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CHINA INVESTMENTS HOLDINGS LIMITED

中國興業控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 132)

MAJOR TRANSACTION ENTERING INTO A FINANCE LEASE AS THE LESSOR

On 24 November 2023, Greengold Leasing, a subsidiary of the Company, entered into the Finance Lease with the Lessee, to obtain the ownership of the Assets from the Lessee at a consideration of RMB100,000,000 (equivalent to approximately HK\$109,400,000), which would be leased back to the Lessee for its use and possession for a term of 6 years.

As one of the applicable percentage ratios for the transactions contemplated under the Finance Lease and Incidental Documentation exceeds 25% but all of them are less than 100%, the entering into of such transactions 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 Lease and Incidental Documentation and no Shareholder is required to abstain from voting at a general meeting of the Company approving the transactions contemplated under the Finance Lease and Incidental Documentation, and the Company has, pursuant to Rule 14.44 of the Listing Rules, obtained written approval of the transactions contemplated under the Finance Lease and Incidental Documentation 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 exempted from convening a general meeting to approve the transactions contemplated under the Finance Lease and Incidental Documentation.

A circular containing further information on the Finance Lease and Incidental Documentation is expected to be despatched to the Shareholders on or before 15 December 2023.

THE FINANCE LEASE AND INCIDENTAL DOCUMENTATION

The Board is pleased to announce that Greengold Leasing entered into the Finance Lease and Incidental Documentation, the principal terms of which are as follows:–

Date of the Finance Lease:

24 November 2023

The Finance Lease 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) the Lessee; and
- (3) the Guarantors (in relation to the guarantee) and the Pledgor (in relation to the pledge).

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

Transfer of Assets and consideration

Greengold Leasing will be transferred the unencumbered ownership of the Assets from the Lessee on an "as-is" basis at the consideration of RMB100,000,000 (equivalent to approximately HK\$109,400,000) in cash, payable within 12 months from the date of Finance Lease. The transfer agreement was entered into between Greengold Leasing and the Lessee on the date of the Finance Lease, effecting the terms of the Finance Lease in relation to the transfer of the Assets from the Lessee to Greengold Leasing above.

Such consideration or financing amount was determined following arm's length negotiations by the parties to the Finance Lease with reference to the amount of the Assets of approximately RMB104,087,000 (equivalent to approximately HK\$113,871,000) as valued by an independent valuer as at 30 September 2023, and their state including serviceable condition and depreciable life, which were reviewed by Greengold Leasing's experienced leasing team. The consideration amount for the ownership of the Assets will be funded through the internal resources of the Group and/or external banking facilities.

Lease period

Greengold Leasing will lease back the Assets to the Lessee for its use and possession for a term of 6 years commencing from the day the consideration for the Assets transfer has been paid by Greengold Leasing.

Payments under the Finance Lease

The total amount of payments for the Finance Lease is approximately RMB123,248,000 (equivalent to approximately HK\$134,833,000), comprising (a) the lease principal payment of RMB100,000,000 (equivalent to approximately HK\$109,400,000) and (b) the aggregate lease interest and other fees and expenses under the Incidental Documentation of approximately RMB23,248,000 (equivalent to approximately HK\$25,433,000). Both the lease principal and interest will be paid quarterly over the lease period.

The terms of the Finance Lease, including the lease principal and interest, were determined after arm's length negotiations between the parties to the Finance Lease 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), and adjustments taking into account the principal amount of the Finance Lease 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 on a case by case basis.

Termination and transfer of the Assets to the Lessee

The Lessee may terminate the Finance Lease 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, subject to the settlement of all outstanding amounts, the Lessee had agreed to purchase the Assets at a nominal purchase price of RMB100 (equivalent to approximately HK\$109.4).

Guarantee deposit

The Lessee will pay an interest-free deposit of RMB1,000,000 (equivalent to approximately HK\$1,094,000) to Greengold Leasing on the same day the consideration for the Assets transfer has been paid by Greengold Leasing to secure its payment obligations under Finance Lease.

Guarantee

The Lessee and the Guarantors had executed a guarantee on the date of the Finance Lease guaranteeing Greengold Leasing, effectively on a joint and several basis, the due and punctual settlement of any and all amount payable by the Lessee under the Finance Lease.

Pledges

Pursuant to the asset pledge agreement entered into between Greengold Leasing and the Lessee on the date of the Finance Lease, although the ownership of the Assets shall be transferred to Greengold Leasing as lessor as part of the Finance Lease, the Assets are treated as security of payment obligations of the Lessee under the Finance Lease and the Lessee may continue to utilize the Assets during the lease term.

The Pledgor had executed a share pledge agreement in favour of Greengold Leasing, pledging 100% of its shareholding interests in the Lessee for a term of 7 years, as security of the Lessee's payment obligations under the Finance Lease.

