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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 19 March 2020, Canton Risen, a subsidiary of the Company, entered into the Finance Leases with the Lessee, to acquire the ownership of the Assets from the Lessee for an aggregate consideration of RMB150,000,000 (equivalent to approximately HK\$164,700,000), which would be leased back to the Lessee for its use and possession for a term of 5 years.

As the applicable percentage ratios for the transactions contemplated under the Finance Leases and the 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 9 April 2020.

\* For identification purpose only

## **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:**

19 March 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 Lessee; 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, the Lessee, 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 Lessee on an "as-is" basis for RMB125,000,000 (equivalent to approximately HK\$137,250,000) and RMB25,000,000 (equivalent to approximately HK\$27,450,000) respectively in cash and, payable within 1 month from the date of the Finance Leases to the Lessee pursuant to both the Finance Leases and the incidental transfer agreements. The transfer agreements for Finance Lease No. 1 and Finance Lease No. 2 were entered into between Canton Risen and the Lessee on the date of the Finance Leases, effecting the terms of the Finance Leases in relation to the transfer of Assets from the Lessee to Canton Risen above.

Such consideration amount was determined following arm's length negotiations by the parties with reference to the original cost of the Asset 1 and Asset 2 of RMB131,849,000 (equivalent to approximately HK\$144,770,202) and RMB28,828,300 (equivalent to approximately HK\$31,653,473) 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 Lessee.

### **Lease period**

Canton Risen will lease back the Assets to the Lessee for the its 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 RMB145,714,271 (equivalent to approximately HK\$159,994,269) (subject to changes of the loan prime rate for 1 year RMB loans), comprising (a) the lease principal payment of RMB125,000,000 (equivalent to approximately HK\$137,250,000) and (b) the aggregate lease interest of approximately RMB20,714,271 (equivalent to approximately HK\$22,744,269) (subject to changes of the loan prime rate for 1 year RMB loans). Both the lease principal and the interest shall be payable every six months in ten (10) installments during the lease period in which the first installment is expected to be payable on 18 September 2020.

Pursuant to Finance Lease No. 2, the total amount of lease payments is approximately RMB29,142,854 (equivalent to approximately HK\$31,998,854) (subject to changes of the loan prime rate for 1 year RMB loans), comprising (a) the lease principal payment of RMB25,000,000 (equivalent to approximately HK\$27,450,000) and (b) the aggregate lease interest of approximately RMB4,142,854 (equivalent to approximately HK\$4,548,854) (subject to changes of the loan prime rate for 1 year RMB loans). Both the lease principal and the interest shall be payable every six months in ten (10) installments during the lease period in which the first installment is expected to be payable on 18 September 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 165 basic points above the loan prime rate for 1 year RMB loans (as per the information disclosed by the National Interbank Funding Center, the prevailing loan prime rate for 1 year RMB loans is 4.05% (which is subject to adjustment published by the National Interbank Funding Center on the 20th day every month), 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 lease, the interest risk of financing, the return of the Finance Leases for the Group, the credit risks associated with the Finance Leases and the targeted overall return of the Finance Leases of the Group (taking into account both the lease payments and the handling charges payable under the Finance Leases).

The Lessee 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 Lessee may terminate the Finance Leases provided that all outstanding amounts due thereunder and a compensation equivalent to 20 percent of the total outstanding lease interest amount as at the time of early termination have been settled by it. 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 Lessee will have the right to purchase the Assets at a nominal purchase price of RMB100 each (equivalent to approximately HK\$109.8).

### **Guarantee deposits**

The Lessee will pay an interest-free deposits of RMB2,500,000 (equivalent to approximately HK\$2,745,000) and RMB500,000 (equivalent to approximately HK\$549,000) to Canton Risen on the same day the consideration for the Assets transfer has been paid by Canton Risen to secure its payment obligations under Finance Lease No. 1 and Finance Lease No. 2 respectively.

The aforementioned guarantee deposits may be used for the payment of compensation to Canton Risen in case of any breach of the Finance Leases by the Lessee. Subject to the aforementioned deduction, the guarantee deposits may be used for settling the outstanding amount of lease payments due from the Lessee to Canton Risen.

## **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 Lessee under the Finance Leases.

## **Finance lease handling charge agreements**

In addition, on 19 March 2020, Canton Risen entered into the finance lease handling charge agreements with the Lessee in respect of each of the Finance Leases whereby Canton Risen has agreed to provide financial consultancy services to the Lessee which include but are not limited to finance lease demand analysis consultancy service, finance lease structural design consultancy service, finance lease transactional arrangement consultancy service and finance lease financial and tax advisory services, and the Lessee has agreed to pay Canton Risen handling charges of RMB6,250,000 (equivalent to approximately HK\$6,862,500) and RMB1,250,000 (equivalent to approximately HK\$1,372,500) for the financial consultancy services in relation to Finance Lease No. 1 and Finance Lease No.2 respectively.

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 handling charges shall be paid by the end of the earlier month) from the date of the finance lease handling charge agreements.

The finance lease handling charge agreements and the Finance Leases were entered alongside for business purposes, the terms of which are independent of each other.

## **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 1,783 graves situated at Shijie Economic Union section (Fushou Mountain) of Shishan Town, Nanhai District, Foshan City.

Asset 2 comprises 389 graves situated at Shijie Economic Union section (Fushou Mountain) of Shishan Town, Nanhai District, Foshan City.

The Lessee 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 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 Lessee**

The Lessee is a limited liability company established in the PRC and is principally engaged in the funeral business in the PRC.

## **The Guarantor**

The Guarantor is a state-owned enterprise in the PRC and is principally engaged in land and resources development in the PRC.

The Lessee is wholly-owned by the Guarantor, which is in turn ultimately controlled by the People's Government of Shishan Town, Nanhai District, Foshan City.

## **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
“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 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
“Finance Lease No. 1”	the finance lease agreement dated 19 March 2020 entered into between Canton Risen and the Lessee in relation to the transfer of ownership and lease back of Asset 1
“Finance Lease No. 2”	the finance lease agreement dated 19 March 2020 entered into between Canton Risen and the Lessee 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”	Foshan City Nanhai District Songgang Land Resources Development Co., Ltd. * (佛山市南海區松崗土地資源開發有限公司), a state-owned enterprise incorporated in the PRC with limited liability 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”	Foshan City Nanhai Overseas Chinese Permanent Cemetery Management Company* (佛山市南海華僑永久墓園管理公司), a limited liability company incorporated in the PRC and an Independent Third Party
“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, 19 March 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\$1.098. 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.*

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