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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 22 March 2021, Greengold Leasing, 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 RMB60,000,000 (equivalent to approximately HK\$71,580,000), 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 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 Greengold Leasing entered into the Finance Leases and the Incidental Documentation, the principal terms of which are as follows:–

Date of the Finance Leases:

22 March 2021

The Finance Leases 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 Lessee; 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 Lessee, the Guarantors and their ultimate beneficial owner are Independent Third Parties.

Transfer of Assets and consideration

Greengold Leasing will acquire the unencumbered ownership of Asset 1 and Asset 2 from the Lessee on an "as-is" basis for RMB35,000,000 (equivalent to approximately HK\$41,755,000) and RMB25,000,000 (equivalent to approximately HK\$29,825,000) respectively in cash and, payable within 12 months from the date of the Finance Leases. The transfer agreements for Finance Lease No. 1 and Finance Lease No. 2 were entered into between Greengold Leasing 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 Greengold Leasing 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 RMB47,040,022 (equivalent to approximately HK\$56,118,746) and RMB53,117,219 (equivalent to approximately HK\$63,368,842) respectively, 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 Lessee for its use and possession for a term of 5 years commencing from the day the consideration for the Assets transfer has been paid by Greengold Leasing.

Payments under the Finance Leases

In respect of Finance Lease No. 1, the total amount of lease payments is approximately RMB44,216,660 (equivalent to approximately HK\$52,750,475), comprising (a) the lease principal payment of RMB35,000,000 (equivalent to approximately HK\$41,755,000) and (b) the aggregate lease interest and other fees and expenses under the Incidental Documentation of approximately RMB9,216,660 (equivalent to approximately HK\$10,995,475). Both the lease principal and the interest shall be payable every three months in twenty (20) installments during the lease period.

In respect of Finance Lease No. 2, the total amount of lease payments is approximately RMB31,583,340 (equivalent to approximately HK\$37,678,925), comprising (a) the lease principal payment of RMB25,000,000 (equivalent to approximately HK\$29,825,000) and (b) the aggregate lease interest and other fees and expenses under the Incidental Documentation of approximately RMB6,583,340 (equivalent to approximately HK\$7,853,925). Both the lease principal and the interest shall be payable every three months in twenty (20) installments during the lease period.

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 transfer of the Assets to the Lessee

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 has agreed to purchase the Assets at a nominal purchase price of RMB100 each (equivalent to approximately HK\$119.3).

Guarantee deposits

The Lessee will pay interest-free deposits of RMB1,750,000 (equivalent to approximately HK\$2,087,750) and RMB1,250,000 (equivalent to approximately HK\$1,491,250) to Greengold Leasing on the same day the consideration for the Assets transfer has been paid by Greengold Leasing to secure its payment obligations under Finance Lease No. 1 and Finance Lease No. 2 respectively.

Guarantee

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

Pledges

Pursuant to the asset pledge agreements entered into between Greengold Leasing and the Lessee on the date of the Finance Leases, although the ownership of the Assets shall be transferred to Greengold Leasing 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.

Guarantor 1 and Guarantor 2 had both executed a share pledge agreement, pledging their respective shareholding interests (representing RMB10,000,000 (equivalent to approximately HK\$11,930,000) and RMB40,000,000 (equivalent to approximately HK\$47,720,000)) in the Lessee, in favour of Greengold Leasing, as security of the Lessee's payment obligations under the Finance Leases.

Additionally, the Lessee had executed a receivables pledge agreement in favour of Greengold Leasing, pledging its rights in receivables under the water supply agreement in Longgang, Hefei City, as security of its payment obligations under the Finance Leases.

The Lessee had also executed a charge in favour of Greengold Leasing, charging a piece of land with an area of 26,859 square meters situated in Hefei City, Anhui Province, the PRC, as security of its payment obligations under the Finance Leases.

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 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 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 and Asset 2 both comprise water treatment facilities situated in Hefei City, Anhui Province, the PRC.

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 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, 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 Lessee

Lessee is a limited liability company established in the PRC and is principally engaged in water supply in Hefei City, Anhui Province.

The Guarantors

Guarantor 1 is a limited liability company established in the PRC and is principally engaged in real estate investment, education investment, enterprise project investment, asset management, and enterprise management.

Guarantor 2 is a limited liability company established in the PRC and is principally engaged in real estate investment, development, sale and purchase, and leasing.

Guarantor 3 is a limited liability company established in the PRC and is principally engaged in the installation of tap water supply and sale of tap water accessories.

Guarantor 4, Guarantor 5, Guarantor 6 and Guarantor 7 are all natural persons in the PRC.

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
“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 22 March 2021 entered into between Greengold Leasing 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 22 March 2021 entered into between Greengold Leasing 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
“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”	Anhui Jingan Investment Group Co., Ltd.* (安徽靜安投資集團有限公司), a company incorporated in the PRC with limited liability, which is ultimately controlled by Guarantor 4, and an Independent Third Party
“Guarantor 2”	Anhui Jingan Properties Co., Ltd.* (安徽靜安置業有限公司), a company incorporated in the PRC with limited liability, which is ultimately controlled by Guarantor 4, and an Independent Third Party
“Guarantor 3”	Hefei City Jinglian Pipeline Installation Co., Ltd.* (合肥市靜聯管道安裝工程有限公司), a company incorporated in the PRC with limited liability, which is ultimately controlled by Guarantor 4, and an Independent Third Party
“Guarantor 4”	Sun Bin* (孫斌), being a PRC individual and an Independent Third Party
“Guarantor 5”	Chen Lin* (陳林), being a PRC individual and an Independent Third Party
“Guarantor 6”	Sun Jing* (孫靜), being a PRC individual and an Independent Third Party
“Guarantor 7”	Sun An* (孫安), being a PRC individual and an Independent Third Party
“Guarantors”	Collectively, Guarantor 1, Guarantor 2, Guarantor 3, Guarantor 4, Guarantor 5, Guarantor 6, Guarantor 7
“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, including the transfer agreements, the consultancy agreements, the guarantee, the asset pledge agreements, the share pledge agreement, the receivables pledge agreement and the charge

“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”	Hefei Longgang Water Supply Co., Ltd.* (合肥龍崗自來水有限公司), a company incorporated in the PRC with limited liability, which is ultimately controlled by Guarantor 4, 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, 23 March 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\$1.193. 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