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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)**

### **PROPOSED MANDATE IN RELATION TO THE POTENTIAL VERY SUBSTANTIAL DISPOSAL THROUGH PUBLIC TENDER**

#### **THE POTENTIAL DISPOSAL**

The Board has resolved to dispose of the Disposal Interest, being the 25% equity interest held by CIH Finance, a wholly-owned subsidiary of the Company, in Guangdong Financial Leasing. Since CIH Finance is a State-owned enterprise, the Disposal Interest constitutes a State-owned asset and the disposal of which is required to undergo the process of Public Tender through an approved equity exchange in accordance with the relevant PRC laws and regulations governing the disposal of State-controlled assets. The Potential Disposal will be carried out through GDUAAE and the successful bidder will enter into the Asset Transaction Agreement with CIH Finance according to the relevant rules and regulations of GDUAAE.

The Minimum Consideration, being the initial bidding price for the Disposal Interest, is RMB201,005,800, which was determined based on the appraised value of the Disposal Interest on 31 December 2017. The final Consideration will depend on the final bid price of the Public Tender, but will not be less than the Minimum Consideration in any event.

\* For identification purpose only

## **IMPLICATIONS UNDER THE LISTING RULES**

Using the Minimum Consideration as the basis of calculation, the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the Potential Disposal is more than 75%. Therefore, the Potential Disposal, if materialised, is expected to constitute a very substantial disposal of the Company subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

The Board would like to seek the Proposed Mandate to be granted in advance by the Shareholders at the SGM to the Directors to enter into and complete the Potential Disposal through the Public Tender. A circular containing, among other things, (i) further information of the Potential Disposal; (ii) the Valuation Report; (iii) a notice of the SGM; and (iv) other information required under the Listing Rules, will be despatched to the Shareholders on or before 8 May 2018.

**As the Potential Disposal may or may not proceed, Shareholders and potential investors should exercise caution when dealing in the Shares.**

## **BACKGROUND**

The Board has resolved to dispose of the Disposal Interest, being the 25% equity interest held by CIH Finance, a wholly-owned subsidiary of the Company, in Guangdong Financial Leasing. Since CIH Finance is a State-owned enterprise, the Disposal Interest constitutes a State-owned asset and the disposal of which is required to undergo the process of Public Tender through an approved equity exchange in accordance with the relevant PRC laws and regulations governing the disposal of State-controlled assets. The Potential Disposal will be carried out through GDUAEE and the successful bidder will enter into the Asset Transaction Agreement with CIH Finance according to the relevant rules and regulations of GDUAEE.

## **THE POTENTIAL DISPOSAL THROUGH THE PUBLIC TENDER**

### **1. The Disposal Interest**

Guangdong Financial Leasing was incorporated in the PRC in March 2014 and is principally engaged in finance leasing business and related advisory and guarantee services. As at the date of this announcement, it is held as to 25% by CIH Finance, a wholly-owned subsidiary of the Company.

Set out below is the key audited financial information of Guangdong Financial Leasing for the two financial years ended 31 December 2016 and 31 December 2017 prepared according to the PRC accounting standards.

	<b>For the year ended</b>	
	<b>31 December 2016 RMB (audited)</b>	<b>31 December 2017 RMB (audited)</b>
Profit before tax	74,987,793.75	86,282,147.35
Profit after tax	56,202,604.48	65,169,245.15

The audited equity attributable to owners of Guangdong Financial Leasing as at 31 December 2017 amounted to RMB804,021,631. The equity attributable to owners of Guangdong Financial Leasing as at 31 December 2017 as appraised by the PRC Valuer amounted to RMB804,023,300.

## **2. Major terms of the Potential Disposal**

### **A. Qualifications of Potential Bidders**

The potential bidders shall satisfy, including but not limited to, the following descriptions and qualifications:

1. a potential bidder must be a validly existing enterprise incorporated outside the PRC; and
2. a potential bidder must not be a connected person (as defined under Chapter 14A of the Listing Rules) of the Group.

### **B. Date and Procedures of the Public Tender**

In order to commence the formal process of the Public Tender, the Company will have to submit to GDUAAE the tender notice setting out, inter alia, (i) the Minimum Consideration; (ii) the principal terms of the bidding; and (iii) descriptions and qualifications of potential bidders. The Company will submit the tender notice to GDUAAE as soon as practicable and in any event, within two weeks after the Shareholders have granted the Proposed Mandate at the SGM.

