
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **China Investments Holdings Limited**, you should at once hand this circular to the purchaser(s) or transferee(s) or to the bank, licensed securities dealer or registered institution in securities, or other agent through whom the sale or transfer was effected, for transmission to the purchaser(s) or the transferee(s).

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.



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
DESIGN, PROCUREMENT AND CONSTRUCTION CONTRACT**

A letter from the Board is set out on pages 3 to 9 of this circular.

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

29 November 2023

* *For identification purpose only*

CONTENTS

	<i>Page</i>
DEFINITIONS	1
LETTER FROM THE BOARD	3
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:–

“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)
“CCTEB”	China Construction Third Engineering Bureau Group Co., Ltd.* (中建三局集團有限公司), a company incorporated in the PRC with limited liability
“Director(s)”	the director(s) of the Company
“EPC Agreement”	the engineering design, procurement and construction agreement dated 8 November 2023 entered into between Sino Rock Tyco and the Successful Bidders for the survey, design, procurement and construction works and other incidental services in relation to the New Energy Factory Project
“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
“Latest Practicable Date”	24 November 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
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Energy Factory Project”	the project to build a number of new single-storey and double-storey plants and one comprehensive building, with a proposed total construction area of about 54,300 square metres at a site situated in plot number 18, Danzao Industry Park, Nanhai District, Foshan City, Guangdong Province, the PRC
“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

DEFINITIONS

“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
“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
“Successful Bidders”	CCTEB and Zhongyu Design collectively
“Zhongyu Design”	Zhongyu Design Co., Ltd.* (中譽設計有限公司), a company incorporated in the PRC with limited liability
“%”	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

29 November 2023

To the Shareholders

Dear Sir or Madam,

MAJOR TRANSACTION DESIGN, PROCUREMENT AND CONSTRUCTION CONTRACT

INTRODUCTION

Reference is made to the announcement of the Company dated 8 November 2023 in relation to the entering into the EPC Agreement with the Successful Bidders, pursuant to which the Successful Bidders have been engaged as the general contractor for the survey, design, procurement and construction works and other incidental services for the New Energy Factory Project. The consideration payable by Sino Rock Tyco under the EPC Agreement is RMB129,947,400 (equivalent to approximately HK\$139,563,508).

The purpose of this circular is to provide you with, among other things, further information on the EPC Agreement and other information as required under the Listing Rules.

LETTER FROM THE BOARD

THE EPC AGREEMENT

The Board is pleased to announce that 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 bidders, CCTEB and Zhongyu Design, the principal terms of which are as follows: –

Date:

8 November 2023

Parties:

- (1) Principal: Sino Rock Tyco, a subsidiary of the Company; and
- (2) Successful bidders: CCTEB and Zhongyu Design.

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

Subject matter

The Successful Bidders have been engaged as the general contractor for the survey, design, procurement, turnkey construction, commissioning testing and incidental works for the New Energy Factory Project. Non-essential works may be sub-contracted out by the Successful Bidders with Sino Rock Tyco's consent.

It is expected that all works will be completed within 540 calendar days from the date of the signing of the EPC Agreement (i.e. on or before 30 April 2025).

Consideration

The consideration payable by Sino Rock Tyco under the EPC Agreement is RMB129,947,400 (equivalent to approximately HK\$139,563,508), subject to adjustment upon completion, which consists of survey fee of RMB91,800 (equivalent to approximately HK\$98,593), design fee of RMB1,083,600 (equivalent to approximately HK\$1,163,787), and construction and installation fees of RMB128,772,000 (equivalent to approximately HK\$138,301,128).

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

LETTER FROM THE BOARD

The consideration amount was determined through open tender, with reference to factors including: (i) the ceiling bid price and discount offered by the bidders to compare the cost-effectiveness of the bids; (ii) the relevant experience and, scope of work involved to identify a best-fit for the project's requirements; and (iii) the estimated costs and expenses necessary for the New Energy Factory Project (including but not limited to raw materials, labor, machinery, design, drawings inspection, works progress inspection and insurance) to assess the viability of the bidders to deliver at their bid price. The ceiling bid price of RMB130,168,000 (equivalent to approximately HK\$139,800,432) was calculated based on the project budget report prepared by an independent professional agency based on the quotation guideline indicators published by the government of the PRC from time to time, to provide an objective benchmark of the estimate of the project costs and expenses for different aspects of the project against similar projects in the industry in line with construction market standards.

