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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)

MAJOR TRANSACTION ENTERING INTO A FINANCE LEASE AS THE LESSOR

On 21 February 2019, 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 RMB140,000,000 (equivalent to approximately HK\$163,660,000), which would be leased back to the Lessees for their use and possession for a term of 5 years.

Reference is made to the announcement of the Company dated 25 January 2019 in relation to the entering into of the Existing Finance Lease and Incidental Documentation with the Lessees, which was itself a discloseable transaction of the Company under the Listing Rules. As the Lessees of the Finance Lease are the same parties as those in the Existing Finance Lease and Incidental Documentation, the transactions contemplated under the Finance Lease are required to be aggregated with the transactions under the Existing Finance Lease and Incidental Documentation pursuant to Rule 14.22 of the Listing Rules.

As the applicable percentage ratios for the transactions contemplated under the Finance Lease and the incidental documentation, when calculated on an aggregated basis with the transactions contemplated under the Existing Finance Lease and Incidental Documentation, exceed 25% but are less than 100%, the entering into of such transactions constitute a major transaction for the Company under the Listing Rules and is subject to the announcement, circular and shareholders' approval requirements under the Listing Rules.

As no Shareholder is materially interested in the Finance Lease and the incidental documentation and no Shareholder is required to abstain from voting at a general meeting of the Company approving the transactions contemplated under the Finance Lease and the incidental documentation, and the Company has, pursuant to Rule 14.44 of the Listing Rules, obtained written approval of the transactions contemplated under the Finance Lease and the incidental documentation from Prize Rich Inc., a Shareholder holding 1,222,713,527 issued ordinary shares of the Company (representing 71.41% of its entire issued share capital). As such, the Company is exempted from convening a general meeting to approve the transactions contemplated under the Finance Lease and the incidental documentation.

A circular containing further information on the Finance Lease and the incidental documentation is expected to be despatched to the Shareholders on or before 14 March 2019.

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:

21 February 2019

The Finance Lease would be effective upon compliance of the applicable requirements of the Listing Rules by the Company.

Parties:

- (1) Canton Risen, a subsidiary of the Company, as the lessor;
- (2) the Lessees; 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, each of the Lessees, the Guarantor 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 Lessee 2 on an “as-is” basis for RMB140,000,000 (equivalent to approximately HK\$163,660,000) in cash and, payable within 1 month from the date of the Finance Lease to any of the Lessees as the Lessees may decide pursuant to the 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 approximately RMB230,807,026 (equivalent to approximately HK\$269,813,413). Approximately 80% of such consideration amount for the acquisition of the Assets is expected to be funded through external banking facilities and the remaining 20% is expected to be funded through the internal resources of the Group.

The consideration amount will provide additional liquidity for the Lessees.

Lease period

Canton Risen will lease back the Assets to the Lessees for Lessee 2’s use and possession for a term of 5 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 guarantee by the Guarantor.

Lease payments

Pursuant to the Finance Lease, the total amount of lease payments is approximately RMB162,365,135 (equivalent to approximately HK\$189,804,843) (subject to changes of the benchmark interest rate for 5 years RMB loans published by the PBOC from time to time), comprising (a) the lease principal payment of RMB140,000,000 (equivalent to approximately HK\$163,660,000) and (b) the aggregate lease interest of approximately RMB22,365,135 (equivalent to approximately HK\$26,144,843) (subject to changes of the benchmark interest rate for 5 years RMB loans published by the PBOC from time to time). Both the lease principal and the interest shall be payable every three months in twenty (20) instalments during the lease period with the first installment being payable on 18 April 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 20% above the benchmark interest rate for 5 years RMB loans published by PBOC from time to time (for reference purpose, the prevailing benchmark interest rate for 5 years RMB loans published by the PBOC is 4.75% and therefore the interest rate is approximately 5.7% p.a. as at the date hereof). 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 Credit Reference Center 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 them. 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 a nominal purchase price of RMB100 (equivalent to approximately HK\$116.9).

Guarantee deposit

The Lessees will pay an interest-free deposit of RMB4,200,000 (equivalent to approximately HK\$4,909,800) to Canton Risen on the same day the consideration for the Assets transfer has been paid by Canton Risen to secure their payment obligations under the Finance Lease.

Guarantee

The Guarantor had 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.

Consultancy agreement

In addition, on 21 February 2019, 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 RMB7,000,000 (equivalent to approximately HK\$8,183,000) to Canton Risen.

Such fee was determined after arm's length negotiations between the parties to the Finance Lease with reference to the return of the Finance Lease for the Group as a whole and would be payable in 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

Since the establishment of Guangdong Financial Leasing in 2014, the Group has actively engaged in and accumulated relevant experience in the operation and management of finance leasing business. 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

Asset 1 comprises the pipelines for sewage collection system phase III (Shaxi section) situated at Yanbu Town, Nanhai District, Foshan City.

Asset 2 comprises the 3# pumping station and river crossing pipelines for sewage collection system phase III situated at Yanbu Town, Nanhai District, Foshan City.