The Publication Period will be 20 Working Days from the date of the tender notice. During the Publication Period, qualified bidders may indicate their intention to purchase the Disposal Interest and register themselves as interested bidders. Upon the expiry of the Publication Period, GDUAAEE will notify the Company of the identity of the successful bidder, being the highest bidder. Within 5 Working Days upon the notification of the successful bidder by GDUAAEE, CIH Finance is required to enter into the Asset Transaction Agreement with such successful bidder.

As at the date of this announcement, material information of the Asset Transaction Agreement including the bidder(s), final Consideration, payment, delivery and transfer time have not been determined. CIH Finance will enter into the Asset Transaction Agreement upon confirmation of the successful bidder and perform its relevant approval procedures and information disclosure obligations. As at the date of this announcement, no agreement has been entered into between the Group and any other party in relation to the Potential Disposal.

### ***C. Consideration***

The Minimum Consideration, being the initial bidding price for the Disposal Interest, is RMB201,005,800, which was determined based on the appraised value of the Disposal Interest on 31 December 2017 using the asset-based approach in the Valuation Report issued by the PRC Valuer.

The final Consideration will depend on the final bid price of the Public Tender, but will not be less than the Minimum Consideration in any event.

The Consideration shall be settled within 5 Working Days after the entering into of the Asset Transaction Agreement by methods determined by the transferor and transferee of the Disposal Interest.

### ***D. Profit and loss during transitional period***

The transitional period is the period from the valuation reference date, being 31 December 2017, to (and including) the date of completion of the business registration procedures in relation to the Potential Disposal. The profit and loss of Guangdong Financial Leasing during the transitional period will be audited by a firm engaged by the transferor. The transferor will be entitled to such audited net profit whereas the audited loss will be borne by the transferee. The transferee shall, within 5 Working Days after the issue of the audit report, pay the transferor an amount equal to the portion of the audited net profit to which the transferor is entitled in accordance with its shareholding as compensation. The specific payment and settlement details will be determined by the parties in the Asset Transaction Agreement.

## **FINANCIAL IMPACT OF THE POTENTIAL DISPOSAL**

The Group is expected to record a gain of HK\$781,232 from the Potential Disposal (excluding profit or loss during transitional period), which was estimated based on the expected minimum bidding price of RMB201,005,800 with the deduction of the carrying amounts of the Disposal Interest amounting to HK\$241,303,000 plus the relevant withholding tax and other transaction expenditures totally amounting to HK\$8,570,000. The final gain from the Potential Disposal will be determined based on the final Consideration for the Potential Disposal, subject to audit by the auditors of the Company. The Group intends to apply the proceeds from the Potential Disposal to invest in the finance leasing segment of the Group.

## **REASONS FOR AND BENEFITS OF THE POTENTIAL DISPOSAL**

Since the establishment of Guangdong Financial Leasing in 2014, the Group has engaged in and gradually accumulated relevant experience in the operation and management of finance leasing business through Guangdong Financial Leasing. The Group is optimistic about the development prospects of the finance leasing industry in the PRC. As such, it has set up a wholly-owned subsidiary, Canton Risen Financial Leasing Co., Ltd.\* (廣東粵盛科融資租賃有限公司) in the PRC to operate related business, and thus proposes to dispose of its interest held in Guangdong Financial Leasing in order to avoid the issue of competition in businesses within the Group.

The Company was informed by its PRC legal counsels that according to the relevant PRC rules and regulations including those of GDUAAE, the Public Tender can only be commenced after obtaining the approval of the Shareholders and such approval shall not be set as a pre-condition of the Public Tender. Therefore, it is proposed that the Proposed Mandate will be granted in advance to the Directors to undertake the Potential Disposal through the Public Tender.

The Directors are of the view that the Potential Disposal and the transactions contemplated thereunder will be on normal commercial terms which are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

## **INFORMATION ABOUT THE GROUP**

The Group is principally engaged in hotel investment, management and operation, property investments in both properties held for sale and investment properties and wellness elderly care business. Through its joint ventures and associates, the Group also participates and invests in fast-growing sectors, including the electric utilities as well as financial leasing in the PRC. CIH Finance is a wholly-owned subsidiary of the Company and is principally engaged in financial and project investment.

