

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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 8 August 2018 Canton Risen, a wholly-owned subsidiary of the Company, entered into the Finance Lease with the Lessees, to acquire the ownership of the Assets from the Lessees for RMB30,000,000 which would be leased back to the Lessees for their use and possession for a term of 5 years.

As the applicable percentage ratios for the transaction constituted under the Finance Lease exceed 5% but are less than 25%, the Finance Lease constitutes a discloseable transaction for the Company under the Listing Rules.

THE FINANCE LEASE AND INCIDENTAL DOCUMENTATION

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

Date:

8 August 2018

Parties:

- (1) Canton Risen, a wholly-owned subsidiary of the Company, as the lessor; and
- (2) the Lessees.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, each of the Lessees 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 Lessees on an "as-is" basis for RMB30,000,000 in cash (equivalent to approximately HK\$34,470,000), payable within 1 month from the date of the Finance Lease to any of the Lessees as the Lessees may decide, pursuant to a transfer agreement entered into between Canton Risen and the Lessees 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 RMB37,446,000 (equivalent to approximately HK\$43,025,454) and the value of the Pledged Shares under two share pledges executed by Lessee 2 in favour of Canton Risen on the date of the Finance Lease. 80 percent of such consideration is expected to be funded through external banking facilities and the remaining 20 percent is expected to be funded through the internal resources of the Group.

The consideration amount will be used for making payments for the Assets and providing additional liquidity to 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 fulfilment 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 and the payment of deposit by the Lessees.

Lease payments

The 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 35% above the benchmark interest rate for 5-year RMB loans published by the PBOC from time to time (representing approximately 6.4125% p.a. as at the date hereof). Such interest rate was determined after arm's length negotiations between the parties to the Finance Lease by reference to the principal amount of the lease, the expected return of the Finance Lease for the Group and the credit risks associated with the Finance Lease.

The lease payments are expected to be made by the Lessees to Canton Risen in the following manner:

Payment	Time of payment	Lease principal payment	Lease interest payment (calculated according to 6.4125% p.a. for illustration purpose only)
1 st	18 December 2018	RMB1,284,250 (equivalent to approximately HK\$1,475,603)	RMB480,937 (equivalent to approximately HK\$552,597)
2 nd	18 March 2019	RMB1,304,838 (equivalent to approximately HK\$1,499,258)	RMB460,349 (equivalent to approximately HK\$528,941)
3 rd	18 June 2019	RMB1,325,756 (equivalent to approximately HK\$1,523,293)	RMB439,431 (equivalent to approximately HK\$504,906)
4 th	18 September 2019	RMB1,347,009 (equivalent to approximately HK\$1,547,714)	RMB418,178 (equivalent to approximately HK\$480,486)
5 th	18 December 2019	RMB1,368,604 (equivalent to approximately HK\$1,572,526)	RMB396,583 (equivalent to approximately HK\$455,674)
6 th	18 March 2020	RMB1,390,544 (equivalent to approximately HK\$1,597,735)	RMB374,643 (equivalent to approximately HK\$430,465)
7 th	18 June 2020	RMB1,412,836 (equivalent to approximately HK\$1,623,349)	RMB352,351 (equivalent to approximately HK\$404,851)
8 th	18 September 2020	RMB1,435,486 (equivalent to approximately HK\$1,649,373)	RMB329,701 (equivalent to approximately HK\$378,827)

Payment	Time of payment	Lease principal payment	Lease interest payment (calculated according to 6.4125% p.a. for illustration purpose only)
9 th	18 December 2020	RMB1,458,498 (equivalent to approximately HK\$1,675,815)	RMB306,689 (equivalent to approximately HK\$352,385)
10 th	18 March 2021	RMB1,481,880 (equivalent to approximately HK\$1,702,680)	RMB283,307 (equivalent to approximately HK\$325,520)
11 th	18 June 2021	RMB1,505,636 (equivalent to approximately HK\$1,729,976)	RMB259,551 (equivalent to approximately HK\$298,224)
12 th	18 September 2021	RMB1,529,774 (equivalent to approximately HK\$1,757,710)	RMB235,413 (equivalent to approximately HK\$270,490)
13 th	18 December 2021	RMB1,554,298 (equivalent to approximately HK\$1,785,888)	RMB210,889 (equivalent to approximately HK\$242,312)
14 th	18 March 2022	RMB1,579,215 (equivalent to approximately HK\$1,814,518)	RMB185,972 (equivalent to approximately HK\$213,682)
15 th	18 June 2022	RMB1,604,532 (equivalent to approximately HK\$1,843,607)	RMB160,655 (equivalent to approximately HK\$184,593)
16 th	18 September 2022	RMB1,630,254 (equivalent to approximately HK\$1,873,162)	RMB134,933 (equivalent to approximately HK\$155,038)
17 th	18 December 2022	RMB1,656,389 (equivalent to approximately HK\$1,903,191)	RMB108,798 (equivalent to approximately HK\$125,008)
18 th	18 March 2023	RMB1,682,943 (equivalent to approximately HK\$1,933,702)	RMB82,244 (equivalent to approximately HK\$94,498)
19 th	18 June 2023	RMB1,709,923 (equivalent to approximately HK\$1,964,702)	RMB55,264 (equivalent to approximately HK\$63,498)
20 th	10 August 2023	RMB1,737,335 (equivalent to approximately HK\$1,996,198)	RMB27,852 (equivalent to approximately HK\$32,002)
Total:		RMB30,000,000 (equivalent to approximately HK\$34,470,000)	RMB5,303,740 (equivalent to approximately HK\$6,093,997)

The Lessees will facilitate all credit checks by Canton Risen with the central credit appraisal system of the PBOC from time to time.

