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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 TRANSACTIONS ENTERING INTO FINANCE LEASES AS THE LESSOR

On 27 September 2022, Greengold Leasing, a subsidiary of the Company, entered into (i) the Finance Lease A with Lessee A to obtain the ownership of Assets A from Lessee A at a consideration of RMB30,000,000 (equivalent to approximately HK\$32,880,000), which would be leased back to Lessee A for its use and possession for a term of 5 years; and (ii) the Finance Lease B with Lessee B to obtain the ownership of Assets B from Lessee B at a consideration of RMB100,000,000 (equivalent to approximately HK\$109,600,000), which would be leased back to Lessee B for its use and possession for a term of 3 years.

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

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

(A) THE FINANCE LEASE A

Date:

27 September 2022

Finance Lease A 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) Lessee A; and
- (3) Guarantors A (in relation to the relevant guarantee).

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

Transfer of Assets A and consideration

Greengold Leasing will be transferred the unencumbered ownership of Assets A from Lessee A on an "as-is" basis at the consideration of RMB30,000,000 (equivalent to approximately HK\$32,880,000) in cash, payable within 12 months from the date of the Finance Lease A. The transfer agreement was entered into between Greengold Leasing and Lessee A on the date of the Finance Lease A, effecting the terms of the Finance Lease A in relation to the transfer of Assets A from Lessee A to Greengold Leasing above.

Such consideration amount was determined following arm's length negotiations by the parties to the Finance Lease A with reference to the original cost of Assets A of approximately RMB50,113,000 (equivalent to approximately HK\$54,924,000), and their state, which were reviewed by Greengold Leasing's experienced leasing team. The consideration amount for the ownership of Assets A will be funded through the internal resources of the Group and/or external banking facilities.

Lease period

Greengold Leasing will lease back Assets A to Lessee A for its use and possession for a term of 5 years commencing from the day the consideration for Assets A transfer has been paid by Greengold Leasing.

Payments under the Finance Lease A

The total amount of payments for the Finance Lease A is approximately RMB37,316,000 (equivalent to approximately HK\$40,898,000), comprising (a) the lease principal payment of RMB30,000,000 (equivalent to approximately HK\$32,880,000) and (b) the aggregate lease interest and other fees and expenses under the Incidental Documentation A of approximately RMB7,316,000 (equivalent to approximately HK\$8,018,000). Both the lease principal and interest will be paid quarterly over the lease period.

The terms of the Finance Lease A, including the lease principal and interest, were determined after arm's length negotiations between the parties to the Finance Lease A 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 3.65% as at the date of the Finance Lease A), and adjustments taking into account the principal amount of the Finance Lease A 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 Lease A on a case by case basis.

Termination and transfer of Assets A to Lessee A

Lessee A may terminate the Finance Lease A 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 Lease A, subject to the settlement of all outstanding amounts due, Lessee A had agreed to purchase the ownership of Assets A at a nominal purchase price of RMB100 (equivalent to approximately HK\$109.6).

Guarantee deposit

Lessee A will pay an interest-free deposit of RMB1,500,000 (equivalent to approximately HK\$1,644,000) to Greengold Leasing on the same day the consideration for Assets A transfer has been paid by Greengold Leasing to secure its payment obligations under the Finance Lease A.

Guarantee

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

Pledges

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

Guarantor A2 had executed a pledge agreement in favour of Greengold Leasing, pledging certain equipment and facilities of a sewage treatment plant as security of Lessee A's payment obligations under the Finance Lease A.

Lessee A and Guarantor A2 had executed receivables pledge agreements in favour of Greengold Leasing, pledging their rights in receivables under certain sewage treatment agreements and engineering agreement and their supplemental agreements as security of Lessee A's payment obligations under the Finance Lease A.

Additionally, Guarantor A1 and Guarantor A4 had executed share pledge agreements, pledging 7.08% and 3.03% of their shareholding interests in Lessee A respectively, in favour of Greengold Leasing for a term of 6 years, as security of Lessee A's payment obligations under the Finance Lease A.

Information on Assets A

Assets A comprise certain designated equipment and facilities of a sewage treatment plant situated in Jiangmen City, Guangdong Province, the PRC.