Given that the Successful Bidders obtained the highest overall score in the bidding process among the other 7 bidders assessing a variety of factors including professional skills such as familiarity with construction conditions of the project, design ideas, measures to key technological issues, etc., qualification and integrity rating according to State guidelines, project awards obtained, after-sales services, as well as the bid price provided, the Directors consider that the consideration amount concluded through such bidding process to be fair and reasonable.

Payment terms

Approximately 74.1% of the consideration is expected to be funded through external banking facilities and the remaining approximately 25.9% is expected to be funded through the internal resources of the Group. Sino Rock Tyco will pay to the Successful Bidders 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, 35% within 30 days after receiving the construction planning permit issued by the relevant government authority, 25% 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 and installation fees – up to 85% based on the monthly assessment of the work performed by the Successful Bidders which will be paid on a monthly basis, the assessment of which will be based on the amount of work completed and have passed the inspection in that month (i.e. the amount of project payment for that month is 85% of the amount of the part of the project that passed the inspection during the month). Such inspection and the determination of the amount of work completed will be performed jointly in line with the PRC regulations by relevant government progress supervision and consultancy departments, the Successful Bidders and Sino Rock Tyco's professional team; up to 90% after the passing of completion inspection and up to 100% after the works settlement audit, 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).

Note:

The relevant approvals for the abovementioned survey reports, construction planning permit, construction drawings will be obtained in line with the usual practice in the PRC for constructions by the relevant authorities, such as the Foshan City Natural Resources Bureau, and Nanhai District Housing, Urban-Rural Development and Water Conservancy Bureau of Foshan City.

LETTER FROM THE BOARD

Performance guarantee

CCTEB has provided Sino Rock Tyco with a performance guarantee to guarantee the due performance and successful completion of the survey, design and construction works for the New Energy Factory Project by way of a letter of guarantee issued by bank with the term from 8 November 2023 to 30 April 2025. The amount of performance guarantee is equivalent to 10% of the total consideration for the EPC Agreement (representing approximately RMB12,994,740 (equivalent to approximately HK\$13,956,351)). A claim notice will be submitted by Sino Rock Tyco to the insurer upon any failure on the performance of their obligations under the EPC Agreement by the CCTEB, including but not limited to, delay in completion on the part of the CCTEB and the quality of works do not meet the standards pursuant to the EPC Agreement. The amount of performance guarantee would be payable to Sino Rock Tyco upon submission of a claim notice stating the total amount of the claim to the insurer within the effective term of the letter of guarantee. The payment will be paid in cash from the insurer to Sino Rock Tyco.

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, Nanhai District, Foshan City, the PRC for leasing to new energy related businesses. Meanwhile, by implementing the New Energy Factory Project, the Group can provide clean energy in an environmentally-friendly way to the tenants of the Danzao Industry Park. The rental and electrical incomes from the Danzao Industry Park help to enhance the operating income of the Group.

The planned land area of the New Energy Factory Project is approximately 83,060 square meters (sqm). It is planned to build 6 single-story factory buildings, 1 double-story factory building, and a 5-story comprehensive building. The buildings are standard factories and comprehensive buildings. Upon completion, the factories and buildings will mainly be used for new energy industry production. The pile foundation construction is expected to commence in late November 2023, and the overall completion and final acceptance of the New Energy Factory Project is expected to take place in April 2025.

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.

LETTER FROM THE BOARD

The New Energy Factory Project requires expertise in the areas of survey, design, procurement and construction. The principal activities of the Successful Bidders include engineering design, engineering survey and construction works, and the Successful Bidders have substantial experience, competent expertise and a proven track record in these areas of work. CCTEB is qualified with special-grade general contracting for construction projects, general contracting and project management business, which are relevant qualifications for the New Energy Factory Project. CCTEB is involved in the projects such as construction contracting for Zhonghaiyou Tianjin R&D Base Construction Project Building 4 and general contracting for Engineering Building of Nanhai Campus of South China Normal University. Zhongyu Design is qualified with Grade A Architectural Engineering Design, Grade A Municipal Engineering (Road and Bridge) Design, Grade B Municipal Engineering (Water Supply and Drainage, Landscape and Forestry), and Grade A Geotechnical Investigation, which are relevant qualifications for the New Energy Factory Project. Zhongyu Design is involved in the similar construction project such as engineering design for Hopewell Plaza Project in Foshan city. It is considered in the interest of Sino Rock Tyco to leverage on the expertise of the Successful Bidders, and engage the Successful Bidders 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.