The Lessee had executed a share pledge agreement in favour of Greengold Leasing, pledging 100% of its shareholding interests in Guarantor 2 for a term of 7 years, as security of its payment obligations under the Finance Lease.

The Lessee and Guarantor 2 had respectively executed a receivables pledge agreement in favour of Greengold Leasing, pledging their rights in relevant receivables under certain sewage treatment agreements and their supplemental agreements (with each pledged receivables in the total amount of RMB600,000,000 (equivalent to approximately HK\$656,400,000)), as security of the Lessee's payment obligations under the Finance Lease.

Guarantor 2 had also executed a pledge agreement in favour of Greengold Leasing, pledging 100% interests of its two bank accounts (representing the total amount of pledged receivables of RMB600,000,000 (equivalent to approximately HK\$656,400,000)) for a term of 7 years, as security of Lessee's payment obligations under the Finance Lease.

Additionally, the Lessee had executed a pledge agreement in favour of Greengold Leasing, pledging 100% interests of its two bank accounts (representing the total amount of pledged receivables of RMB600,000,000 (equivalent to approximately HK\$656,400,000)) for a term of 7 years, as security of its payment obligations under the Finance Lease.

REASONS FOR AND BENEFITS OF ENTERING INTO THE FINANCE LEASE AND INCIDENTAL DOCUMENTATION

The entering into of the Finance Lease and Incidental Documentation 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 Lease and Incidental Documentation 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.

INFORMATION ON THE ASSETS

The Assets comprise certain designated equipment and facilities of sewage treatment of the Lessee situated in Zibo City, Shandong Province.

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

LISTING RULES IMPLICATION

As one of the applicable percentage ratios for the transactions contemplated under the Finance Lease and Incidental Documentation exceeds 25% but all of them are less than 100%, the entering into of such transactions 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.

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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 and 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 Lessee

The Lessee is a limited liability company established in the PRC and is principally engaged in sewage treatment in the PRC.

The Guarantors and the Pledgor

Guarantor 1 is a limited liability company established in the PRC and is principally engaged in municipal and environmental infrastructure and equity investment, construction and operation management in urban water supply and drainage area in the PRC.

Guarantor 2 is a limited liability company established in the PRC and is principally engaged in sewage treatment in the PRC.

The Pledgor is a limited liability company established in Hong Kong and is principally engaged in investment holding.

DEFINITIONS

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

“Assets” shall have the meaning as disclosed in the section headed “INFORMATION ON THE ASSETS” in this announcement

“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
“Finance Lease”	the finance lease agreement dated 24 November 2023 entered into between Greengold Leasing and the Lessee in relation to the transfer of ownership and lease back of the Assets
“Greengold Leasing”	Canton Greengold Financial Leasing Ltd.* (廣東綠金融資租賃有限公司), a company incorporated in the PRC with limited liability and a subsidiary of the Company
“Group”	the Company and its subsidiaries
“Guarantor 1”	Chongqing Kangda Environmental Protection Industry Group Co., Ltd.* (重慶康達環保產業(集團)有限公司), a company incorporated in the PRC with limited liability, which is wholly owned by Kangda International Environmental Company Limited (康達國際環保有限公司), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 6136) (“ Kangda International ”), and an Independent Third Party
“Guarantor 2”	Qingzhou Meiling Sewage Purification Co., Ltd.* (青州市美陵污水淨化有限公司), a company incorporated in the PRC with limited liability, which is wholly owned by Kangda International, and an Independent Third Party
“Guarantors”	collectively, Guarantor 1 and Guarantor 2
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong Dollar, the lawful currency of Hong Kong
“Incidental Documentation”	the agreements incidental to the Finance Lease, including the transfer agreement, the guarantee, the consultancy agreement, the asset pledge agreement, the receivables pledge agreements, share pledge agreements and the pledge agreements

“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
“Lessee”	Meiling Environmental Technology (Zibo) Co., Ltd.* (美陵環境科技(淄博)有限公司), a company incorporated in the PRC with limited liability, which is wholly owned by Kangda International, and an Independent Third Party
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Pledgor”	Kangda Investment (Hong Kong) Company Limited* (康達投資(香港)有限公司), a company incorporated in Hong Kong with limited liability, which is wholly owned by Kangda International, and an Independent Third Party
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

On behalf of
China Investments Holdings Limited
HE Xiangming
Chairman

Hong Kong, 24 November 2023

As at the date of this announcement, the Board consists of three executive Directors, namely Mr. HE Xiangming (Chairman), Mr. FU Weiqiang (President) and Mr. YOU Guang Wu, one non-executive Director, namely Mr. SHI Xuguang and three independent non-executive Directors, namely Mr. CHAN Kwok Wai, Mr. PENG Xinyu and Ms. LIN Junxian.

For the purpose of this announcement, amounts denominated in RMB have been translated into HK\$ at the indicative exchange rate of RMB1 = HK\$1.094.

* For identification purpose only