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

(B) THE FINANCE LEASE B

Date:

27 September 2022

Finance Lease B 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) Lessee B; and
- (3) Guarantors B (in relation to the relevant guarantee) and Jiyun Property (in relation to the relevant pledge agreement).

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Lessee B, Guarantors B, Jiyun Property and their ultimate beneficial owners are Independent Third Parties.

Transfer of Assets B and consideration

Greengold Leasing will be transferred the unencumbered ownership of Assets B from Lessee B on an "as-is" basis at the consideration of RMB100,000,000 (equivalent to approximately HK\$109,600,000) in cash, payable within 12 months from the date of the Finance Lease B. The transfer agreement was entered into between Greengold Leasing and Lessee B on the date of the Finance Lease B, effecting the terms of the Finance Lease B in relation to the transfer of Assets B from Lessee B to Greengold Leasing above.

Such consideration amount was determined following arm's length negotiations by the parties to the Finance Lease B with reference to the original cost of Assets B of approximately RMB115,968,000 (equivalent to approximately HK\$127,101,000), and their state, which were reviewed by Greengold Leasing's experienced leasing team. The consideration amount for the ownership of Assets B will be funded through the internal resources of the Group and/or external banking facilities.

Lease period

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

Payments under the Finance Lease B

The total amount of payments for the Finance Lease B is approximately RMB122,346,000 (equivalent to approximately HK\$134,091,000), comprising (a) the lease principal payment of RMB100,000,000 (equivalent to approximately HK\$109,600,000) and (b) the aggregate lease interest and other fees and expenses under the Incidental Documentation B of approximately RMB22,346,000 (equivalent to approximately HK\$24,491,000). Both the lease principal and interest will be paid quarterly over the lease period.

The terms of the Finance Lease B, including the lease principal and interest, were determined after arm's length negotiations between the parties to the Finance Lease B 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 3.65% as at the date of the Finance Lease B), and adjustments taking into account the principal amount of the Finance Lease B 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 Lease B on a case by case basis.

Termination and transfer of Assets B to Lessee B

Lessee B may terminate the Finance Lease B 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 Lease B, subject to the settlement of all outstanding amounts due, Lessee B had agreed to purchase the ownership of Assets B at a nominal purchase price of RMB100 (equivalent to approximately HK\$109.6).

Guarantee deposit

Lessee B will pay an interest-free deposit of RMB5,000,000 (equivalent to approximately HK\$5,480,000) to Greengold Leasing on the same day the consideration for Assets B transfer has been paid by Greengold Leasing to secure its payment obligations under the Finance Lease B.

Guarantee

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

Pledges

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

Guarantor B2 and Jiyun Property had executed pledge agreements in favour of Greengold Leasing, pledging certain shop premises with total gross floor area of 1,956.4 square metres and 7,577.33 square metres respectively situated in Foshan City, Guangdong Province, as security of Lessee B's payment obligations under the Finance Lease B.

Information on Assets B

Assets B comprise certain designated commercial and emergency facilities of Xiyuan and Jiayuan, Yicui Zundi* (怡翠尊堤熙園及嘉園) situated in Foshan City, Guangdong Province, the PRC.

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

REASONS FOR AND BENEFITS OF ENTERING INTO THE FINANCE LEASE A AND FINANCE LEASE B

The entering into of the Finance Lease A and Finance Lease B 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 Lease A and Finance Lease B 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.

LISTING RULES IMPLICATION

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

PRINCIPAL BUSINESSES OF THE PARTIES

The Group

The Group is principally engaged in wellness elderly care, finance leasing, property investments in both properties held for sale and investment properties, big data, civil explosives and hotel investment, management and operation 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 A is a limited liability company established in the PRC and is principally engaged in sewage treatment in the PRC.

Lessee B is a limited liability company established in the PRC and is principally engaged in property development and operation in the PRC.

The guarantors

Guarantor A1 is a limited liability company established in the PRC and is principally engaged in the investment of municipal sewage treatment in the PRC.

Guarantor A2 is a limited liability company established in the PRC and is principally engaged in sewage treatment in the PRC.

Guarantor A3 and Guarantor A4 are natural persons.

Guarantor B1 is a limited liability company established in the PRC and is principally engaged in investment and corporate management and consultancy in the PRC.

