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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 FINANCE LEASES AS THE LESSOR

On 18 December 2023, Greengold Leasing, a subsidiary of the Company, entered into the Finance Leases with the Lessee, to obtain the ownership of the Assets from the Lessee at an aggregate consideration of RMB160,000,000 (equivalent to approximately HK\$175,520,000), which would be leased back to the Lessee for its use and possession for a term of 8 years.

As one of the applicable percentage ratios for the transactions contemplated under the Finance Leases 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 Leases 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 Leases 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 Leases 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 Leases and Incidental Documentation.

A circular containing further information on the Finance Leases and Incidental Documentation is expected to be despatched to the Shareholders on or before 11 January 2024.

THE FINANCE LEASES AND INCIDENTAL DOCUMENTATION

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

Date of the Finance Leases:

18 December 2023

The Finance Leases 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 relevant guarantee).

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

Transfer of Assets and consideration

Greengold Leasing will be transferred the unencumbered ownership of Assets 1 and Assets 2 from the Lessee on an "as-is" basis at the consideration of RMB80,000,000 (equivalent to approximately HK\$87,760,000) each in cash pursuant to Finance Lease 1 and Finance Lease 2 respectively, payable within 12 months from the date of the Finance Leases. The transfer agreements for Finance Lease 1 and Finance Lease 2 were entered into between Greengold Leasing and the Lessee on the date of the Finance Leases, effecting the terms of the Finance Leases 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 Leases with reference to the original cost of Assets 1 and Assets 2 of approximately RMB93,588,000 (equivalent to approximately HK\$102,666,000) and RMB91,426,000 (equivalent to approximately HK\$100,294,000) respectively, 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 8 years commencing from the day the consideration for the Assets transfer has been paid by Greengold Leasing.

Payments under the Finance Leases

In respect of Finance Lease 1, the total amount of lease payments is approximately RMB106,513,000 (equivalent to approximately HK\$116,845,000), comprising (a) the lease principal payment of RMB80,000,000 (equivalent to approximately HK\$87,760,000) and (b) the aggregate lease interest and other fees and expenses under the relevant Incidental Documentation of approximately RMB26,513,000 (equivalent to approximately HK\$29,085,000). Both the lease principal and interest will be paid quarterly over the lease period.

In respect of Finance Lease 2, the total amount of lease payments is approximately RMB106,513,000 (equivalent to approximately HK\$116,845,000), comprising (a) the lease principal payment of RMB80,000,000 (equivalent to approximately HK\$87,760,000) and (b) the aggregate lease interest and other fees and expenses under the relevant Incidental Documentation of approximately RMB26,513,000 (equivalent to approximately HK\$29,085,000). Both the lease principal and interest will be paid quarterly over the lease period.

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

Termination and transfer of the Assets to the Lessee

The Lessee may terminate the Finance Leases provided that all outstanding amounts due thereunder and a compensation equivalent to 30 days interest of the relevant outstanding lease principal amounts 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, subject to the settlement of all outstanding amounts due, the Lessee had agreed to purchase the Assets at a nominal purchase price of RMB100 each (equivalent to approximately HK\$109.7).

Guarantees

The Guarantors had executed guarantees on the date of the Finance Leases 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 Leases.

Pledges

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

The Lessee had executed a receivables pledge agreement in favour of Greengold Leasing, pledging its rights in receivables under certain sewage treatment agreements and their supplemental agreements (with pledge receivables in the total amount of RMB240,000,000 (equivalent to approximately HK\$263,280,000)) as security of its payment obligations under the Finance Leases.

The Lessee had executed a pledge agreement in favour of Greengold Leasing, pledging 100% interests of its three bank accounts (representing the pledge receivables of all outstanding amounts due) for a term of 9 years, as security of its payment obligations under the Finance Leases.

