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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 20 January 2020, 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 RMB100,000,000 (equivalent to approximately HK\$113,300,000), which would be leased back to the Lessees for their use and possession for a term of 5 years.

Reference is made to the announcement dated 19 August 2019 of the Company in relation to the Existing Finance Leases and Incidental Documentation which was itself a discloseable transaction of the Company under the Listing Rules. As one of the Lessees of the Finance Leases is the same party as that in the Existing Finance Leases and Incidental Documentation, the transactions contemplated under the Finance Leases are required to be aggregated with the transactions under the Existing Finance Leases and Incidental Documentation pursuant to Rule 14.22 of the Listing Rules.

As the applicable percentage ratios for the transactions contemplated under the Finance Leases and the incidental documentation, when calculated on a standalone basis or an aggregated basis with the transactions contemplated under the Existing 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 is expected to be despatched to the Shareholders on or before 12 February 2020.

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:

20 January 2020

The Finance Leases 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 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 and Asset 2 from the Lessees on an “as-is” basis for RMB50,000,000 (equivalent to approximately HK\$56,650,000) and RMB50,000,000 (equivalent to approximately HK\$56,650,000) 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 costs of Asset 1 and Asset 2 of approximately RMB87,358,708.09 (equivalent to approximately HK\$98,977,416.27) and RMB136,677,638.80 (equivalent to approximately HK\$154,855,764.76) respectively, and their state, which were reviewed by Canton Risen’s experienced leasing team. Approximately 80% of such consideration amount for the acquisition of the Assets is expected to be funded through external banking facilities and the remaining 20% 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 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 fulfillment 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 RMB58,310,860.35 (equivalent to approximately HK\$66,066,204.78) (subject to changes of the loan prime rate for 1 year RMB loans), comprising (a) the lease principal payment of RMB50,000,000 (equivalent to approximately HK\$56,650,000) and (b) the aggregate lease interest of approximately RMB8,310,860.35 (equivalent to approximately HK\$9,416,204.78) (subject to changes of the loan prime rate for 1 year RMB loans). Both the lease principal and the interest shall be payable every three months in twenty (20) installments during the lease period in which the first installment is expected to be payable on 18 February 2020.

Pursuant to Finance Lease No. 2, the total amount of lease payments is approximately RMB58,310,860.35 (equivalent to approximately HK\$66,066,204.78) (subject to changes of the loan prime rate for 1 year RMB loans), comprising (a) the lease principal payment of RMB50,000,000 (equivalent to approximately HK\$56,650,000) and (b) the aggregate lease interest of approximately RMB8,310,860.35 (equivalent to approximately HK\$9,416,204.78) (subject to changes of the loan prime rate for 1 year RMB loans). Both the lease principal and the interest shall be payable every three months in twenty (20) installments during the lease period in which the first installment is expected to be payable on 18 February 2020.

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 202.5 basic points above the loan prime rate for 1 year RMB loans (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 Leases with reference to the principal amount of the lease, 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 Credit Reference Center 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 and a compensation equivalent to 10 percent of the total outstanding lease interest amount as at the time of early termination 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 a nominal purchase price of RMB100 each (equivalent to approximately HK\$113.3).

Guarantee deposits

The Lessees will pay interest-free deposits of RMB3,375,000 (equivalent to approximately HK\$3,823,875) and RMB3,375,000 (equivalent to approximately HK\$3,823,875) 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 Finance Lease No. 1 and Finance Lease No. 2 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.

Pledges

Pursuant to the asset pledge agreements entered into between Canton Risen and Lessee 1 on the date of the Finance Leases, although the ownership of the Assets shall be transferred to Canton Risen as the lessor as part of the Finance Leases, the Assets are treated as security of payment obligations of the Lessees under the Finance Leases and the Lessees may continue to utilize the Assets during the lease term.

Additionally, Lessee 2 had also executed share pledge agreements on the date of the Finance Leases, pledging 90% shareholding interests (representing RMB93,823,920 (equivalent to approximately HK\$106,302,501.36) in value of the registered capital of the Guarantor as at the date of the Finance Leases) and equity derivatives in the Guarantor in favour of Canton Risen for a term of 5 years.

Consultancy agreements

In addition, on 20 January 2020, 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 RMB6,000,000 (equivalent to approximately HK\$6,798,000) 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 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 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 incineration line equipment, the landfill works of Jining City Industrial Waste Treatment Center Project and the triple-effect evaporation equipment of Lessee 1 situated at Jining City, Liangshan County.

Asset 2 comprises section 1 and section 2 of the main contracted project of the hazardous waste treatment equipments and construction works, the stabilization and solidification equipment, the vertical anti-seepage project, the recycling equipment of waste packaging bins, the physical and chemical sewage treatment system, oil wastewater treatment system and the chimney equipment of Lessee 1 situated at Jining City, Liangshan County.

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 a standalone basis or an aggregated basis with the transactions contemplated under the Existing 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 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 Lessees

Lessee 1 is a limited liability company established in the PRC and is principally engaged in the protection of environmental pollution.

Lessee 2 is a limited liability company established in the PRC and is principally engaged in the treatment of solid waste.

The Guarantor

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

Lessee 1, Lessee 2 and the Guarantor are all ultimately controlled by Agile Group Holdings Limited.

DEFINITIONS

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

“Agile Group Holdings Limited”	Agile Group Holdings Limited (雅居樂集團控股有限公司), a company incorporated in Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 3383)
“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
“Assets”	collectively, Asset 1 and Asset 2
“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
“Existing Finance Leases and Incidental Documentation”	being the finance lease agreements and incidental documentation dated 15 August 2019 entered into between Canton Risen and the then lessees, the details of which have been disclosed in the announcement of the Company dated 19 August 2019

“Finance Lease No. 1”	the finance lease agreement dated 20 January 2020 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 20 January 2020 entered into between Canton Risen and the Lessees in relation to the transfer of ownership and lease back of Asset 2
“Finance Leases”	collectively, Finance Lease No. 1 and Finance Lease No. 2
“Group”	the Company and its subsidiaries
“Guarantor”	Jinxiang Shengyun Environmental Protection Electric Power Co., Ltd.* (金鄉盛運環保電力有限公司), a limited company incorporated in the PRC, which is ultimately controlled by Agile Group Holdings Limited, and an Independent Third Party
“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”	Jining Mingde Environmental Technology Co., Ltd.* (濟寧明德環保科技有限公司), a limited liability company incorporated in the PRC, which is ultimately controlled by Agile Group Holdings Limited, and an Independent Third Party
“Lessee 2”	Guangzhou Agile Solid Waste Treatment Co., Ltd.* (廣州雅居樂固體廢物處理有限公司), a limited liability company incorporated in the PRC, which is ultimately controlled by Agile Group Holdings Limited, and an Independent Third Party
“Lessees”	collectively, Lessee 1 and Lessee 2

“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 January 2020

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