Guarantor B2 is a limited liability company established in the PRC and is principally engaged in property development and operation in the PRC.

Guarantor B3 is a limited liability company established in the PRC and is principally engaged in software technology research and development, design and investment in the PRC.

Guarantor B4 is a natural person.

DEFINITIONS

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

“Assets A”	shall have the meaning as disclosed in the section headed “(A) THE FINANCE LEASE A – Information on Assets A” in this announcement
“Assets B”	shall have the meaning as disclosed in the section headed “(B) THE FINANCE LEASE B – Information on Assets B” 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 A”	the finance lease agreement and the Incidental Documentation A dated 27 September 2022 entered into between Greengold Leasing and Lessee A in relation to the transfer of ownership and lease back of Assets A
“Finance Lease B”	the finance lease agreement and the Incidental Documentation B dated 27 September 2022 entered into between Greengold Leasing and Lessee B in relation to the transfer of ownership and lease back of Assets B

“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 A1”	Jiangmen City Yufeng Environmental Engineering Investment Co., Ltd.* (江門市裕豐環保工程投資有限公司), a limited liability company incorporated in the PRC, which is ultimately controlled by Guarantor A3, and an Independent Third Party
“Guarantor A2”	Jiangmen City Jinguzhou Environmental Engineering Co., Ltd.* (江門市今古洲環境工程有限公司), a limited liability company incorporated in the PRC, which is ultimately controlled by Guarantor A3, and an Independent Third Party
“Guarantor A3”	Peng Ji (彭積), a Chinese individual and an Independent Third Party
“Guarantor A4”	Huang Kaimei (黃凱梅), a Chinese individual and an Independent Third Party
“Guarantors A”	collectively, Guarantor A1, Guarantor A2, Guarantor A3 and Guarantor A4
“Guarantor B1”	Nengxing Holding Group Co., Ltd.* (能興控股集團有限公司), a limited liability company incorporated in the PRC, which is ultimately controlled by Guarantor B4, and an Independent Third Party
“Guarantor B2”	Guangdong Nengxing Property Development Co., Ltd.* (廣東能興房地產開發有限公司), a limited liability company incorporated in the PRC, which is ultimately controlled by Guarantor B4, and an Independent Third Party
“Guarantor B3”	Foshan City Kaineng Technology Investment Co., Ltd.* (佛山市凱能科技投資有限公司), a limited liability company incorporated in the PRC, which is ultimately controlled by Guarantor B4, and an Independent Third Party

“Guarantor B4”	Zhong Naixiong (鍾乃雄), a Chinese individual and an Independent Third Party
“Guarantors B”	collectively, Guarantor B1, Guarantor B2, Guarantor B3 and Guarantor B4
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong Dollar, the lawful currency of Hong Kong
“Incidental Documentation A”	the agreements incidental to the Finance Lease A, including the transfer agreement, the consultancy agreement, the guarantee, the asset pledge agreement, the pledge agreement, the share pledge agreements and the receivables pledge agreements
“Incidental Documentation B”	the agreements incidental to the Finance Lease B, including the transfer agreement, the consultancy agreement, the guarantee, the asset pledge agreement and the 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
“Jiyun Property”	Foshan City Jiyun Property Co., Ltd.* (佛山市集韻置業有限公司), a limited liability company incorporated in the PRC, which is ultimately controlled by the spouse of Guarantor B4, and an Independent Third Party
“Lessee A”	Jiangmen City Jinguzhou Sewage Treatment Co., Ltd.* (江門市今古洲污水處理有限公司), a limited liability company incorporated in the PRC, which is owned as to 70% by Guarantor A1 and 30% by Guarantor A4, and an Independent Third Party
“Lessee B”	Foshan City Kaineng Property Development Co., Ltd.* (佛山市凱能房地產開發有限公司), a limited liability company incorporated in the PRC, which is owned as to 67% by Guarantor B2 and 33% by Guarantor B3, 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, 27 September 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. DENG Hong Ping and Mr. PENG Xinyu.

For the purpose of this announcement, amounts denominated in RMB have been translated into HK\$ at the indicative exchange rate of RMB1 = HK\$1.096.

* *For identification purpose only*