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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 THE FINANCE LEASE AS THE LESSOR

On 12 October 2019, Canton Risen, a subsidiary of the Company, entered into the Finance Lease and the incidental documentation with the Lessees, to acquire the ownership of the Asset from the Buyer Import Agent for RMB32,000,000 (equivalent to approximately HK\$35,488,000), which would be leased 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 entering into of such transactions 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:

12 October 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;
- (3) the Supplier and the Buyer Import Agent (in relation to the Agreement for Assignment of Rights and Obligations); and
- (4) 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 Supplier, the Buyer Import Agent, the Guarantors and their ultimate beneficial owners are Independent Third Parties.

Transfer of Asset and consideration

Pursuant to the Agreement for Assignment of Rights and Obligations, the Canton Risen will acquire the unencumbered ownership of the Asset from the Buyer's Import Agent for RMB32,000,000 (equivalent to approximately HK\$35,488,000) in cash.

Such consideration amount was determined with reference to the cost of the Asset of approximately RMB45,000,000 (equivalent to approximately HK\$49,905,000) and its state, which were reviewed by Canton Risen's experienced finance leasing team, as well as the deposit amount of RMB13,000,000 (equivalent to approximately HK\$14,417,000) will be settled by Lessee 1 directly with the Buyer's Import Agent. Such consideration amount for the acquisition of the Asset is expected to be funded through the internal resources of the Group.

The consideration amount will be used for payment for the purchase of the Asset.

Lease period

Canton Risen will then lease the Asset to the Lessees for Lessee 1's use and possession for a term of 3 years commencing from the day when the Lessees acknowledge receipt of the Asset.

Lease payments

Pursuant to the Finance Lease, the total amount of lease payments is approximately RMB35,694,394 (equivalent to approximately HK\$39,585,083) (subject to changes of the benchmark interest rate for 3 years RMB loans published by the PBOC from time to time), comprising (a) the lease principal payment of RMB32,000,000 (equivalent to approximately HK\$35,488,000) and (b) the aggregate lease interest of approximately RMB3,694,394 (equivalent to approximately HK\$4,097,083) (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 being payable on 18 November 2019.

The aggregate lease interest amounts are calculated on the then outstanding lease principal payment amount (being initially the amount of consideration for the Asset transfer paid by Canton Risen) at 50% above the benchmark interest rate for 3 years RMB loans published by 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 approximately 7.125% 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 5 percent of the total outstanding lease principal 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 Asset. 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 Asset at a nominal purchase price of RMB100 (equivalent to approximately HK\$110.9).

Guarantee deposits

The Lessees will pay interest-free deposits of RMB2,560,000 (equivalent to approximately HK\$2,839,040) to Canton Risen on the date when the Lessees acknowledge receipt of the Asset to secure the Lessees' payment obligations under the Finance Lease.

Guarantees

The Guarantors had executed guarantees 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.

Pledges

Pursuant to the asset pledge agreement entered into between Canton Risen and the Lessees on the date of the Finance Lease, although the legal title and all rights of the Asset is transferred to Canton Risen as lessor as part of the Finance Lease, the Asset is treated as security of payment obligations of the Lessees under the Finance Lease and the Lessees may continue to utilize the Asset during the lease term.

Consultancy agreement

In addition, on 12 October 2019, Canton Risen entered into the consultancy agreement with Lessee 2 whereby Canton Risen has agreed to provide financial consultancy service to Lessee 2 and Lessee 2 has agreed to pay an aggregate fee of RMB1,440,000 (equivalent to approximately HK\$1,596,960) 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 2 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 stable revenue and cashflow to the Group.

The 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 ASSET

The Asset comprises a double wheel milling machine with coil system and desander.

The Lessees will bear any maintenance, taxation and other costs and levies associated with the Asset.

LISTING RULES IMPLICATION

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 entering into of such transactions constitute 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, wellness elderly care, finance leasing and big data businesses. 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 and Lessee 2 are both limited liability companies established in the PRC and are principally engaged in foundation engineering in the PRC.

The Supplier

The Supplier is a limited liability company established in Singapore and is principally engaged in the supply of equipment for foundation engineering and construction.

The Buyer Import Agent

The Buyer Import Agent is a limited liability company established in the PRC and is principally engaged in the importing and exporting of machinery.

The Guarantors

Guarantor 1 is a limited liability company established in the PRC and is principally engaged in foundation construction in the PRC.

Guarantor 2, Guarantor 3 and Guarantor 4 are all natural persons.

The Lessees are ultimately held by Guarantor 1, and in which Guarantor 1 is ultimately held by Guarantor 2, Guarantor 3 and Guarantor 4.

DEFINITIONS

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

“Agreement for Assignment of Rights and Obligations”	the agreement for assignment of rights and obligations dated 12 October 2019 entered into between Canton Risen, Lessee 1, the Supplier and the Buyer Import Agent in relation to the transfer of ownership of the Asset
“Asset”	shall have the meaning as disclosed in the section headed “INFORMATION ON THE ASSET” 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
“Buyer Import Agent”	Sumec International Technical Trade Co., Ltd. (蘇美達國際技術貿易有限公司), a listed company incorporated in the PRC with limited liability and an Independent Third Party
“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)
“Director(s)”	the director(s) of the Company
“Finance Lease”	the finance lease agreement dated 12 October 2019 entered into between Canton Risen and the Lessees in relation to the transfer of ownership and lease back of the Asset
“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% equity interests of which are indirectly held by the Group
“Guarantor 1”	Zhongji Junhao Co., Ltd.* (中基君豪股份有限公司), a company incorporated in the PRC with limited liability and an Independent Third Party
“Guarantor 2”	Li Jun* (李軍), being a PRC individual and an Independent Third Party
“Guarantor 3”	Meng Qinghong* (孟慶紅), being a PRC individual and an Independent Third Party
“Guarantor 4”	Meng Xianning* (孟憲寧), being a PRC individual and an Independent Third Party
“Guarantors”	collectively, Guarantor 1, Guarantor 2, Guarantor 3 and Guarantor 4
“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”	Guangdong Junhao Hi-Tech Underground Space Construction Co., Ltd.* (廣東君豪高科地下空間建設有限公司), a company incorporated in the PRC with limited liability and an Independent Third Party
“Lessee 2”	Zhongdi Junhao Construction Engineering Co., Ltd.* (中地君豪建築工程有限公司), a company incorporated in the PRC with limited liability 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
“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

“Supplier”

BAUER Technologies Far East Pte. Ltd. (寶峨技術遠東有限公司), a company incorporated in Singapore with limited liability and an Independent Third Party, which is ultimately held by a listed company incorporated in Germany with limited liability

“%”

per cent

On behalf of
China Investments Holdings Limited
HE Xiangming
Chairman

Hong Kong, 15 October 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\$1.109. 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