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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 23 May 2022, Greengold Leasing, a subsidiary of the Company, entered into the Finance Leases with the Lessees, to obtain the ownership of the Assets from the Lessees at an aggregate consideration of RMB100,000,000 (equivalent to approximately HK\$117,400,000), which would be leased back to the Lessees for their 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:

23 May 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 Lessees; and
- (3) the Guarantors (in relation to the guarantees).

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 be transferred the unencumbered ownership of Assets 1 and Assets 2 from Lessee 1 and Lessee 2 respectively on an "as-is" basis at the consideration of RMB50,000,000 (equivalent to approximately HK\$58,700,000) and RMB50,000,000 (equivalent to approximately HK\$58,700,000) in cash pursuant to Finance Lease 1 and Finance Lease 2 respectively, payable within 12 months from the date of the Finance Leases. The transfer agreements for Finance Lease 1 and Finance Lease 2 were entered into between Greengold Leasing and Lessee 1 and Lessee 2 respectively on the date of the Finance Leases, effecting the terms of the Finance Leases in relation to the transfer of Assets 1 and Assets 2 from Lessee 1 and Lessee 2 respectively 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 amount of Assets 1 and Assets 2 of approximately RMB50,124,000 (equivalent to approximately HK\$58,846,000) and RMB51,505,000 (equivalent to approximately HK\$60,467,000) respectively as valued by an independent valuer as at 25 April 2022, 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 Assets 1 and Assets 2 to Lessee 1 and Lessee 2 respectively for their 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 1, the total amount of lease payments is approximately RMB59,868,000 (equivalent to approximately HK\$70,285,000), comprising (a) the lease principal payment of RMB50,000,000 (equivalent to approximately HK\$58,700,000) and (b) the aggregate lease interest and other fees and expenses under the relevant Incidental Documentation of approximately RMB9,868,000 (equivalent to approximately HK\$11,585,000). Both the lease principal and interest will be paid every three months over the lease period.

In respect of Finance Lease 2, the total amount of lease payments is approximately RMB59,868,000 (equivalent to approximately HK\$70,285,000), comprising (a) the lease principal payment of RMB50,000,000 (equivalent to approximately HK\$58,700,000) and (b) the aggregate lease interest and other fees and expenses under the relevant Incidental Documentation of approximately RMB9,868,000 (equivalent to approximately HK\$11,585,000). Both the lease principal and interest will be paid every three months over the lease period.

The terms of the Finance Leases, including the lease principal and interest, were determined after arm's length negotiations between the parties to the Finance Leases with reference to the lending and interest rate environment including the prime lending rate published by the National Interbank Funding Center from time to time (for reference purpose, the prevailing prime lending rate was 3.7% as at the date of the Finance Leases), and adjustments taking into account the principal amount of the Finance Leases and availability of funds, the interest risk of financing and servicing costs over the lease period, the credit risks associated and the targeted overall return and risk tolerance of the Group for the Finance Leases on a case by case basis.

Termination and transfer of the Assets to the Lessees

The Lessees may terminate the relevant Finance Leases provided that all outstanding amounts due thereunder and a compensation equivalent to 20% of the total outstanding lease interest amounts 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 relevant Finance Leases, subject to the settlement of all outstanding amounts due, the Lessees had agreed respectively to purchase the relevant Assets at a nominal purchase price of RMB100 each (equivalent to approximately HK\$117.4).

Guarantee deposits

Lessee 1 and Lessee 2 will pay interest-free deposits of RMB2,500,000 (equivalent to proximately HK\$2,935,000) and RMB2,500,000 (equivalent to approximately HK\$2,935,000) respectively 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 1 and Finance Lease 2 respectively.

Guarantee

The Guarantors, Lessee 1 and Lessee 2 had executed guarantees 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 Lessees under the Finance Leases.

Pledges

Pursuant to the asset pledge agreements entered into between Greengold Leasing and Lessee 1 and Lessee 2 respectively 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 Lessees under the relevant Finance Leases and the Lessees may continue to utilize the relevant Assets during the lease term.

Each of the Lessees had also executed a receivables pledge agreement in favour of Greengold Leasing, pledging its rights in receivables under certain drilling waste and sewage treatment 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

Assets 1 comprise certain designated drill waste treatment equipment of Lessee 1's drill waste treatment plant situated in Ordos City, Inner Mongolia, the PRC.

Assets 2 comprise certain designated drill waste treatment equipment of Lessee 2's drill waste treatment plant situated in Ordos City, Inner Mongolia, the PRC.

The Lessees will bear any maintenance, taxation and other costs and levies associated with relevant 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

Lessee 1 is a limited liability company established in the PRC and is principally engaged in drilling waste and sewage treatment in Inner Mongolia.

Lessee 2 is a limited liability company established in the PRC and is principally engaged in drilling waste and sewage treatment in Inner Mongolia.

The Guarantors

Guarantor 1 is a limited liability company established in the PRC and is principally engaged in water resources development, utilization and supply.

Guarantor 2 is a limited liability company established in the PRC and is principally engaged in water resources allocation, supply and drainage.

DEFINITIONS

In this announcement, unless the context requires otherwise, the following terms have the meanings as respectively ascribed below:

“Assets 1” shall have the meaning as disclosed in the section headed “INFORMATION ON THE ASSETS” in this announcement

“Assets 2” shall have the meaning as disclosed in the section headed “INFORMATION ON THE ASSETS” in this announcement

“Assets”	collectively, Assets 1 and Assets 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 1”	the finance lease agreement dated 23 May 2022 entered into between Greengold Leasing and Lessee 1 in relation to the transfer of ownership and lease back of Assets 1
“Finance Lease 2”	the finance lease agreement dated 23 May 2022 entered into between Greengold Leasing and Lessee 2 in relation to the transfer of ownership and lease back of Assets 2
“Finance Leases”	collectively, Finance Lease 1 and Finance Lease 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”	Shandong Shuifa Enterprise Co., Ltd.* (山東水發實業集團有限公司), a company incorporated in the PRC with limited liability, which is ultimately controlled by the State-owned Assets Supervision and Administration Commission of Shandong Province* (山東省國有資產監督管理委員會), and an Independent Third Party
“Guarantor 2”	Shandong Shuifa Holdings Co., Ltd.* (山東水發控股集團有限公司), a company incorporated in the PRC with limited liability, which is ultimately controlled by the State-owned Assets Supervision and Administration Commission of Shandong Province* (山東省國有資產監督管理委員會), and an Independent Third Party

“Guarantors”	collectively, Guarantor 1 and Guarantor 2
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“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 guarantees, the asset pledge agreements and the receivables 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 1”	Ordos City Haoxin Ruiyuan Kejing Engineering Co., Ltd.* (鄂爾多斯市昊鑫瑞源科淨工程有限公司), a limited liability company incorporated in the PRC, which is ultimately controlled by the State-owned Assets Supervision and Administration Commission of Shandong Province* (山東省國有資產監督管理委員會), and an Independent Third Party
“Lessee 2”	Ordos City Haoxin Luke Environmental Engineering Co., Ltd.* (鄂爾多斯市昊鑫綠科環境工程有限公司), a limited liability company incorporated in the PRC, which is ultimately controlled by the State-owned Assets Supervision and Administration Commission of Shandong Province* (山東省國有資產監督管理委員會), and an Independent Third Party
“Lessees”	collectively, Lessee 1 and Lessee 2
“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 May 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 indicative exchange rate of RMB1 = HK\$1.174.

* *For identification purpose only*