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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 7 February 2021, Greengold Leasing, a subsidiary of the Company, entered into the Finance Lease with the Lessees, to acquire the ownership of the Assets from the Lessees for RMB27,000,000 (equivalent to approximately HK\$32,400,000), which would be leased back to the Lessees for their use and possession for a term of 3 years.

Reference is made to the Existing Finance Leases and Incidental Documentation dated 27 August 2020 and 24 September 2020 entered into between Greengold Leasing and the Existing 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 sole shareholder of Lessee 1 and Lessee 3 of the Finance Lease are the same as the sole shareholder of the Existing Lessee of the Existing Finance Leases and Incidental Documentation, the transactions contemplated under the Finance Lease are aggregated with the transactions under the Existing Finance Leases and Incidental Documentation for consideration for the purpose of this announcement.

As the applicable percentage ratios for the transactions contemplated under the Finance Lease and the Incidental Documentation, when calculated on an aggregated basis with the transactions contemplated under the Existing Finance Leases 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 LEASE AND THE INCIDENTAL DOCUMENTATION

The Board is pleased to announce that Greengold Leasing entered into the Finance Lease and the Incidental Documentation, the principal terms of which are as follows:–

Date of the Finance Lease:

7 February 2021

The Finance Lease would be effective upon compliance of the applicable requirements of the Listing Rules by the Company.

Parties:

- (1) Greengold Leasing, a subsidiary of the Company, as the lessor;
- (2) the Lessees; and
- (3) the Guarantors (in relation to the relevant guarantee).

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Lessees, the Guarantors and their ultimate beneficial owner are Independent Third Parties.

Transfer of Assets and consideration

Greengold Leasing will acquire the unencumbered ownership of the Assets from the Lessees on an "as-is" basis for RMB27,000,000 (equivalent to approximately HK\$32,400,000) in cash and, payable within 12 months from the date of the Finance Lease. The transfer agreement was entered into between Greengold Leasing and the Lessees on the date of the Finance Lease, effecting the terms of the Finance Lease in relation to the transfer of the Assets from the Lessees to Greengold Leasing above.

Such consideration amount was determined following arm's length negotiations by the parties with reference to the original cost of the Assets of approximately RMB39,343,921 (equivalent to approximately HK\$47,212,705), and their state, which were reviewed by Greengold Leasing'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

Greengold Leasing will lease back the Assets to the Lessees for their use and possession for a term of 3 years commencing from the day the consideration for the Assets transfer has been paid by Greengold Leasing.

Payments under the Finance Lease

The total amount of lease payments for the Finance Lease is approximately RMB30,690,660 (equivalent to approximately HK\$36,828,792), comprising (a) the lease principal payment of RMB27,000,000 (equivalent to approximately HK\$32,400,000) and (b) the aggregate lease interest and other fees and expenses under the Incidental Documentation of approximately RMB3,690,660 (equivalent to approximately HK\$4,428,792). Both the lease principal and the interest shall be payable every month during the lease period.

The terms of the Finance Lease, including the lease principal, lease interest, and other fees and expenses under the Incidental Documentation, were determined after arm's length negotiations between the parties to the Finance Lease with reference to the principal amount of the lease, 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 Lease and the targeted overall return of the Finance Lease of the Group.

Termination and transfer of the Assets to the Lessees

The Lessees may terminate the Finance Lease 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 them. 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 had agreed to purchase the Assets at a nominal purchase price of RMB100 (equivalent to approximately HK\$120).

Guarantee deposit

The Lessees will pay an interest-free deposit of RMB837,000 (equivalent to approximately HK\$1,004,400) to Greengold Leasing on the same day the consideration for the Assets transfer has been paid by Greengold Leasing to secure their payment obligations under the Finance Lease.

Guarantee

The Guarantors and the Lessees had executed a guarantee on the date of the Finance Lease guaranteeing Greengold Leasing, effectively on a joint and several basis, the due and punctual settlement of any and all amount payable by the Lessees under the Finance Lease.

Pledges

Pursuant to the asset pledge agreement entered into between Greengold Lease and the Lessees, although the ownership of the Assets shall be transferred to Greengold Leasing as lessor as part of the Finance Lease, the Assets are treated as security of payment obligations of the Lessees under the Finance Lease and the Lessees may continue to utilize the Assets during the lease term.

Guarantor 1 and Guarantor 2 had both executed share pledge agreements, pledging all the shareholding interests (representing RMB15,000,000 (equivalent to approximately HK\$18,000,000), RMB10,000,000 (equivalent to approximately HK\$12,000,000) and RMB5,000,000 (equivalent to approximately HK\$6,000,000)) in Lessee 1, Lessee 2 and Lessee 3 respectively, in favour of Greengold Leasing for a term of 4 years, as security of the Lessees' payment obligations under the Finance Lease.