## **IMPLICATIONS UNDER THE LISTING RULES**

Using the Minimum Consideration as the basis of calculation, the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the Potential Disposal is more than 75%. Therefore, the Potential Disposal, if materialised, is expected to constitute a very substantial disposal of the Company subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

## **GENERAL**

The Board would like to seek the Proposed Mandate to be granted in advance by the Shareholders at the SGM to the Directors to enter into and complete the Potential Disposal through the Public Tender. A circular containing, among other things, (i) further information of the Potential Disposal; (ii) the Valuation Report; (iii) a notice of the SGM; and (iv) other information required under the Listing Rules, will be despatched to the Shareholders on or before 8 May 2018.

**As the Potential Disposal may or may not proceed, Shareholders and potential investors should exercise caution when dealing in the Shares.**

## **DEFINITIONS**

In this announcement, unless otherwise indicated in the context, the following terms shall have the meanings set out below:

“Asset Transaction Agreement”	an asset transaction agreement (產權交易合同) to be entered into between CIH Finance and the successful bidder of the Public Tender in respect of the Disposal Interest according to the rules and regulations of GDUAAE
“Board”	the board of Directors

“CIH Finance”	CIH Finance Investments Holdings Limited (中國興業金融投資控股有限公司), a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary 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: 00132)
“Consideration”	the consideration for the Disposal Interest payable by the transferee under the Asset Transaction Agreement
“Director(s)”	the director(s) of the Company
“Disposal Interest”	the 25% equity interest in Guangdong Financial Leasing held by CIH Finance
“GDUAAE”	Guangdong United Assets and Equity Exchange (廣東聯合產權交易中心), an institution authorised by the State-owned Assets Supervision and Administration Commission to transact assets and equity of State-owned enterprises under the central government of the PRC
“Group”	the Company and its subsidiaries
“Guangdong Financial Leasing”	廣東粵科融資租賃有限公司 (Guangdong Financial Leasing Co., Ltd.), a company incorporated in the PRC with limited liability and is 25% owned by CIH Finance
“HK\$”	Hong Kong Dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Minimum Consideration”	the minimum consideration for the Disposal Interest, being the initial bidding price of RMB201,005,800, which was determined based on the Valuation Report
“Potential Disposal”	the potential disposal of the Disposal Interest by the Group
“PRC” or “State”	the People’s Republic of China which, for the purpose of this announcement only, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“PRC Valuer”	Shenzhen Lixin Asset Appraisal Co., Ltd. (深圳立信資產評估有限公司), an independent PRC asset appraisal company
“Proposed Mandate”	a general mandate proposed to be granted in advance by the Shareholders at the SGM to the Directors to enter into and complete the Potential Disposal through the Public Tender
“Public Tender”	the public tender for the Potential Disposal through GDUAAE
“Publication Period”	the publication period for the Public Tender during which qualified bidders may indicate their intention to purchasing the Disposal Interest and register as interested bidders
“RMB”	Renminbi, the lawful currency of the PRC
“SGM”	the special general meeting of the Company to be convened for the Shareholders to consider and, if thought fit, to approve the resolution(s) in relation to the grant of the Proposed Mandate
“Shares”	shares of HK\$0.1 each in the share capital of the Company
“Shareholder(s)”	the shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited



“Valuation Report”	the asset valuation report of the equity attributable to owners of Guangdong Financial Leasing dated 4 April 2018 issued by the PRC Valuer
“Working Day(s)”	a day other than Saturday, Sunday and statutory holiday in the PRC, on which commercial banks in the PRC are open for normal business
“%”	per cent

For and on behalf of the Board  
**China Investments Holdings Limited**  
**HE Xiangming**  
*Chairman*

Hong Kong, 20 April 2018

*As at the date of this announcement, the Board consists of five executive Directors, namely Mr. HE Xiangming (Chairman), Mr. LIN Pingwu (Managing Director), Mr. YOU Guang Wu (Director), Mr. HUANG Zhihe (Deputy Managing Director) and Ms. WANG Xin (Deputy Managing Director) and three independent non-executive Directors, namely Mr. CHAN Kwok Wai, Mr. CHEN Da Cheng and Mr. DENG Hong Ping.*