreement dated 10 July 2023 entered into between Guangdong Province Funeng Power Co., Ltd.* (廣東賦能電力有限公司), a subsidiary of the Company, and the successful bidders comprising Guangdong Sunkwh Energy Co., Ltd.* (廣東光合新能源有限公司) and Guangzhou Bochuang Electric Power Design Institute Co., Ltd.* (廣州博創電力設計院有限公司) in relation to the engagement of the successful bidders as the general contractor for design, procurement and construction works for a photovoltaic power generation project at a consideration of RMB33,458,774.40.

6. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened against any member of the Group.

7. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered, or proposed to enter, into a service contract with any member of the Group which is not determinable by the Group within one (1) year without payment of compensation (other than statutory compensation).

8. GENERAL

- (a) The registered office of the Company is at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.
- (b) The branch share registrar of the Company is Tricor Progressive Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.
- (c) The Company's head office and principal place of business in Hong Kong is at Unit 501, Wing On Plaza, 62 Mody Road, Tsimshatsui, Kowloon, Hong Kong.
- (d) The company secretary of the Company is Mr. Lo Tai On, who is a member of the Hong Kong Institute of Certified Public Accountants.

9. DOCUMENTS ON DISPLAY

Copies of the following documents will be published and displayed on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://chinainvestments.tonghaiir.com>) for a period of 14 days from the date of this circular (both days inclusive):

- (a) the Finance Leases A;
- (b) the Finance Lease B; and
- (c) this circular.

* For identification purpose only