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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 25 May 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 and Lessee 3 for RMB42,000,000 which would be leased back to the Lessees for their use and possession for a term of 2 years at an estimated aggregate lease payment amount of approximately RMB46,885,000.

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 DOCUMENTATION

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

Date:

25 May 2018 (after trading hours)

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 and Lessee 3 on an "as-is" basis for RMB42,000,000 in cash (equivalent to approximately HK\$51,576,000) 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. The Assets will also be registered under the applicable PRC laws as security provided in favour of Canton Risen for the duration 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 RMB4,804,000 (equivalent to approximately HK\$5,899,000) and the value of the pledged shares in Loncin Motor under a share pledge executed by Lessee 1 in favour of Canton Risen on the date of 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 by the Lessees as working capital in their businesses.

Lease period

Canton Risen will lease back the Assets to the Lessees for their 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 satisfactory provision of the relevant security collaterals by the Lessees.

Lease payments

The lease interest amounts are calculated on the outstanding lease principal payment amount (being initially the amount of consideration paid by Canton Risen for the Assets) at 53.68% above the benchmark interest rate for 2-year RMB loans published by the PBOC from time to time (representing approximately 7.3% 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 following lease payments are expected to be made by the Lessees to Canton Risen every 6 months from the commencement of the lease period:

	Lease principal payment	Lease interest payment (calculated according to 7.3% p.a.)
First payment:	RMB3,442,292.97 (equivalent to approximately HK\$4,227,135.77)	RMB4,975,292.97 (equivalent to approximately HK\$6,109,659.77)
Second payment:	RMB3,567,936.67 (equivalent to approximately HK\$4,381,426.23)	RMB4,975,292.97 (equivalent to approximately HK\$6,109,659.77)
Third payment:	RMB16,698,166.36 (equivalent to approximately HK\$20,505,348.29)	RMB17,975,292.97 (equivalent to approximately HK\$22,073,659.77)
Fourth payment:	RMB18,291,604.01 (equivalent to approximately HK\$22,462,089.72)	RMB18,959,247.55 (equivalent to approximately HK\$23,281,955.99)
Total:	RMB42,000,000.01 (equivalent to approximately <u>HK\$51,576,000.01</u>)	RMB46,885,126.46 (equivalent to approximately <u>HK\$57,574,935.3</u>)

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 after its 1 year anniversary, 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\$123).

Additional security collaterals

Cash deposit

The Lessees will pay an interest-free deposit of RMB3,990,000 (equivalent to approximately HK\$4,900,000) 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 the Finance Lease.

Personal 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.

Share pledge by Lessee 1

Lessee 1 had also executed a share pledge on the date of the Finance Lease pledging an approximately 0.42% shareholding interest in Loncin Motor (representing approximately RMB51,887,000 (equivalent to approximately HK\$63,717,000) in value based on the market capitalisation of Loncin Motor as at the date of the Finance lease) in favour of Canton Risen.

Asset pledge

Pursuant to an asset pledge agreement entered into between Canton Risen and the Lessees on 25 May 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 for security of the obligation of the Lessees under the Finance Lease and the Lessees may continue to utilize the Assets during the lease period.

Consultancy agreement with Lessee 1

In addition, on 25 May 2018, Canton Risen entered into a consultancy agreement with Lessee 1 whereby Canton Risen has agreed to provide consultancy service to Lessee 1 in relation to, inter alia, machinery and equipment financing leasing and Lessee 1 has agreed to pay a fixed fee of RMB1,260,000 (equivalent to approximately HK\$1,547,000) 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 was paid on 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 Finance Lease and incidental documentation 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, including energy metering devices, high-voltage distribution cabinets, voltage transformers, ventilation equipment, network switches, servers, photoelectric converters, monitoring system software and cables for which the Lessees' businesses are legally 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 and wellness and elderly care businesses. 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 principally engaged in corporate investments; Lessee 2 and Lessee 3 are principally engaged in the provision of electricity in ports; Lessee 4 is principally engaged in the trading of electrical and hospital equipment; while Lessee 5 is principally engaged in the trading of general mechanical machinery and equipment.

The Guarantors

Guarantor 1 is a controlling shareholder of each of the Lessees, Guarantor 3, Guarantor 4 and Guarantor 6; Guarantor 2 is the spouse of Guarantor 1, and is a shareholder of Lessor 1, Lessor 4 and Guarantor 5; Guarantor 3 is principally engaged in the manufacturing of machinery for agricultural uses; Guarantor 4 is principally engaged in the generation of renewable energy; Guarantor 5 is principally engaged in the retail trading business; while Guarantor 6 is principally engaged in the research and development of electronic, communications and automatic control technology.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, each of the Guarantors and their ultimate beneficial owners (if applicable) 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
“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 25 May 2018 entered into between Canton Risen and the Lessees

“Group”	the Company and its subsidiaries
“Guarantor 1”	Mr. Shao Jian Liang* (邵劍梁), a PRC individual
“Guarantor 2”	Ms. Wang Xiao Li* (王小莉), a PRC individual
“Guarantor 3”	Guangzhou Super General Machinery Co., Ltd.* (廣州超能通用機械有限公司), a limited liability company established in the PRC
“Guarantor 4”	Guangzhou Super Energy New Energy Technology Co., Ltd.* (廣州超能新能源科技有限公司), a limited liability company established in the PRC
“Guarantor 5”	Guangzhou Jinyan Trading Co., Ltd.* (廣州金言貿易有限公司), a limited liability company established in the PRC
“Guarantor 6”	Guangzhou Sida Electric Technology Co., Ltd.* (廣州四達電氣科技有限公司), a limited liability company established in the PRC
“Guarantors”	collectively, Guarantor 1, Guarantor 2, Guarantor 3, Guarantor 4, Guarantor 5 and Guarantor 6
“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”	Guangdong Chaoneng Investment Group Co., Ltd.* (廣東超能投資集團有限公司), a limited liability company established in the PRC
“Lessee 2”	Fangchenggang Shanghang Technology Co., Ltd.* (防城港尚航科技有限公司), a limited liability company established in the PRC
“Lessee 3”	Qinzhou Xingao Technology Co., Ltd.* (欽州信高科技有限公司), a limited liability company established in the PRC
“Lessee 4”	Guangzhou Henghao Technology Co., Ltd.* (廣州恆冕科技有限公司), a limited liability company established in the PRC
“Lessee 5”	Guangzhou Ancheng Electromechanical Co., Ltd.* (廣州市安成機電有限公司), a limited liability company established in the PRC
“Lessees”	collectively, Lessee 1, Lessee 2, Lessee 3, Lessee 4 and Lessee 5
“Loncin Motor”	Loncin Motor Co., Ltd.* (隆鑫通用動力股份有限公司), a company incorporated in the PRC with limited liability, the shares of which are listed on the Shanghai Stock Exchange (Stock Code: 603766)

“PBOC”	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, 29 May 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 identification purpose only*

For the purpose of this announcement, amounts denominated in RMB have been translated into HK\$ at an exchange rate of RMB1 = HK\$1.228. 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.