Additionally, the Lessees had executed a receivables pledge agreement in favour of Greengold Leasing, pledging their rights in receivables under the electricity purchase agreements of the power generation projects in Wuzhou City, Xiangtan City and Liuyang City as security of their payment obligations under the Finance Lease.

REASONS FOR AND BENEFITS OF ENTERING INTO THE FINANCE LEASE AND THE INCIDENTAL DOCUMENTATION

The entering into of the Finance Lease and the Incidental Documentation is part of Greengold Leasing'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 Lease 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

The Assets comprise biogas power generating facilities situated in Wuzhou City, Xiangtan City and Liuyang City, the PRC.

The Lessees will bear any maintenance, taxation and other costs and levies associated with the Assets.

LISTING RULES IMPLICATION

Reference is made to the Existing Finance Leases and Incidental Documentation dated 27 August 2020 and 24 September 2020 entered into between Greengold Leasing and the Existing 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 sole shareholder of Lessee 1 and Lessee 3 of the Finance Lease are the same as the sole shareholder of the Existing Lessee of the Existing Finance Leases and Incidental Documentation, the transactions contemplated under the Finance Lease are aggregated with the transactions under the Existing Finance Leases and Incidental Documentation for consideration for the purpose of this announcement.

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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, finance leasing, wellness elderly care, big data and civil explosives businesses. Through its joint ventures and associated companies, the Group also participates and invests in fast growing sectors, including electric utilities in the PRC.

Greengold Leasing

Greengold Leasing is a subsidiary of the Company, which is principally engaged in the provision of finance, including through finance leasing, with a focus on environmental protection projects in the PRC.

The Lessees

Lessee 1 is a limited liability company established in the PRC and is principally engaged in biogas power generation in Wuzhou City, Guangxi Province.

Lessee 2 is a limited liability company established in the PRC and is principally engaged in biogas power generation in Xiangtan City, Hunan Province.

Lessee 3 is a limited liability company established in the PRC and is principally engaged in biogas power generation in Liuyang City, Hunan Province.

The Guarantors

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

Guarantor 2 is a limited liability company established in the PRC and is principally engaged in environmental technology development and technical services

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
“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 27 August 2020 and 24 September 2020 entered into between Greengold Leasing and the Existing Lessee
“Existing Lessee”	Zhuzhou New China Water Environmental Technology Ltd.* (株洲新中水環保科技有限公司), a company incorporated in the PRC with limited liability, which is ultimately controlled by China Water Industry Group Limited, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1129), and an Independent Third Party
“Finance Lease”	the finance lease agreement dated 7 February 2021 entered into between Greengold Leasing and the Lessees in relation to the transfer of ownership and lease back of the Assets
“Greengold Leasing”	Canton Greengold Financial Leasing Ltd.* (廣東綠金融資租賃有限公司)(formerly known as 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
“Group”	the Company and its subsidiaries

“Guarantor 1”	New China Water (Nanjing) Renewable Resources Investment Co., Ltd.* (新中水(南京)再生資源投資有限公司), a company incorporated in the PRC with limited liability, which is ultimately controlled by China Water Industry Group Limited, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1129), and an Independent Third Party
“Guarantor 2”	Shenzhen City New China Water Environmental Technology Ltd.* (深圳市新中水環保科技有限公司), a company incorporated in the PRC with limited liability, which is ultimately controlled by China Water Industry Group Limited, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1129), and an Independent Third Party
“Guarantors”	Collectively, Guarantor 1 and Guarantor 2
“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 Lease, including the transfer agreement, the consultancy agreement, the guarantee, the asset pledge agreement, the share pledge agreements, and the receivables pledge agreement
“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”	Wuzhou City China Water New Renewable Resources Co., Ltd.* (梧州市中水新能源科技有限公司), a company incorporated in the PRC with limited liability, which is ultimately controlled by China Water Industry Group Limited, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1129), and an Independent Third Party

“Lessee 2”	Datang Huayin Xiangtan Environmental Electricity Generation Co., Ltd.* (大唐華銀湘潭環保發電有限責任公司), a company incorporated in the PRC with limited liability, which is ultimately controlled by China Water Industry Group Limited, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1129), and an Independent Third Party
“Lessee 3”	Hunan Liuyang New China Water Environmental Technology Ltd.* (湖南瀏陽新中水環保科技有限公司), a company incorporated in the PRC with limited liability, which is ultimately controlled by China Water Industry Group Limited, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1129), and an Independent Third Party
“Lessees”	Collectively, Lessee 1, Lessee 2 and Lessee 3
“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, 9 February 2021

As at the date of this announcement, the Board consists of five executive Directors, namely Mr. HE Xiangming (Chairman and Managing Director), Mr. YOU Guang Wu (Director), Mr. HUANG Zhihe (Deputy Managing Director), Ms. WANG Xin (Deputy Managing Director) and Mr. Cheng Weidong (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\$1.2. 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*