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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 ENTERING INTO A FINANCE LEASE AS THE LESSOR

On 19 December 2019, Canton Risen, a subsidiary of the Company, entered into the Finance Lease with the Lessee, to acquire the ownership of the Assets from the Lessee for RMB55,000,000 (equivalent to approximately HK\$61,215,000), which would be leased back to the Lessee for its use and possession for a term of 5 years.

As the applicable percentage ratios for the transactions contemplated under the Finance Lease and the incidental documentation exceed 5% but are less than 25%, the transactions contemplated under the Finance Lease and the incidental documentation constitute a discloseable transaction for the Company under the Listing Rules.

THE FINANCE LEASE AND THE INCIDENTAL DOCUMENTATION

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

Date:

19 December 2019

The Finance Lease 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 Lessee; and
- (3) the Guarantors (in relation to the relevant guarantees).

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

Canton Risen will acquire the unencumbered ownership of the Assets from the Lessee on an "as-is" basis for RMB55,000,000 (equivalent to approximately HK\$61,215,000) in cash and, payable within 1 month from the date of the Finance Lease to the Lessee pursuant to the transfer agreement entered into between Canton Risen and the Lessee on the date of the Finance Lease.

Such consideration amount was determined following arm's length negotiations by the parties with reference to the original cost of the Assets of RMB116,814,344.16 (equivalent to approximately HK\$130,014,365.05) and their state, which were reviewed by Canton Risen's experienced finance leasing team. All of the consideration amount for the acquisition of the Assets is expected to be funded through the internal resources of the Group.

The consideration amount will provide additional liquidity for the Lessee.

Lease period

Canton Risen will lease back the Assets to the Lessee for its 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 Lease including, mainly, the satisfactory provision of the relevant guarantees by the Guarantors.

Lease payments

Pursuant to the Finance Lease, the total amount of lease payments is approximately RMB64,469,642 (equivalent to approximately HK\$71,754,712), comprising (a) the lease principal payment of RMB55,000,000 (equivalent to approximately HK\$61,215,000) and (b) the aggregate lease interest of approximately RMB9,469,642 (equivalent to approximately HK\$10,539,712). Both the lease principal and the interest shall be payable every three months in twenty (20) installments during the lease period with the first installment being payable on 18 March 2020.

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 202.5 basic points above the loan prime rate for 1 year RMB loans on the date of the Finance Lease (the prevailing loan prime rate for 1 year RMB loans is 4.15% and therefore the interest rate is approximately 6.175% p.a. as at the date hereof). Such interest rate was determined after arm's length negotiations between the parties to the Finance Lease with reference to the principal amount of the lease, the return of the Finance Lease for the Group and the credit risks associated with the Finance Lease.

The Lessee 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 Lessee may terminate the Finance Lease provided that all outstanding amounts due thereunder have been settled by it. 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 due, the Lessee will have the right to purchase the Assets at a nominal purchase price of RMB1,000 (equivalent to approximately HK\$1,113).

Guarantee deposit

The Lessee will pay an interest-free deposit of RMB1,265,000 (equivalent to approximately HK\$1,407,945) to Canton Risen on the same day the consideration for the Assets transfer has been paid by Canton Risen to secure its payment obligations under the Finance Lease.

Guarantees

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

Asset pledge

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

Consultancy agreement

In addition, on 19 December 2019, Canton Risen entered into a consultancy agreement and a supplemental consultancy agreement with the Lessee whereby Canton Risen has agreed to provide financial consultancy service to the Lessee and the Lessee has agreed to pay an aggregate fee of RMB2,750,000 (equivalent to approximately HK\$3,060,750) to Canton Risen.

Such fee was determined after arm's length negotiations between the parties to the Finance Lease with reference to the return of the Finance Lease 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 the Lessee confirms in writing that Canton Risen has completed the provision of consultancy service pursuant to the agreements.

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

The entering into of the Finance Lease 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 consider that the Finance Lease 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

The Assets comprise all the equipment and foundational facilities of the second phase of Putian Shenyuan environmental waste incineration power plant at the Victory Reclamation of Jinshan Village, Dongzhuang Town, Xiuyu District, Putian City.

The Lessee 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 Lease and the incidental documentation exceed 5% but are less than 25%, the transactions contemplated under the Finance Lease and the incidental documentation constitute a discloseable transaction for the Company under the Listing Rules.

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 Lessee

The Lessee is a limited liability company established in the PRC and is principally engaged in waste incineration power generation in the PRC.

The Guarantors

Guarantor 1 is a limited liability company established in the PRC and is principally engaged in the specialized treatment of solid and liquid waste in the PRC.

Guarantor 2 is a limited liability company established in the PRC and is principally engaged in waste incineration power generation in the PRC.

Guarantor 3 and Guarantor 4 are natural persons who are considered to ultimately control Guarantor 1, whereas Guarantor 1 ultimately controls both the Lessee and Guarantor 2.

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
“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”	the finance lease agreement dated 19 December 2019 entered into between Canton Risen and the Lessee in relation to the transfer of ownership and lease back of the Assets

“Group”	the Company and its subsidiaries
“Guarantor 1”	Shenyuan Environmental Protection Co., Ltd.* (聖元環保股份有限公司), a limited liability company incorporated in the PRC, and an Independent Third Party
“Guarantor 2”	Zhangzhou City Shengyuan Environmental Electric Power Co., Ltd.* (漳州市聖元環保電力有限公司), a limited liability company incorporated in the PRC, and an Independent Third Party
“Guarantor 3”	Zhu Yuxuan* (朱煜煊), being a PRC individual and an Independent Third Party
“Guarantor 4”	Zhu Hengbing* (朱恒冰), being a PRC individual and an Independent Third Party
“Guarantors”	collectively, Guarantor 1, Guarantor 2, Guarantor 3 and Guarantor 4
“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”	Putian City Shengyuan Environmental Electric Power Co., Ltd. (莆田市聖元環保電力有限公司), a limited liability company incorporated in the PRC, and an Independent Third Party
“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, 20 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\$1.113. 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*