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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 THE FINANCE LEASES AS THE LESSOR

On 11 May 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 RMB10,000,000 (equivalent to approximately HK\$10,920,000), which would be leased back to the Lessee for its use and possession for a term of 2 years.

Reference is made to the Existing Finance Lease and Incidental Documentation dated 26 December 2019 entered into between Canton Risen and the Lessee, pursuant to which the applicable percentage ratios for the transactions contemplated thereunder were less than 5% and hence exempt from the disclosure requirements under Chapter 14 of the Listing Rules. As the Lessee of the Finance Leases is the same party as that in the Existing Finance Lease and Incidental Documentation, the transactions contemplated under the Finance Leases are required to be aggregated with the transactions under the Existing Finance Lease 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 an aggregated basis with the transactions contemplated under the Existing Finance Lease and Incidental Documentation, exceed 5% but are less than 25%, the entering into of such transactions constitute a discloseable transaction for the Company under the Listing Rules.

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:

11 May 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 Guarantors (in relation to the relevant guarantees).

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Lessee, the Guarantors 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 RMB4,000,000 (equivalent to approximately HK\$4,368,000) and RMB6,000,000 (equivalent to approximately HK\$6,552,000) 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 the 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 costs of Asset 1 and Asset 2 of RMB6,516,500 (equivalent to approximately HK\$7,116,018) and RMB7,600,000 (equivalent to approximately HK\$8,299,200) respectively, and their state, which were reviewed by Canton Risen's experienced leasing team. The consideration amount for the acquisition of the Assets will be funded through the internal resources of the Group and/or external banking facilities.

Lease period

Canton Risen will lease back the Assets to the Lessee for its 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.

Payments under the Finance Leases

In respect of Finance Lease No. 1, the total amount of lease payments is approximately RMB4,517,042 (equivalent to approximately HK\$4,932,610), comprising (a) the lease principal payment of RMB4,000,000 (equivalent to approximately HK\$4,368,000) and (b) the aggregate lease interest and other fees and expenses under the Incidental Documentation of approximately RMB517,042 (equivalent to approximately HK\$564,610). Both the lease principal and the interest shall be payable every month in twenty four (24) installments during the lease period in which the first installment is expected to be payable on 18 June 2020.

In respect of Finance Lease No. 2, the total amount of lease payments is approximately RMB6,775,563 (equivalent to approximately HK\$7,398,915), comprising (a) the lease principal payment of RMB6,000,000 (equivalent to approximately HK\$6,552,000) and (b) the aggregate lease interest and other fees and expenses under the Incidental Documentation of approximately RMB775,563 (equivalent to approximately HK\$846,915). Both the lease principal and the interest shall be payable every month in twenty four (24) installments during the lease period in which the first installment is expected to be payable on 18 June 2020.

The terms of the Finance Leases, including the lease principals, lease interests, and other fees and expenses under the Incidental Documentation, were determined after arm's length negotiations between the parties to the Finance Leases with reference to the principal amount of the leases, the interest risk of financing, the loan prime rate published by the National Interbank Funding Center from time to time, the credit risks associated with the Finance Leases and the targeted overall return of the Finance Leases of the Group.

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\$109.2).

Guarantees

The Guarantors 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.

Pledges

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

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 production equipment for the comprehensive utilization of mucks situated in Shenzhen.

Asset 2 comprises the program-controlled automatic high pressure chamber filter press situated in Shenzhen.

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, when calculated on an aggregated basis with the transactions contemplated under the Existing Finance Lease and Incidental Documentation, exceed 5% but are less than 25%, the entering into of such transactions constitute a discloseable transaction for the Company under the Listing Rules.

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 muck construction.

The Guarantors

Guarantor 1 is a limited liability company established in the PRC and is principally engaged in the investment and operation of businesses.

Guarantor 2 is a limited liability company established in the PRC and is principally engaged in the leasing of ships.

Guarantor 3 is a limited liability company established in the PRC and is principally engaged in the construction work.

Guarantor 4 and Guarantor 5 are both natural persons in the PRC.

The Lessee, Guarantor 1 and Guarantor 2 are all ultimately controlled by Guarantor 4 whereas Guarantor 3 is ultimately controlled by a PRC individual named Huang Dongzhi* (黃東芝), being an Independent Third Party. Guarantor 5 is the spouse of Guarantor 4.

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”	collectively, Asset 1 and Asset 2
“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 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 Lease and Incidental Documentation”	being the finance lease agreement and incidental documentation dated 26 December 2019 entered into between Canton Risen and the Lessee
“Finance Lease No. 1”	the finance lease agreement dated 11 May 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 11 May 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 1”	Shenzhen Shenfeng Investment Co., Ltd.* (深圳市申豐投資有限公司), a company incorporated in the PRC with limited liability and an Independent Third Party
“Guarantor 2”	Shenzhen Shenyun Shipping Co., Ltd.* (深圳市申運船務有限公司), a company incorporated in the PRC with limited liability and an Independent Third Party
“Guarantor 3”	Shenzhen Yueshang Construction Co., Ltd.* (深圳市粵商建設有限公司), a company incorporated in the PRC with limited liability and an Independent Third Party
“Guarantor 4”	Huang Kewei* (黃克偉), being a PRC individual and an Independent Third Party
“Guarantor 5”	Chen Jiawei* (陳佳維), being a PRC individual and an Independent Third Party
“Guarantors”	collectively, Guarantor 1, Guarantor 2, Guarantor 3, Guarantor 4 and Guarantor 5
“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
“Incidental Documentation”	the agreements incidental to the Finance Leases that were entered into on the same date of the Finance Leases, including the transfer agreements, the consultancy agreements, the guarantees and the asset pledge agreements
“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”	Shenzhen Shenjiayuan Environmental Protection Technology Co., Ltd.* (深圳申佳原環保科技有限公司), a company incorporated in the PRC with limited liability and an Independent Third Party
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“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, 12 May 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\$1.092. 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