

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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 18 December 2018, Canton Risen, a subsidiary of the Company, entered into the Finance Lease with the Lessees, to acquire the ownership of the Assets from the Lessees for RMB35,000,000 (equivalent to approximately HK\$39,725,000), which would be leased back to the Lessees for Lessee 1's use and possession for a term of 3 years.

As the applicable percentage ratios for the transactions contemplated under the Finance Lease and the incidental documentation exceed 5% but are less than 25%, the transactions contemplated under the Finance Lease and the incidental documentation 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 Canton Risen entered into the Finance Lease and the incidental documentation, the principal terms of which are as follows:–

Date:

18 December 2018

Parties:

- (1) Canton Risen, a subsidiary of the Company, as the lessor;
- (2) the Lessees; and
- (3) the Guarantors (in relation to the relevant guarantees).

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

Transfer of Assets and consideration

Canton Risen will acquire the unencumbered ownership of the Assets from the Lessees on an "as-is" basis for RMB35,000,000 in cash (equivalent to approximately HK\$39,725,000). The full consideration amount is payable within 1 month from the date of the Finance Lease to any of the Lessees as the Lessees may decide pursuant to a transfer agreement entered into between Canton Risen and the Lessees on the date of the Finance Lease.

Such consideration amount was determined following arm's length negotiations by the parties with reference to the original cost of the Assets of RMB57,870,000 (equivalent to approximately HK\$65,682,450) and the value of the pledged shares in Lessee 2 and Lessee 3 under the share pledges executed by Lessee 1 in favour of Canton Risen on the date of the Finance Lease. Approximately 89% of such consideration amount for the acquisition of the Assets is expected to be funded through external banking facilities and the remaining 11% is expected to be funded through the internal resources of the Group.

The consideration amount will be used by the Lessees to pay for equipment and replenish their working capital.

Lease period

Canton Risen will lease back the Assets to the Lessees for Lessee 1's use and possession for a term of 3 years commencing from the day the consideration for the Assets transfer has been paid by Canton Risen. Unless otherwise waived by Canton Risen, the release of payment of the consideration for the Assets transfer by Canton Risen is conditional upon the fulfilment of certain conditions within 1 month from the date of the Finance Lease including, mainly, the satisfactory provision of the relevant guarantees by the Guarantors.

Lease payments

Pursuant to the Finance Lease, the total amount of lease payments is approximately RMB 39,066,932 (equivalent to approximately HK\$44,340,968), comprising (a) the lease principal payment of RMB35,000,000 (equivalent to approximately HK\$39,725,000) and (b) the aggregate lease interest of approximately RMB4,066,932 (equivalent to approximately HK\$4,615,968)(subject to changes of the benchmark interest rate for 3 years RMB loans published by the PBOC from time to time). Both the lease principal and the interest shall be payable every month in thirty-six (36) installments during the lease period with the first installment payable on 18 January 2019.

The aggregate lease interest amounts are calculated on the then outstanding lease principal payment amount (being initially the amount of consideration for the Assets transfer paid by Canton Risen) at 50% above the benchmark interest rate for 3 years RMB loans published by the PBOC from time to time (for reference purpose, the prevailing benchmark interest rate for 3 years RMB loans published by the PBOC is 4.75% and therefore the interest rate is 7.125% p.a.). Such interest rate was determined after arm's length negotiations between the parties to the Finance Lease with reference to the principal amount of the lease, the return of the Finance Lease for the Group and the credit risks associated with the Finance Lease.

The Lessees will facilitate all credit checks by Canton Risen with the central credit appraisal system of the PBOC from time to time.

Termination and purchase option

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 the Lessees. All payment obligations of the Lessees towards Canton Risen are joint and several, regardless of whether any of them may have actual possession and/or usage of the Assets. 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 will have the right to purchase the Assets at the nominal purchase price of RMB100 (equivalent to approximately HK\$113.5).

Guarantee deposit

The Lessees will pay an interest-free deposit of RMB1,925,000 (equivalent to approximately HK\$2,184,875) to Canton Risen on the same day the consideration for the Assets transfer has been paid by Canton Risen to secure its payment obligations under the Finance Lease.

Guarantees

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

Asset pledges

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

In addition, the Lessees had respectively entered into pledge agreements in favour of Canton Risen on the date of the Finance Lease pledging their rights in receivables from various power generation projects as security of their payment obligations under the Finance Lease.

