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CHINA INVESTMENTS HOLDINGS LIMITED

中國興業控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 132)

DISCLOSEABLE TRANSACTION ENGINEERING, PROCUREMENT AND CONSTRUCTION AGREEMENT

The Board is pleased to announce that on 8 November 2021, upon the successful conclusion of an open tender process at Foshan Public Resources Trading Platform (佛山市公共資源交易信息化綜合平台), Guangdong Taoyuan has entered into with the successful bidder the EPC Agreement, pursuant to which the Consortium has been engaged as the general contractor for design, procurement and construction works for the renovation and refurbishment of the Property. The consideration payable by Guangdong Taoyuan under the EPC Agreement is RMB70,902,702.37 (equivalent to approximately HK\$86,288,588.78).

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

THE EPC AGREEMENT

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

Date:

8 November 2021

Parties:

- (1) Principal: Guangdong Taoyuan, a subsidiary of the Company; and
- (2) Successful bidder: the Consortium comprising Guangdong Building and Construction (as the leader), Guangdong Jianya and Zhongyu.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Guangdong Building and Construction, Guangdong Jianya and Zhongyu and their ultimate beneficial owners is each a third party independent of the Company and its connected persons under the Listing Rules.

Subject matter

The Consortium has been engaged as the general contractor for design, procurement and construction works (including but not limited to medical, imaging, rehabilitation, physiotherapy, operating room and equipment installation) for the renovation and refurbishment of the Property, and peripheral municipal facilities and greening works. Non-essential works may be sub-contracted out by the Consortium with Guangdong Taoyuan's consent. After completion, the Property will be used for medical rehabilitation purpose.

It is expected that all works will be completed within 240 calendar days from the date of the EPC Agreement (i.e. on or before 5 July 2022).

Consideration

The consideration payable by Guangdong Taoyuan under the EPC Agreement is RMB70,902,702.37 (equivalent to approximately HK\$86,288,588.78), comprising:–

- (i) a design fee of RMB2,615,461.41 (equivalent to approximately HK\$3,183,016.53);
- (ii) an equipment procurement fee of RMB14,162,478.15 (equivalent to approximately HK\$17,235,735.91); and
- (iii) a quoted construction fee of RMB54,124,762.81 (equivalent to approximately HK\$65,869,836.34), which will be adjusted with reference to the price list computed based on the final construction plans for the actual work to be done and assessed by an independent cost consultancy company, and such adjustment is expected to be insignificant. The Company will make further announcement (at the time if material increase in actual sums are incurred) if and as required under the Listing Rules.

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

Payment terms

The consideration payment will be satisfied through internal resources of the Group and external loans. Guangdong Taoyuan shall pay to the members of the Consortium the design fee, equipment procurement fee and construction fee in the following manner:

- (i) Design fee – Within 30 calendar days after Guangdong Taoyuan's receipt and acceptance of the payment request from members of the Consortium, 15% shall be paid after the signing of the EPC Agreement, 20% shall be paid after the confirmation of the preliminary designs, and 50% shall be paid after the passing of the construction plans;
- (ii) Equipment procurement fee – 30% shall be paid within 15 working days after the placing of orders for the equipment, 40% shall be paid within 30 calendar days after the receipt of the equipment, and 10% shall be paid within 30 calendar days after the installation and trial operation of the equipment; and
- (iii) Construction fee – up to 85% shall be paid based on the monthly assessment of the work performed by the members of the Consortium.

After the settlement procedures for the works under the EPC Agreement, up to 97% of the design fee, procurement fee and construction fee shall be paid by Guangdong Taoyuan to the members of the Consortium, and the remaining 3% will be retained as quality assurance deposit and shall be paid upon expiry of the defect liability period, being 24 months from the passing of completion inspection of the works under the EPC Agreement.

Performance guarantee

The Consortium will arrange for an amount equivalent to 10% of the total consideration for the EPC Agreement to be paid to Guangdong Taoyuan as performance guarantee. Such amount will be released by Guangdong Taoyuan within 7 days after the passing of completion inspection of the works under the EPC Agreement.

