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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 26 June 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 Lessee 2 for RMB80,000,000 (equivalent to approximately HK\$95,760,000) which would be leased back to the Lessees for their use and possession for a term of 5 years at an estimated aggregate lease payment amount of RMB89,125,382.97 (equivalent to approximately HK\$106,683,083.42).

As the applicable percentage ratios for the transaction constituted under the Finance Lease exceed 5% but are under 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 entered into the Finance Lease and incidental documentation, the principal terms of which are as follows: –

Date:

26 June 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 Lessee 2 on an "as-is" basis for RMB80,000,000 in cash (equivalent to approximately HK\$95,760,000) 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 book asset value of the Assets of RMB103,761,000 (equivalent to approximately HK\$124,201,917).

Approximately 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 in the construction of sewage treatment facilities.

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, among others, the satisfactory provision of the relevant guarantee by the Guarantor.

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 11.58% above the benchmark interest rate for 5-year RMB loans published by the PBOC from time to time (representing approximately 5.3% 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 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 amounts	Lease interest payment amounts*
1st	18 August 2018	RMB4,800,000.00 (equivalent to approximately HK\$5,745,600.00)	RMB600,666.67 (equivalent to approximately HK\$718,998.00)
2nd	18 October 2018	RMB4,800,000.00 (equivalent to approximately HK\$5,745,600.00)	RMB675,337.78 (equivalent to approximately HK\$808,379.32)
3rd	18 January 2019	RMB4,800,000.00 (equivalent to approximately HK\$5,745,600.00)	RMB953,528.89 (equivalent to approximately HK\$1,141,374.08)
4th	18 April 2019	RMB4,800,000.00 (equivalent to approximately HK\$5,745,600.00)	RMB869,200.00 (equivalent to approximately HK\$1,040,432.40)
5th	18 July 2019	RMB4,800,000.00 (equivalent to approximately HK\$5,745,600.00)	RMB814,551.11 (equivalent to approximately HK\$975,017.68)
6th	18 October 2019	RMB4,800,000.00 (equivalent to approximately HK\$5,745,600.00)	RMB758,488.89 (equivalent to approximately HK\$907,911.20)

* Calculated for illustration purpose at 5.3% p.a.

Payment	Time of Payment	Lease principal payment amounts	Lease interest payment amounts*
7th	18 January 2020	RMB4,800,000.00 (equivalent to approximately HK\$5,745,600.00)	RMB693,475.56 (equivalent to approximately HK\$830,090.25)
8th	18 April 2020	RMB4,800,000.00 (equivalent to approximately HK\$5,745,600.00)	RMB621,631.11 (equivalent to approximately HK\$744,092.44)
9th	18 July 2020	RMB4,266,666.67 (equivalent to approximately HK\$5,107,200.00)	RMB557,324.44 (equivalent to approximately HK\$667,117.36)
10th	18 October 2020	RMB4,266,666.67 (equivalent to approximately HK\$5,107,200.00)	RMB505,659.26 (equivalent to approximately HK\$605,274.13)
11th	18 January 2021	RMB4,266,666.67 (equivalent to approximately HK\$5,107,200.00)	RMB447,869.63 (equivalent to approximately HK\$536,099.95)
12th	18 April 2021	RMB4,266,666.67 (equivalent to approximately HK\$5,107,200.00)	RMB381,600.00 (equivalent to approximately HK\$456,775.20)
13th	18 July 2021	RMB4,266,666.67 (equivalent to approximately HK\$5,107,200.00)	RMB328,678.52 (equivalent to approximately HK\$393,428.19)
14th	18 October 2021	RMB4,266,666.67 (equivalent to approximately HK\$5,107,200.00)	RMB274,500.74 (equivalent to approximately HK\$328,577.39)
15th	18 January 2022	RMB4,266,666.67 (equivalent to approximately HK\$5,107,200.00)	RMB216,711.11 (equivalent to approximately HK\$259,403.20)
16th	18 April 2022	RMB4,266,666.67 (equivalent to approximately HK\$5,107,200.01)	RMB155,466.67 (equivalent to approximately HK\$186,093.60)