Asset 3 comprises the pipelines for sewage collection system phase III (Lianjiao section) situated at Yanbu Town, Nanhai District, Foshan City.

Asset 4 comprises the pipelines for sewage collection system phase III (Yayao section) situated at Yanbu Town, Nanhai District, Foshan City.

Asset 5 comprises the pipelines for sewage collection system phase III (Liulian section) situated at Yanbu Town, Nanhai District, Foshan City.

Asset 6 comprises the pipelines for sewage collection system phase III (Huangqi section) situated at Yanbu Town, Nanhai District, Foshan City.

Asset 7 comprises the pipelines for sewage collection system phase II (Bundle B) situated at Yanbu Town, Nanhai District, Foshan City.

Asset 8 comprises the pipelines for sewage collection system phase II (Bundle C) situated at Yanbu Town, Nanhai District, Foshan City.

Asset 9 comprises the pipelines for sewage collection system phase II (Bundle F) situated at Yanbu Town, Nanhai District, Foshan City.

LISTING RULES IMPLICATION

As the applicable percentage ratios for the transactions contemplated under the Finance Lease and the incidental documentation, when calculated on an aggregated basis with the transactions contemplated under the Existing Finance Lease and Incidental Documentation, exceed 25% but are less than 100%, the entering into of such transactions constitute a major transaction for the Company under the Listing Rules and is subject to the announcement, circular and shareholders' approval requirements under the Listing Rules.

As no Shareholder is materially interested in the Finance Lease and the incidental documentation and no Shareholder is required to abstain from voting at a general meeting of the Company approving the transactions contemplated under the Finance Lease and the incidental documentation, and the Company has, pursuant to Rule 14.44 of the Listing Rules, obtained written approval of the transactions contemplated under the Finance Lease and the incidental documentation from Prize Rich Inc., a Shareholder holding 1,222,713,527 issued ordinary shares of the Company (representing 71.41% of its entire issued share capital). As such, the Company is exempted from convening a general meeting to approve the transactions contemplated under the Finance Lease and the incidental documentation.

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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, 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 the business of property leasing in the PRC.

Lessee 2 is a limited liability company established in the PRC and is principally engaged in the investment, construction and operation management of sewage treatment and its ancillary facilities in the PRC.

The Guarantor

The Guarantor is a limited liability company established in the PRC and is principally engaged in the business of property leasing in the PRC.

Lessee 2 and the Guarantor are ultimately controlled by the same shareholder.

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
“Asset 3”	shall have the meaning as disclosed in the section headed “INFORMATION ON THE ASSETS” in this announcement
“Asset 4”	shall have the meaning as disclosed in the section headed “INFORMATION ON THE ASSETS” in this announcement

“Asset 5”	shall have the meaning as disclosed in the section headed “INFORMATION ON THE ASSETS” in this announcement
“Asset 6”	shall have the meaning as disclosed in the section headed “INFORMATION ON THE ASSETS” in this announcement
“Asset 7”	shall have the meaning as disclosed in the section headed “INFORMATION ON THE ASSETS” in this announcement
“Asset 8”	shall have the meaning as disclosed in the section headed “INFORMATION ON THE ASSETS” in this announcement
“Asset 9”	shall have the meaning as disclosed in the section headed “INFORMATION ON THE ASSETS” in this announcement
“Assets”	collectively, Asset 1, Asset 2, Asset 3, Asset 4, Asset 5, Asset 6, Asset 7, Asset 8 and Asset 9
“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
“CIH Finance”	CIH Finance Investments Holdings Limited (中國興業金融投資控股有限公司), a company incorporated in Hong Kong with limited liability and a wholly-owned 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)
“Director(s)”	the director(s) of the Company

“Finance Lease”	the finance lease agreement dated 21 February 2019 entered into between Canton Risen and the Lessees in relation to the transfer of ownership and lease back of the Assets
“Group”	the Company and its subsidiaries
“Guangdong Financial Leasing”	Guangdong Financial Leasing Co., Ltd.* (廣東粵科融資租賃有限公司), a company incorporated in the PRC with limited liability and is 25% owned by CIH Finance
“Guarantor”	Foshan City Nanhai District Dali Land Resource Development Co.* (佛山市南海區大瀝土地資源開發公司), a company incorporated in the PRC with limited liability
“Existing Finance Lease and Incidental Documentation”	being the finance lease agreement and incidental documentation dated 23 January 2019 entered into between Canton Risen and the Lessees, the details of which have been disclosed in the announcement of the Company dated 25 January 2019
“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”	Foshan City Nanhai Hengyuan Property Management Co., Ltd.* (佛山市南海恒源物業管理有限公司), a company incorporated in the PRC with limited liability
“Lessee 2”	Foshan City Nanhai District Dali Town Yuansheng Water Treatment Co., Ltd.* (佛山市南海區大瀝鎮源生水處理有限公司), a company incorporated in the PRC with limited liability
“Lessees”	collectively, Lessee 1 and Lessee 2
“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, 21 February 2019

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\$1.169. 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*