Termination and purchase option

The Lessees may terminate the Finance Lease provided that all outstanding amounts due thereunder have been settled by the Lessees. 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 Lease, subject to the settlement of all outstanding amounts due, the Lessees will have the right to purchase the Assets at the nominal purchase price of RMB100 (equivalent to approximately HK\$115).

Guarantee deposit

The Lessees will pay an interest-free deposit of RMB2,400,000 (equivalent to approximately HK\$2,757,600) to Canton Risen on the same day the consideration for the Assets transfer has been paid by Canton Risen to secure part of their payment obligations under the Finance Lease.

Guarantees

The Guarantors had each executed a guarantee 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 Lessees under the Finance Lease.

Assets pledge

Pursuant to an assets pledge agreement entered into between Canton Risen and the Lessees on 8 August 2018, 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 the payment obligations of the Lessees under the Finance Lease and the Lessees may continue to utilize the Assets during the lease term.

Share pledge by Lessee 2 and supplemental agreement

Lessee 2 also executed two share pledge agreements on the date of the Finance Lease pledging its 49% and 51% shareholding interest in Guarantor 3 respectively (“**Pledged Shares**”) (representing approximately RMB14,700,000 and RMB15,300,000 respectively (equivalent to approximately HK\$16,890,300 and HK\$17,579,700) representing the share capital of Guarantor 3 as at the date of the share pledge agreements) for a period of 6 years in favour of Canton Risen to secure the payment obligations of the Lessees under the Finance Lease.

Pursuant to a supplemental agreement entered into between Canton Risen and the Lessees on the date of the Finance Lease, registration procedure for the share pledge of Lessee 2’s 49% shareholding interest in Guarantor 3 will commence within 10 days after the signing of the supplemental agreement while the registration procedure for the share pledge of Lessee 2’s remaining 51% shareholding interest in Guarantor 3 will commence if and when the parties further negotiate successfully for an additional finance lease with a principal amount not exceeding RMB30,000,000. Meanwhile, Lessees 2 will not be precluded from seeking out other financing arrangement with respect to such 51% Pledged Shares, provided that such pledge may not be released until all outstanding amounts due under the Finance Lease are settled by the Lessees.

Consultancy Agreement

In addition, on the date of the Finance Lease, Canton Risen entered into a consultancy agreement with Lessee 1 whereby Canton Risen has agreed to provide financial consultancy service to Lessee 1 and Lessee 1 has agreed to pay a fee of RMB2,250,000 (equivalent to approximately HK\$2,585,250) to Canton Risen. Such fee was determined after arm’s length negotiations between the parties to the Finance Lease by reference to the return of the Finance Lease for the Group as a whole and payable within 3 days from the date of 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 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 entering into of the Finance Lease and incidental documentation is 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 comprised designated electrical machinery and equipment for waste treatment, including pyrolysis furnace (with exhaust gas purification system), garden waste crushing machine, pyrolysis water treatment system, large-size garbage crushing line, coating decay-decomposition system, aerobic fermentation vessel bioreactor and RDF preparation system for which the Lessees' businesses are permitted to use (the "Assets"). 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 transaction constituted under the Finance Lease exceed 5% but are less than 25%, the Finance Lease constitutes a discloseable transaction for the Company under the Listing Rules.

PRINCIPAL BUSINESSES OF THE PARTIES

The Group

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

Canton Risen

Canton Risen is a wholly-owned 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 limited liability company established in the PRC, a wholly-owned subsidiary of Lessee 2, and is principally engaged in the processing, management and recycling of scrap machinery and equipment, construction materials and electronic waste.

Lessee 2 is a limited liability company established in the PRC and is principally engaged in the recycling, processing and the reuse of domestic, industrial and hazardous waste.

The Guarantors

Guarantor 1 is a natural person and a controlling shareholder of Lessee 2.

Guarantor 2 is a natural person and the spouse of Guarantor 1.

Guarantor 3 is a limited liability company established in the PRC, a wholly-owned subsidiary of Lessee 2, and is principally engaged in the acquisition, recycling, disassembly, processing and sale of electronic waste, plastics, metal and industrial waste.

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

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 wholly-owned 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)
“connected persons”	shall have the meaning as ascribed to it under the Listing Rules
“controlling shareholder(s)”	shall have the meaning as ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Finance Lease”	the finance lease agreement dated 8 August 2018 entered into between Canton Risen and the Lessees
“Group”	the Company and its subsidiaries
“Guarantor 1”	a PRC individual
“Guarantor 2”	a PRC individual
“Guarantor 3”	being a company incorporated in the PRC and an Independent Third Party
“Guarantors”	Collectively, Guarantor 1, Guarantor 2 and Guarantor 3

“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”	Lessee 1 being a company incorporated in the PRC and an Independent Third Party
“Lessee 2”	Lessee 2 being a company incorporated in the PRC and an Independent Third Party
“Lessees”	collectively, Lessee 1 and Lessee 2
“PBOC”	the People’s Bank of China
“Pledged Shares”	shall have the meaning as disclosed in the section headed “Share pledge by Lessee 2 and supplemental agreement” in this announcement
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong and 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, 10 August 2018

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\$1.149. 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