* *Calculated for illustration purpose at 5.3% p.a.*

Payment	Time of Payment	Lease principal payment amounts	Lease interest payment amounts*
17th	18 July 2022	RMB1,866,666.67 (equivalent to approximately HK\$2,234,400.01)	RMB100,032.59 (equivalent to approximately HK\$119,739.01)
18th	18 October 2022	RMB1,866,666.67 (equivalent to approximately HK\$2,234,400.01)	RMB75,848.89 (equivalent to approximately HK\$90,791.12)
19th	18 January 2023	RMB1,866,666.67 (equivalent to approximately HK\$2,234,400.01)	RMB50,565.93 (equivalent to approximately HK\$60,527.42)
20th	28 June 2023	RMB1,866,666.63 (equivalent to approximately HK\$2,234,399.96)	RMB44,245.18 (equivalent to approximately HK\$52,961.48)
Total:		RMB80,000,000.00 (equivalent to approximately HK\$95,760,000.00)	RMB9,125,382.97 (equivalent to approximately HK\$10,923,083.42)

* Calculated for illustration purpose at 5.3% p.a.

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 (including the compensation for early termination of the Finance Lease at 20% of the outstanding lease interest amounts) have been settled by the Lessees and that Canton Risen has consented to such termination. 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 RMB1 (equivalent to approximately HK\$1.20).

Guarantee

The Guarantor executed a guarantee on the date of the Finance Lease guaranteeing Canton Risen the due and punctual settlement of any and all amounts payable by the Lessees under the Finance Lease.

Consultancy agreement with Lessee 2

In addition, on 26 June 2018, Canton Risen entered into a consultancy agreement with Lessee 2 whereby Canton Risen has agreed to provide financial consultancy service to Lessee 2 and Lessee 2 has agreed to pay a fixed fee of RMB2,000,000 per annum (equivalent to approximately HK\$2,394,000) to Canton Risen. The consultancy fee for the first year was paid by Lessee 2 on the date of such consultancy agreement and for the second year will be paid to Canton Risen on 1 July 2019. 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.

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 Finance Lease and incidental documentation 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 are sewage treatment facilities and equipment, which comprised designated sewage pipelines, water pumps, monitoring system, mud scrapers, valves, small sewage treatment plant facilities and all other supporting facilities and equipment for which the Lessees 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 under 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 and 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 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 company incorporated in the PRC with limited liability and principally engaged in cemeteries management, sales of tombs, tombstones, funeral supplies and greening management in the PRC.

Lessee 2 is a company incorporated in the PRC with limited liability and is principally engaged in sewage treatment, pipelines installation and maintenance in the PRC.

The Guarantor

The Guarantor, which is a controlling shareholder of Lessee 1, is a company incorporated in the PRC with limited liability and is principally engaged in the operation and management of town-owned assets, agency service for land acquisition, wholesales and sales of construction materials, textile raw materials and products, plumbing and heating equipment, and domestic trade in the PRC.

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

Each of the Lessees and the Guarantor are all under the indirect control of the same entity.

DEFINITIONS

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

“Assets”	as disclosed in the section headed “INFORMATION ON THE ASSETS” of this announcement
“Board”	the board of Directors of the Company
“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
“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 person(s)”	have the meaning as ascribed to it under the Listing Rules
“controlling shareholder(s)”	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 26 June 2018 entered into between Canton Risen and the Lessees
“Group”	the Company and its subsidiaries
“Guarantor”	being a company incorporated in the PRC and an Independent Third Party
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	third party(ies) independent of the Group and its connected persons
“Lessee 1”	being a company incorporated in the PRC and an Independent Third Party
“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
“PRC”	the People’s Republic of China
“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, 28 June 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 an exchange rate of RMB1 = HK\$1.197. 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*