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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 THE FINANCE LEASES AS THE LESSOR

On 12 December 2019, Canton Risen, a subsidiary of the Company, entered into the Finance Leases with the Lessees, to acquire the ownership of the Assets from Lessee 2 for an aggregate consideration of RMB400,000,000 (equivalent to approximately HK\$444,400,000), which would be leased back to Lessees for their use and possession for a term of 5 years.

As the applicable percentage ratios for the transactions contemplated under the Finance Leases and the incidental documentation exceed 25% but are less than 100%, the entering into of such transactions constitute 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.

As no Shareholder is materially interested in the Finance Leases and the 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 the 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 the 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 the incidental documentation.

A circular containing further information on the Finance Leases and the incidental documentation is expected to be despatched to the Shareholders on or before 7 January 2020.

THE FINANCE LEASES AND THE INCIDENTAL DOCUMENTATION

The Board is pleased to announce that Canton Risen entered into the Finance Leases and the incidental documentation, the principal terms of which are as follows:–

Date:

12 December 2019

The Finance Leases would be effective upon compliance of the applicable requirements of the Listing Rules by the Company.

Parties:

- (1) Canton Risen, a subsidiary of the Company, as the lessor;
- (2) the Lessees; and
- (3) the Guarantor (in relation to the relevant guarantees).

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

Transfer of Assets and consideration

Canton Risen will acquire the unencumbered ownership of Asset 1 and Asset 2 from Lessee 2 on an "as-is" basis for RMB200,000,000 (equivalent to approximately HK\$222,200,000) and RMB200,000,000 (equivalent to approximately HK\$222,200,000) respectively in cash and, payable within 1 month from the date of the Finance Leases to any of the Lessees as the Lessees may decide pursuant to the transfer agreements entered into between Canton Risen and the Lessees on the date of the Finance Leases.

Such consideration amount was determined following arm's length negotiation by the parties with reference to the original cost of Asset 1 and Asset 2 of approximately RMB236,163,255.80 (equivalent to approximately HK\$262,377,377.19) and RMB236,163,454.60 (equivalent to approximately HK\$262,377,598.06) respectively and their state, which were reviewed by Canton Risen's experienced finance leasing team. Approximately 80% of such consideration amount for the acquisition of the Assets is expected to be funded through external banking facilities and the remaining 20% is expected to be funded through the internal resources of the Group.

The consideration amount will provide additional liquidity for the Lessees.

Lease period

Canton Risen will lease back the Assets to the Lessees for their use and possession for a term of 5 years commencing from the day the consideration for the Assets transfer has been paid by Canton Risen. Unless otherwise waived by Canton Risen, the release of payment of the consideration for the Assets transfer by Canton Risen is conditional upon the fulfillment of certain conditions within 1 month from the date of the Finance Leases including, mainly, the satisfactory provision of the relevant guarantees by the Guarantor.

Lease payments

Pursuant to Finance Lease No. 1, the total amount of lease payments is approximately RMB224,989,313.20 (equivalent to approximately HK\$249,963,126.97), comprising (a) the lease principal payment of RMB200,000,000 (equivalent to approximately HK\$222,200,000) and (b) the aggregate lease interest of approximately RMB24,989,313.20 (equivalent to approximately HK\$27,763,126.97). Both the lease principal and the interest shall be payable in ten (10) installments during the lease period with the first installment and the last installment being payable on 18 April 2020 and 18 December 2024 respectively.

Pursuant to Finance Lease No. 2, the total amount of lease payments is approximately RMB224,989,313.20 (equivalent to approximately HK\$249,963,126.97), comprising (a) the lease principal payment of RMB200,000,000 (equivalent to approximately HK\$222,200,000) and (b) the aggregate lease interest of approximately RMB24,989,313.20 (equivalent to approximately HK\$27,763,126.97). Both the lease principal and the interest shall be payable in ten (10) installments during the lease period with the first installment and the last installment being payable on 18 April 2020 and 18 December 2024 respectively.

Pursuant to the Finance Leases, the aggregate lease interest amounts are calculated on the then outstanding lease principal payment amount (being initially the amount of consideration for the Assets transfer paid by Canton Risen) at the effective annual interest rate 5.667%. Such interest rate was determined after arm's length negotiations between the parties to the Finance Leases with reference to the principal amount of the lease, the return of the Finance Leases for the Group, the interest risk of the financing and the credit risks associated with the Finance Leases.

The Lessees will facilitate all credit checks by Canton Risen with the Credit Reference Center of the PBOC from time to time.

Termination and purchase option

The Lessees may terminate the Finance Leases provided that all outstanding amounts due thereunder have been settled by them. All payment obligations of the Lessees towards Canton Risen are joint and several, regardless of whether any of them may have actual possession and/or usage of the Assets. 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 Lessees will have the right to purchase the Assets at a nominal purchase price of RMB200 (equivalent to approximately HK\$222.2).

Guarantee deposits

The Lessees will pay interest-free deposits of RMB6,000,000 (equivalent to approximately HK\$6,666,000) and RMB6,000,000 (equivalent to approximately HK\$6,666,000) to Canton Risen on the same day the consideration for the Assets transfer has been paid by Canton Risen to secure their payment obligations under Finance Lease No. 1 and Finance Lease No. 2 respectively.

Guarantees

The Guarantor had executed guarantees on the date of the Finance Leases guaranteeing Canton Risen, effectively on a joint and several basis, the due and punctual settlement of any and all amounts payable by the Lessees under the Finance Leases.