REASONS FOR AND BENEFITS OF ENTERING INTO THE EPC AGREEMENT

The Project is to facilitate the Group's plan to transform the Property into a rehabilitation hospital, in furtherance to the Group's direction of developing a three-tier elderly care system comprising institutions, communities and households with integration of medical and care services in Nanhai District.

Having considered various factors, including, among other things, the qualifications, previous experience on similar projects and tender responses of the potential contractors through the tendering process, Guangdong Taoyuan considers that the Consortium is able to provide up to standard design, procurement and construction services for implementing the EPC Agreement.

The Directors consider that the EPC Agreement and the transactions contemplated thereunder are on normal commercial terms and fair and reasonable and in the best interests of the Shareholders as a whole.

LISTING RULES IMPLICATION

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

INFORMATION ON THE PARTIES

The Group

The Group is principally engaged in hotel investment, management and operation, property investments in both properties held for sale and investment properties, finance leasing, wellness elderly care, big data and civil explosives businesses. Through its joint ventures and associated companies, the Group also participates and invests in fast growing sectors, including electric utilities in the PRC.

Guangdong Taoyuan

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

The Consortium

Guangdong Building and Construction is a company incorporated in the PRC with limited liability and is principally engaged in contracting of building construction and municipal facilities projects, as well as various building and construction works. Guangdong Building and Construction is indirectly owned as to 40% by the State-owned Assets Supervision and Administration Bureau of Nanhai District, Foshan City* (佛山市南海區國有資產監督管理局) and 60% by the State-owned Assets Supervision and Administration Commission, the People's Government of Guangdong Province* (廣東省人民政府國有資產監督管理委員會).

Guangdong Jianya is a company incorporated in the PRC with limited liability and is principally engaged in the refurbishment of buildings, as well as the provision of water and electricity, fire services, air conditioning, curtain wall, facilities and landscaping design and construction works. Guangdong Jianya is indirectly wholly-owned by the State-owned Assets Supervision and Administration Commission, the People's Government of Guangdong Province* (廣東省人民政府國有資產監督管理委員會).

Zhongyu 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 is directly owned as to 37%, 28%, 18% and 17% by Mr. Yu Yongcai, Mr. Wang Junyong, Mr. Yang Minbo and Ms. Chen Rong respectively.

DEFINITIONS

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

“Board”	the board of Directors of the Company
“Company”	China Investments Holdings Limited (中國興業控股有限公司), a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 132)
“Consortium”	a consortium comprising Guangdong Building and Construction (as the leader), Guangdong Jianya and Zhongyu
“Director(s)”	the director(s) of the Company
“EPC Agreement”	the engineering, procurement and construction agreement dated 8 November 2021 entered into between Guangdong Taoyuan and the Consortium in relation to the Project
“Group”	the Company and its subsidiaries
“Guangdong Jianya”	Guangdong Jianya Interior Design and Engineering Co., Ltd.* (廣東建雅室內工程設計施工有限公司), a company incorporated in the PRC with limited liability
“Guangdong Building and Construction”	Guangdong Province Building and Construction Building and Construction Co., Ltd.* (廣東省構建工程建設有限公司), a company incorporated in the PRC with limited liability

“Guangdong Taoyuan”	Guangdong Taoyuan Comprehensive Health Operation Co., Ltd.* (廣東桃苑大健康產業運營有限公司), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of the Company
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong Dollar, the lawful currency of Hong Kong
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Project”	renovation and refurbishment of the Property
“Property”	the property comprising the Comprehensive Services Building for the Disabled* (殘疾人綜合服務業務用房), also known as the Composite Building for the Disabled* (殘聯大樓), a 15-storey building with a gross floor area of 18,359 square metre, and its supporting utilities and facilities situated in Luocun, Shishan Town, Nanhai District, Foshan City, Guangdong Province, the PRC
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Zhongyu”	Zhongyu Design Co., Ltd.* (中譽設計有限公司), a company incorporated in the PRC with limited liability
“%”	per cent

On behalf of
China Investments Holdings Limited
HE Xiangming
Chairman

Hong Kong, 9 November 2021

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

For the purpose of this announcement, amounts denominated in RMB have been translated into HK\$ at the indicative exchange rate of RMB1 = HK\$1.217.

** For identification purpose only*