Share pledges by Lessee 1

Lessee 1 had also executed two share pledge agreements on the date of the Finance Lease pledging its entire shareholding interest in Lessee 2 and Lessee 3 respectively (each representing RMB10,000,000 (equivalent to approximately HK\$11,350,000) based on the respective share capital of Lessee 2 and Lessee 3 as at the date of the share pledge agreements) for a period of 4 years in favour of Canton Risen.

Consultancy agreement

In addition, on the date of the Finance Lease, Canton Risen entered into a consultancy agreement with Lessee 1 whereby Canton Risen has agreed to provide financial consultancy service to Lessee 1 and Lessee 1 has agreed to pay an aggregate fee of RMB2,205,000 (equivalent to approximately HK\$2,502,675) to Canton Risen.

Such fee was determined after arm's length negotiations between the parties to the Finance Lease by reference to the return of the Finance Lease for the Group as a whole and would be payable in a lump sum to Canton Risen within three business days (but if the three-business-day period shall lie between two months, the consultancy fee shall be paid by the end of the earlier month) after Lessee 1 confirms in writing that Canton Risen has completed the provision of consultancy service pursuant to the agreement.

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 Canton Risen's ordinary and usual course of business which is expected to provide a stable revenue and cashflow to the Group.

The Directors (including the independent non-executive 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 comprised designated power generation units owned by the Lessees and situated at Zhaoqing and Guangzhou.

The Lessees 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 constituted under the Finance Lease and the incidental documentation exceed 5% but are less than 25%, the transactions contemplated under the Finance Lease and incidental documentation constitute a discloseable transaction for the Company under the Listing Rules.

PRINCIPAL BUSINESSES OF THE PARTIES

The Group

The Group is engaged in hotel investment, management and operation, property investments in both properties held for sale and investment properties, wellness elderly care businesses and finance leasing. Through its joint ventures and associates, the Group also participates and invests in fast-growing sectors, including electric utilities, civil explosives and finance leasing in the PRC.

Canton Risen

Canton Risen is a subsidiary of the Company, which is principally engaged in the provision of finance, including through finance leasing, with an initial focus on government public utility, environmental protection, new energy and telecommunication projects in the PRC.

The Lessees

Lessee 1 is a limited liability company established in the PRC and is principally engaged in methane gas power generation in the PRC.

Lessee 2 and Lessee 3 are limited liability companies established in the PRC, wholly-owned subsidiaries of Lessee 1 and are principally engaged in methane gas power generation in the PRC.

The Guarantors

Guarantor 1 is a limited liability company established in the PRC and is principally engaged in the sale and purchase of natural gas in the PRC.

Guarantor 2 is a limited liability company established in the PRC and is principally engaged in methane gas power generation in the PRC.

Guarantor 3 is a limited liability company established in the PRC and is principally engaged in the development of and provision of consultancy services relating to environmental protection technology, water conservation technology and carbon reduction technology in the PRC.

Guarantor 1, Guarantor 2 and Guarantor 3 are all associated companies of Lessee 1. Guarantor 4 is a natural person and ultimately controls Guarantor 1, Guarantor 2 and Guarantor 3. Guarantor 5 is a natural person and the spouse of Guarantor 4.

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
“Business Day(s)”	any day(s) other than Saturday(s), Sunday(s) and statutory holiday(s) of the PRC
“Canton Risen”	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
“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)
“connected persons”	shall have the meaning as ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Finance Lease”	the finance lease agreement dated 18 December 2018 entered into between Canton Risen and the Lessees
“Group”	the Company and its subsidiaries

“Guarantor 1”	being a limited liability company incorporated in the PRC and an Independent Third Party
“Guarantor 2”	being a limited liability company incorporated in the PRC and an Independent Third Party
“Guarantor 3”	being a limited liability company incorporated in the PRC and an Independent Third Party
“Guarantor 4”	a PRC individual and an Independent Third Party
“Guarantor 5”	a PRC individual and an Independent Third Party
“Guarantors”	collectively, Guarantor 1, Guarantor 2, Guarantor 3, Guarantor 4 and Guarantor 5
“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
“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”	being a limited liability company established in the PRC and an Independent Third Party
“Lessee 2”	being a limited liability company established in the PRC and an Independent Third Party
“Lessee 3”	being a limited liability company established in the PRC 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
“PBOC”	the People’s Bank of China
“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, 20 December 2018

As at the date of this announcement, the Board consists of five executive Directors, namely Mr. HE Xiangming (Chairman), Mr. LIN Pingwu (Managing Director), Mr. YOU Guang Wu (Director), Mr. HUANG Zhihe (Deputy Managing Director) and Ms. WANG Xin (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\$1.135. 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*