The Lessee had also executed another pledge agreement in favour of Greengold Leasing, pledging its certain sewage treatment equipment and facilities, whose original cost of approximately RMB64,088,000 (equivalent to approximately HK\$70,305,000), situated in Xian City, Shaanxi Province, for a term of 9 years, as security of its payment obligations under the Finance Leases.

Additionally, Guarantor 3 had executed a share pledge agreement in favour of Greengold Leasing, pledging 100% of its shareholding interests in the Lessee (with pledge receivables in the total amount of RMB240,000,000 (equivalent to approximately HK\$263,280,000)) for a term of 9 years, as security of the Lessee's payment obligations under the Finance Leases.

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

The entering into of the Finance Leases 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 Leases 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 1 comprise certain designated sewage treatment equipment and facilities of the Lessee situated in Xian City, Shaanxi Province, the PRC.

The Assets 2 comprise other certain designated sewage treatment equipment and facilities of the Lessee situated in Xian City, Shaanxi Province, the PRC.

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

LISTING RULES IMPLICATION

As one of the applicable percentage ratios for the transactions contemplated under the Finance Leases 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 Leases 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 Leases 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 Leases 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 Leases and Incidental Documentation.

A circular containing further information on the Finance Leases and Incidental Documentation is expected to be despatched to the Shareholders on or before 11 January 2024.

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 Shaanxi Province, the PRC.

The Guarantors

Guarantor 1 and Guarantor 2 are natural persons.

Guarantor 3 is a limited liability company established in the PRC and is principally engaged in promotion and investment of environmental protection technology research and development.

Guarantor 4 is a limited liability company established in the PRC and is principally engaged in investments and asset management.

DEFINITIONS

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

“Assets 1”	shall have the meaning as disclosed in the section headed “INFORMATION ON THE ASSETS” in this announcement
“Assets 2”	shall have the meaning as disclosed in the section headed “INFORMATION ON THE ASSETS” in this announcement
“Assets”	collectively, Assets 1 and Assets 2
“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 1”	the finance lease agreement dated 18 December 2023 entered into between Greengold Leasing and the Lessee in relation to the transfer of ownership and lease back of the Assets 1
“Finance Lease 2”	the finance lease agreement dated 18 December 2023 entered into between Greengold Leasing and the Lessee in relation to the transfer of ownership and lease back of the Assets 2
“Finance Leases”	collectively, Finance Lease 1 and Finance Lease 2

“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”	Sun Yuanwu* (孫元武), a Chinese individual and an Independent Third Party
“Guarantor 2”	Tang Xinqi* (湯新琦), a Chinese individual and an Independent Third Party
“Guarantor 3”	Jiangsu Zhongpeng Environmental Protection Group Co., Ltd.* (江蘇中鵬環保集團有限公司), a company incorporated in the PRC with limited liability, which is ultimately controlled by Guarantor 1 as to 69%, Sun Yuanfu* (孫元付) as to 12%, Sun Yuanxiang* (孫元祥) as to 17% and Sun Yuanbing* (孫元兵) as to 2%, all being Independent Third Parties
“Guarantor 4”	Jinpeng Holding Co., Ltd.* (金鵬控股集團有限公司), a company incorporated in the PRC with limited liability, which is ultimately controlled by Guarantor 1 as to 69%, Sun Yuanfu* (孫元付) as to 12%, Sun Yuanxiang* (孫元祥) as to 17% and Sun Yuanbing* (孫元兵) as to 2%, all being Independent Third Parties
“Guarantors”	collectively, Guarantor 1, Guarantor 2, Guarantor 3 and Guarantor 4
“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 Leases, including the transfer agreements, the guarantees, the consultancy agreements, the asset pledge agreements, the receivables pledge agreement, share pledge agreement 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”	Xian Jinpeng Water Co., Ltd.* (西安金鵬水務有限公司), a company incorporated in the PRC with limited liability, which is wholly owned by Guarantor 3, 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 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, 18 December 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\$1.097.

* *For identification purpose only*