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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 14 December 2018, Canton Risen, a subsidiary of the Company, entered into the Finance Leases with the Lessees, to acquire the ownership of the Assets from the Lessees for an aggregate consideration of RMB221,000,000 (equivalent to approximately HK\$250,393,000), which would be leased back to the Lessees for their use and possession for a term of 2 years.

Reference is made to the announcement of the Company dated 9 November 2018 in relation to the entering into of the Historical Finance Leases and Incidental Documentation with the Lessees, which was itself a discloseable transaction of the Company under the Listing Rules.

As the applicable percentage ratios for the transactions contemplated under the Finance Leases and the incidental documentation, when calculated on an aggregated basis with the transactions contemplated under the Historical Finance Leases and 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 will be despatched to the Shareholders on or before 9 January 2019.

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:

14 December 2018

Parties:

- (1) Canton Risen, a subsidiary of the Company, as the lessor; and
- (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, Asset 2 and Asset 3 from the Lessees on an “as-is” basis for RMB110,000,000 (equivalent to approximately HK\$124,630,000), RMB21,000,000 (equivalent to approximately HK\$23,793,000) and RMB90,000,000 (equivalent to approximately HK\$101,970,000) 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 negotiations by the parties with reference to the original cost of Asset 1, Asset 2 and Asset 3 of RMB113,270,000 (equivalent to approximately HK\$128,334,910), RMB30,600,000 (equivalent to approximately HK\$34,669,800) and RMB93,880,000 (equivalent to approximately HK\$106,366,040) respectively. Approximately 80 percent of such consideration amount for the acquisition of the Assets 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 provide additional liquidity for the Lessees.

Lease period

Canton Risen will lease back the Assets to the Lessees for Lessee 1’s use and possession for a term of 2 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 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 RMB118,379,225 (equivalent to approximately HK\$134,123,662) (subject to changes of the benchmark interest rate for 2 years RMB loans published by the PBOC from time to time), comprising (a) the lease principal payment of RMB110,000,000 (equivalent to approximately HK\$124,630,000) and (b) the aggregate lease interest of approximately RMB8,379,225 (equivalent to approximately HK\$9,493,662) (subject to changes of the benchmark interest rate for 2 years RMB loans published by the PBOC from time to time). Both the lease principal and the interest shall be payable every six months in four (4) installments during the lease period with the first installment being payable on 18 June 2019.

Pursuant to Finance Lease No.2, the total amount of lease payments is approximately RMB22,567,096 (equivalent to approximately HK\$25,568,520) (subject to changes of the benchmark interest rate for 2 years RMB loans published by the PBOC from time to time), comprising (a) the lease principal payment of RMB21,000,000 (equivalent to approximately HK\$23,793,000) and (b) the aggregate lease interest of approximately RMB1,567,096 (equivalent to approximately HK\$1,775,520) (subject to changes of the benchmark interest rate for 2 years RMB loans published by the PBOC from time to time). Both the lease principal and the interest shall be payable every six months in four (4) installments during the lease period with the first installment being payable on 18 June 2019.

Pursuant to Finance Lease No.3, the total amount of lease payments is approximately RMB96,903,399 (equivalent to approximately HK\$109,791,551) (subject to changes of the benchmark interest rate for 2 years RMB loans published by the PBOC from time to time), comprising (a) the lease principal payment of RMB90,000,000 (equivalent to approximately HK\$101,970,000) and (b) the aggregate lease interest of approximately RMB6,903,399 (equivalent to approximately HK\$7,821,551) (subject to changes of the benchmark interest rate for 2 years RMB loans published by the PBOC from time to time). Both the lease principal and the interest shall be payable every six months in four (4) installments during the lease period with the first installment being payable on 18 June 2019.

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 20% above the benchmark interest rate for 2 years RMB loans published by PBOC from time to time (for reference purpose, the prevailing benchmark interest rate for 2 years RMB loans published by the PBOC is 4.75% and therefore the interest rate is approximately 5.7% p.a. as at the date hereof). 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 leases, the return of the Finance Leases for the Group and the credit risks associated with the Finance Leases.

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 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 an aggregate nominal purchase price of RMB3 (equivalent to approximately HK\$3.399).

Guarantee deposit

The Lessees will pay an interest-free deposit of RMB1,650,000 (equivalent to approximately HK\$1,869,450), RMB315,000 (equivalent to approximately HK\$356,895) and RMB1,350,000 (equivalent to approximately HK\$1,529,550) 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 the Finance Lease No. 1, Finance Lease No. 2 and Finance Lease No. 3 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 14 December 2018, 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 RMB4,420,000 (equivalent to approximately HK\$5,007,860) 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 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 agreements.

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 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 newly constructed offsite pipe network at Xiaotang Sewage Treatment Plant* (小塘污水處理廠廠外管網) situated at Shishan Town, Nanhai District, Foshan City.

Asset 2 comprises the offsite pipe network of the Northwest Sewage Treatment Plant Phase II* (西北污水處理廠二期廠外管網) situated at Shishan Town, Nanhai District, Foshan City.

Asset 3 comprises the pipe network of the First Stage of the Shishan Town River Environment Treatment Project* (獅山鎮河涌水環境治理項目(一階段)) situated at Shishan Town, Nanhai District, Foshan 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, when calculated on an aggregated basis with the transactions contemplated under the Historical Finance Leases and 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.

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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, 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 limited liability company established in the PRC and is principally engaged in the investment, construction and operation management of sewage treatment and its ancillary facilities in the PRC.

Lessee 2 is a limited liability company established in the PRC and is principally engaged in the development, construction and sale of cemeteries and the sale of stone and funeral supplies in the PRC.

The Guarantor

The Guarantor is a limited liability company established in the PRC, and is principally engaged in land resource development, agency service for land resumption and other asset management activities in the PRC.

The Lessees and the Guarantors are ultimately controlled by the same shareholder.

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
“Asset 3”	shall have the meaning as disclosed in the section headed “INFORMATION ON THE ASSETS” in this announcement
“Assets”	collectively, Asset 1, Asset 2 and Asset 3
“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)
“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 No. 1”	the finance lease agreement dated 14 December 2018 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 14 December 2018 entered into between Canton Risen and the Lessees in relation to the transfer of ownership and lease back of Asset 2
“Finance Lease No. 3”	the finance lease agreement dated 14 December 2018 entered into between Canton Risen and the Lessees in relation to the transfer of ownership and lease back of Asset 3
“Finance Leases”	collectively, Finance Lease No. 1, Finance Lease No. 2 and Finance Lease No. 3
“Group”	the Company and its subsidiaries
“Guarantor”	Foshan City Nanhai District Songgang Land Resource Development Co., Ltd.* (佛山市南海區松崗土地資源開發有限公司), a company incorporated in the PRC with limited liability
“Historical Finance Leases and Incidental Documentation”	being the finance lease agreements and incidental documentation dated 7 November 2018 entered into between Canton Risen and the Lessees, the details of which have been disclosed in the announcement of the Company dated 9 November 2018

“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”	Foshan City Nanhai District Shishan Meijing Sewage Treating Co., Ltd.* (佛山市南海區獅山美景污水處理有限公司), a company incorporated in the PRC with limited liability
“Lessee 2”	Foshan City Nanhai Huaqiao Cemetery Management Co., Ltd* (佛山市南海華僑永久墓園管理公司), a company incorporated in the PRC with limited liability
“Lessees”	collectively, Lessee 1 and Lessee 2
“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, 14 December 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\$1.133. 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*