FINANCIAL EFFECTS OF THE EPC AGREEMENT

Upon completion of the EPC Agreement, the consideration amounting to RMB129,947,400 (equivalent to approximately HK\$139,563,508) will be paid by the Group. The non-current assets of the Group will be increased accordingly, the cash and cash equivalent of the current assets will be decreased amounting to approximately RMB33,656,377 (equivalent to approximately HK\$36,146,949) and the borrowings of the liabilities will be increased amounting to approximately RMB96,291,023 (equivalent to approximately HK\$103,416,559).

The transaction will have no impact on the profit or loss of the Group.

LISTING RULES IMPLICATION

As the highest of the applicable percentage ratios for the transactions contemplated under the EPC Agreement exceeds 25% but all of them are less than 100%, the entering into of the EPC Agreement constitutes a major transaction for the Company pursuant to Chapter 14 of 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 EPC Agreement and no Shareholder is required to abstain from voting at a general meeting of the Company approving the transactions contemplated under the EPC Agreement, and 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 such, the Company is exempt from convening a general meeting to approve the transactions contemplated under the EPC Agreement.

LETTER FROM THE BOARD

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.

Sino Rock Tyco

Sino Rock Tyco is principally engaged in property investment, development, construction, operation and management.

CCTEB

CCTEB is a company incorporated in the PRC with limited liability and is principally engaged in construction, consultation, construction technology development, constructions projects, machinery and equipment leasing, production and wholesale of commercial concrete, landscaping projects, and sales of constructions equipment materials, mechanical and electrical equipment and sewage treatment equipment. CCTEB is a state-owned enterprise ultimately controlled by the State-owned Assets Supervision and Administration Commission of the State Council.

Zhongyu Design

Zhongyu Design is a company incorporated in the PRC with limited liability and is principally engaged in the provision of project design, consultation and management services. Zhongyu Design is directly owned by Guangdong Pubo Enterprise Management Co., Ltd.* (廣東溥博企業管理有限公司) (“**Pubo Enterprise**”), Guangdong Jianzhi Enterprise Management Co., Ltd.* (廣東簡至企業管理有限公司) (“**Jianzhi Enterprise**”), Guangdong Mingyi Enterprise Management Co., Ltd.* (廣東明壹企業管理有限公司) (“**Mingyi Enterprise**”) and Foshan Bokai Enterprise Management Co., Ltd.* (佛山市博開企業管理有限公司) (“**Bokai Enterprise**”) as to 37%, 28%, 18% and 17% respectively. Pubo Enterprise is wholly owned by Mr. Yu Feiyang. Jianzhi Enterprise is held by Mr. Wang Junyong and Mr. Wang Yiwen as to 95% and 5% respectively. Mingyi Enterprise is held by Mr. Yang Minbo and Mr. Peng Sainan as to 90% and 10% respectively. Bokai Enterprise is held by Ms. Chen Rong and Mr. Zhou Haorong as to 80% and 20% respectively.

LETTER FROM THE BOARD

RECOMMENDATIONS

The Directors consider that the terms of the EPC Agreement and the transactions contemplated thereunder (including the consideration amount) 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 resolution to approve the EPC Agreement 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 October 2023, the Group had outstanding interest bearing bank loans of approximately HK\$4,315,057,000 (comprising secured and guaranteed bank loans of approximately HK\$3,655,173,000 which were secured by the pledge of investment properties of HK\$345,895,000, plant, property and equipment of HK\$367,207,000, bank deposit of HK\$6,964,000, finance lease receivables and future interest receivable of HK\$2,893,231,000, paid-up capital of a non-wholly owned subsidiary of HK\$217,945,000 and a future rental receivable from the properties; and unsecured and unguaranteed bank loans of approximately HK\$659,884,000. 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\$27,820,000 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\$75,153,000. All loans will mature in 2024.

The Group had outstanding secured and guaranteed asset backed securities of approximately HK\$409,514,000 by the pledge of finance lease receivables and future interest receivable of HK\$329,051,000 and unsecured and guaranteed other bonds of approximately HK\$322,087,000.

In addition, the Group had unsecured and unguaranteed lease liabilities and outstanding convertible notes of approximately HK\$1,014,087,000 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 October 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 Date ¹
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 design and construction agreement dated 20 September 2022 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) 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;
- (b) the engineering design, procurement and construction agreement dated 28 April 2023 entered into between Sino Rock Tyco 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
- (c) the engineering design, 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 EPC Agreement; and
- (b) this circular.

* *For identification purpose only*