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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 FINANCE LEASES AS THE LESSOR

On 21 March 2022, Greengold Leasing, a subsidiary of the Company, entered into the Finance Lease 1, Finance Lease 2, Finance Lease 3 and Finance Lease 4 (collectively, “the **Finance Leases**”) with the Lessee, to obtain the ownership of the Assets from the Lessee at an aggregate consideration of RMB120,000,000 (equivalent to approximately HK\$147,600,000), which would be leased back to the Lessee for its use and possession for a term of 5 years.

As some of the applicable percentage ratios for the transactions contemplated under the Finance Leases and Incidental Documentation exceed 5% but all of them are less than 25%, the entering into of the Finance Leases and Incidental Documentation constitutes a discloseable transaction for the Company under the Listing Rules.

THE FINANCE LEASES AND INCIDENTAL DOCUMENTATION

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

Date of the Finance Leases:

21 March 2022

The Finance Leases will take effect 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 Guarantor (in relation to the relevant guarantee).

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

Transfer of Assets and consideration

Greengold Leasing will be transferred the unencumbered ownership of the Assets from the Lessee on an "as-is" basis at an aggregate consideration of RMB120,000,000 (equivalent to approximately HK\$147,600,000) in cash, payable within 12 months from the date of the Finance Leases. The transfer agreements 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 to the Finance Leases with reference to the aggregate amount of the Assets of RMB133,940,885 (equivalent to approximately HK\$164,747,289) as valued by an independent valuer as at 25 February 2022, and their state, which were reviewed by Greengold Leasing's experienced leasing team. The consideration amount for the ownership 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

The total amount of lease payments for the Finance Leases is approximately RMB151,255,000 (equivalent to approximately HK\$186,044,000), comprising (a) the aggregate lease principal payment of RMB120,000,000 (equivalent to approximately HK\$147,600,000) and (b) the aggregate lease interest and other fees and expenses under the Incidental Documentation of approximately RMB31,255,000 (equivalent to approximately HK\$38,444,000). Both the lease principal and the interest will be paid every month over the lease period.

The terms of the Finance Leases, 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 Leases with reference to the principal amount of the lease, the interest risk of financing, the prime lending 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 Group for the Finance Leases.

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% of the total outstanding lease interest amount as at the time of early termination have been settled. 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 had agreed to purchase the Assets at an aggregate nominal purchase price of RMB400 (equivalent to approximately HK\$492).

Guarantee deposits

The Lessee will pay an aggregate interest-free deposit of RMB5,040,000 (equivalent to approximately HK\$6,199,000) 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 the Finance Leases.

Guarantee

The Guarantor had executed a guarantee on the date of the Finance Leases guaranteeing Greengold Leasing 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 Lease and the Lessee, 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.

The Guarantor had executed share pledge agreements, pledging in total 90% shareholding interest in the Lessee in favour of Greengold Leasing for a term of 6 years, 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 certain electricity and heat supply agreements and their supplemental agreements, as security of its payment obligations under the Finance Leases.

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

The entering into of the Finance Leases and Incidental Documentation is part of Greengold Leasing's ordinary and usual course of business and is expected to provide a stable revenue and cashflow to the Group.

The Directors consider that the Finance Leases and 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 designated heat transmission equipment system situated at Luohe City, Henan Province.

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

LISTING RULES IMPLICATION

As some of the applicable percentage ratios for the transactions contemplated under the Finance Leases and Incidental Documentation exceed 5% but all of them are less than 25%, the entering into of the Finance Leases and Incidental Documentation constitutes 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

The Lessee is a limited liability company established in the PRC and is principally engaged in steam supply and thermal power generation in Luohe City, Henan Province.

The Guarantor

The Guarantor is a natural person in the PRC, who ultimately controls the Lessee.

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
“Finance Lease 1”	the finance lease agreement dated 21 March 2022 entered into between Greengold Leasing and the Lessee in relation to the transfer of ownership and lease back of the assets at the consideration of RMB30,000,000
“Finance Lease 2”	the finance lease agreement dated 21 March 2022 entered into between Greengold Leasing and the Lessee in relation to the transfer of ownership and lease back of the assets at the consideration of RMB30,000,000

“Finance Lease 3”	the finance lease agreement dated 21 March 2022 entered into between Greengold Leasing and the Lessee in relation to the transfer of ownership and lease back of the assets at the consideration of RMB30,000,000
“Finance Lease 4”	the finance lease agreement dated 21 March 2022 entered into between Greengold Leasing and the Lessee in relation to the transfer of ownership and lease back of the assets at the consideration of RMB30,000,000
“Finance Leases”	collectively, Finance Lease 1, Finance Lease 2, Finance Lease 3 and Finance Lease 4
“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”	Xu Guosheng* (許國勝), being a PRC individual 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
“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 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”	Linying County Shenghong Heating Power Co., Ltd.* (臨潁縣盛宏熱力有限公司), 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, 21 March 2022

As at the date of this announcement, the Board consists of six executive Directors, namely Mr. HE Xiangming (Chairman), Mr. FU Weiqiang (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\$1.23. 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