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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 A FINANCE LEASE AS THE LESSOR**

On 9 May 2020, Canton Risen, a subsidiary of the Company, entered into the Finance Lease with the Lessees, to acquire the ownership of the Asset from the Lessees for RMB60,000,000 (equivalent to approximately HK\$65,700,000), which would be leased back to the Lessees for their use and possession for a term of 5 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:**

9 May 2020

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; and
- (2) the Lessees.

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

**Transfer of Asset and consideration**

Canton Risen will acquire the unencumbered ownership of the Asset from the Lessees on an "as-is" basis for RMB60,000,000 (equivalent to approximately HK\$65,700,000) 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 both the Finance Lease and the incidental transfer agreement. The transfer agreement for the Finance Lease was entered into between Canton Risen and the Lessees on the date of the Finance Lease, effecting the terms of the Finance Lease in relation to the transfer of Asset from the Lessees to Canton Risen above.

Such consideration amount was determined following arm's length negotiations by the parties with reference to the original cost of the Asset of RMB73,257,638.17 (equivalent to approximately HK\$80,217,114), and its state, which were reviewed by Canton Risen's experienced leasing team. The consideration amount for the acquisition of the Asset will be funded through the internal resources of the Group and/or external banking facilities.

**Lease period**

Canton Risen will lease back the Asset to the Lessees for their use and possession for a term of 5 years commencing from the day the consideration for the Asset transfer has been paid by Canton Risen.

**Payments under the Finance Lease**

In respect of the Finance Lease, the total amount of lease payments is approximately RMB75,968,610 (equivalent to approximately HK\$83,185,628), comprising (a) the lease principal payment of RMB60,000,000 (equivalent to approximately HK\$65,700,000) and (b) the aggregate lease interest and other fees and expenses under the Incidental Documentation of approximately RMB15,968,610 (equivalent to approximately HK\$17,485,628). Both the lease principal and the interest shall be payable every three months in twenty (20) installments during the lease period in which the first installment is expected to be payable on 18 July 2020.

The terms of the Finance Lease, including the lease principals, lease interests, and other fees and expenses under the Incidental Documentation, were determined after arm's length negotiations between the parties to the Finance Lease with reference to the principal amount of the lease, the interest risk of financing, the loan prime rate published by the National Interbank Funding Center from time to time, the credit risks associated with the Finance Lease and the targeted overall return of the Finance Lease of the Group.

### **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 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\$109.5).

### **Guarantee deposit**

The Lessees will pay an interest-free deposit of RMB1,200,000 (equivalent to approximately HK\$1,314,000) to Canton Risen on the same day the consideration for the Asset transfer has been paid by Canton Risen to secure their payment obligations 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 ownership of the Asset shall be 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.

Kangda Investment (Hong Kong) Company Limited and Lessee 1 both executed share pledge agreements on the date of the Finance Lease, pledging all the shareholding interests (representing RMB5,000,000 (equivalent to approximately HK\$5,475,000) and SGD3,780,000 (equivalent to approximately HK\$20,737,080)) and equity derivatives of Lessee 1 and Lessee 2 respectively in favour of Canton Risen for a term of 5 years.

Additionally, Lessee 1 and Lessee 2 entered into pledge agreements in favour of Canton Risen on the date of the Finance Lease pledging their rights in receivables under the sewage treatment plant franchise agreements of Zihe Sewage Treatment Plant, Qicheng Sewage Treatment Plant and Qidu Sewage Treatment Plant, and Qingzhou City Sewage Treatment Plant respectively, as security of the Lessees' payment obligations under the Finance Lease.

## **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 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 sewage treatment facilities situated at Zibo City and Qingzhou City in Shandong Province.

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 is a limited liability company established in the PRC and is principally engaged in sewage treatment in Zibo City, Shandong Province.

Lessee 2 is a limited liability company established in the PRC and is principally engaged in sewage treatment in Qingzhou City, Shandong Province.

Lessee 3 is a limited liability company established in the PRC and is principally engaged in sewage treatment in Zhongshan City, Guangdong Province.

Lessee 4 is a limited liability company established in the PRC and is principally engaged in sewage treatment in Chongqing City.

The Lessees are all ultimately controlled by Kangda Investment (Hong Kong) Company Limited, an Independent Third Party.

## **DEFINITIONS**

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

“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
“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 9 May 2020 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
“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
“Incidental Documentation”	the agreements incidental to the Finance Lease that were entered into on the same date of the Finance Lease, including the transfer agreement, the consultancy agreement, the asset pledge agreement, the share pledge agreements 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
“Lessee 1”	Meiling Environmental Technology (Zibo) Co., Ltd.* (美陵環境科技(淄博)有限公司), a company incorporated in the PRC with limited liability and an Independent Third Party
“Lessee 2”	Qingzhou Meiling Sewage Purification Co., Ltd.* (青州市美陵污水淨化有限公司), a company incorporated in the PRC with limited liability and an Independent Third Party
“Lessee 3”	Zhongshan Kangda Water Co., Ltd.* (中山康達水務有限公司), a company incorporated in the PRC with limited liability and an Independent Third Party
“Lessee 4”	Chongqing Kangda Environmental Protection Industry Group Co., Ltd.* (重慶康達環保產業(集團)有限公司), a company incorporated in the PRC with limited liability and an Independent Third Party
“Lessees”	collectively, Lessee 1, Lessee 2, Lessee 3 and Lessee 4
“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
“SGD”	Singapore Dollar, the lawful currency of Singapore
“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, 11 May 2020

*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\$1.095, whereas amount denominated in SGD has been translated into HK\$ at the exchange rate of SGD1 = HK\$5.486. 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