Consultancy agreements

In addition, on 12 December 2019, Canton Risen entered into consultancy agreements with Lessee 1 whereby Canton Risen has agreed to provide financial consultancy service to Lessee 1 and Lessee 1 has agreed to pay an aggregate fee of RMB9,600,000 (equivalent to approximately HK\$10,665,600) to Canton Risen.

Such fee was determined after arm's length negotiations between the parties to the Finance Leases with reference to the return of the Finance Leases for the Group as a whole and would be payable in lump sum to Canton Risen within three business days (but if the three-business-day period shall lie between two months, the consultancy fee shall be paid by the end of the earlier month) after Lessee 1 confirms in writing that Canton Risen has completed the provision of consultancy service pursuant to the agreement.

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

The entering into of the Finance Leases and the incidental documentation is part of Canton Risen's ordinary and usual course of business which is expected to provide a stable revenue and cashflow to the Group.

The Directors (including the independent non-executive Directors) consider that the Finance Leases and the 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

Asset 1 comprises the water pipe, communication channel and electricity pipe situated at the section from Huimin Avenue to Yucai Road of Third Ring East, Huizhou City.

Asset 2 comprises the water pipe, communication channel and electricity pipe situated at the section from Yucai Road to Dahuxi Bridge of Third Ring East, Huizhou City.

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

LISTING RULES IMPLICATION

As the applicable percentage ratios for the transactions contemplated under the Finance Leases and the incidental documentation exceed 25% but are less than 100%, the entering into of such transactions constitute 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.

As no Shareholder is materially interested in the Finance Leases and the 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 the 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 the 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 the incidental documentation.

A circular containing further information on the Finance Leases and the incidental documentation is expected to be despatched to the Shareholders on or before 7 January 2020.

PRINCIPAL BUSINESSES OF 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, wellness elderly care, finance leasing and big data businesses. Through its joint ventures and associates, the Group also participates and invests in fast-growing sectors, including electric utilities, civil explosives and finance leasing in the PRC.

Canton Risen

Canton Risen is a subsidiary of the Company, which is principally engaged in the provision of finance, including through finance leasing, with an initial focus on government public utility, environmental protection, new energy and telecommunication projects in the PRC.

The Lessees

Lessee 1 is a state-owned enterprise in the PRC and is principally engaged in the construction, operation and maintenance of urban infrastructures and facilities in the PRC.

Lessee 2 is a state-owned enterprise in the PRC and is principally engaged in the investment and operation of roads, bridges and foundation works in the PRC.

Lessee 2 is wholly-owned by Lessee 1, which is in turn ultimately controlled by the State-owned Assets Supervision and Administration Commission of Huizhou City (惠州市國有資產監督管理委員會).

The Guarantor

The Guarantor is a state-owned enterprise in the PRC and is principally engaged in the construction, operation and maintenance of urban infrastructures and facilities in the PRC.

DEFINITIONS

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

“Asset 1”	shall have the meaning as disclosed in the section headed “INFORMATION ON THE ASSETS” in this announcement
“Asset 2”	shall have the meaning as disclosed in the section headed “INFORMATION ON THE ASSETS” in this announcement
“Assets”	collectively, Asset 1 and Asset 2
“Board”	the board of Directors of the Company
“business day(s)”	any day(s) other than Saturday(s), Sunday(s) and statutory holiday(s) of the PRC
“Canton Risen”	Canton Risen Financial Leasing Co., Ltd.* (廣東粵盛科融資租賃有限公司), a company incorporated in the PRC with limited liability and a 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: 132)
“Director(s)”	the director(s) of the Company
“Finance Lease No. 1”	the finance lease agreement dated 12 December 2019 entered into between Canton Risen and the Lessees in relation to the transfer of ownership and lease back of Asset 1
“Finance Lease No. 2”	the finance lease agreement dated 12 December 2019 entered into between Canton Risen and the Lessees in relation to the transfer of ownership and lease back of Asset 2
“Finance Leases”	collectively, Finance Lease No. 1 and Finance Lease No. 2

“Group”	the Company and its subsidiaries
“Guarantor”	Huizhou City Traffic Investment Group Co., Ltd.* (惠州市交通投資集團有限公司), a state-owned enterprise incorporated in the PRC with limited liability, which is ultimately controlled by the State-owned Assets Supervision and Administration Commission of Huizhou City, and an Independent Third Party
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HK\$”	Hong Kong Dollar, the lawful currency of Hong Kong
“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 1”	Huizhou Jiaotou Road and Bridge Investment Co., Ltd.* (惠州交投路橋投資有限公司), a state-owned enterprise incorporated in the PRC with limited liability and an Independent Third Party
“Lessee 2”	Huizhou City Zhonghui Road and Bridge Co., Ltd* (惠州市中惠路橋有限公司), a state-owned enterprise incorporated in the PRC with limited liability and an Independent Third Party
“Lessees”	collectively, Lessee 1 and Lessee 2
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PBOC”	the People’s Bank of China
“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

“%”

per cent

On behalf of
China Investments Holdings Limited
HE Xiangming
Chairman

Hong Kong, 12 December 2019

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.

For the purpose of this announcement, amounts denominated in RMB have been translated into HK\$ at the exchange rate of RMB1 = HK\$1.111. Such translations should not be construed as a representation that the amounts in question have been, could have been or could be converted at any particular rate at all.

* For identification purpose only