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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 LEASES AS THE LESSOR**

On 27 May 2020, Canton Risen, a subsidiary of the Company, entered into the Finance Leases with the Lessees, to acquire the ownership of the Assets from the Lessees for an aggregate consideration of RMB50,000,000 (equivalent to approximately HK\$54,100,000), which would be leased back to the Lessees for their use and possession for a term of 3 years.

As the applicable percentage ratios for the transactions contemplated under the Finance Leases 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 LEASES AND THE INCIDENTAL DOCUMENTATION**

The Board is pleased to announce that Canton Risen entered into the Finance Leases and the Incidental Documentation, the principal terms of which are as follows:–

#### **Date of the Finance Leases:**

27 May 2020

The Finance Leases 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 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 owner are Independent Third Parties.

**Transfer of Assets and consideration**

Canton Risen will acquire the unencumbered ownership of Asset 1 and Asset 2 from the Lessees on an "as-is" basis for RMB20,000,000 (equivalent to approximately HK\$21,640,000) and RMB30,000,000 (equivalent to approximately HK\$32,460,000) respectively in cash and, payable within 1 month from the date of the Finance Leases to any of the Lessees as the Lessees may decide pursuant to both the Finance Leases and the incidental transfer agreements. The transfer agreements for Finance Lease No. 1 and Finance Lease No. 2 were entered into between Canton Risen and the Lessees on the date of the Finance Leases, effecting the terms of the Finance Leases in relation to the transfer of Assets 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 costs of Asset 1 and Asset 2 of RMB91,086,900 (equivalent to approximately HK\$98,556,026) and RMB154,390,600 (equivalent to approximately HK\$167,050,629) respectively, and their state, which were reviewed by Canton Risen's experienced leasing team. The consideration amount for the acquisition of the Assets will be funded through the internal resources of the Group and/or external banking facilities.

**Lease period**

Canton Risen will lease back the Assets to the Lessees for their 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.

## **Payments under the Finance Leases**

In respect of Finance Lease No. 1, the total amount of lease payments is approximately RMB23,140,494 (equivalent to approximately HK\$25,038,014), comprising (a) the lease principal payment of RMB20,000,000 (equivalent to approximately HK\$21,640,000) and (b) the aggregate lease interest and other fees and expenses under the Incidental Documentation of approximately RMB3,140,494 (equivalent to approximately HK\$3,398,014). Both the lease principal and the interest shall be payable every three months in twelve (12) installments during the lease period in which the first installment is expected to be payable on 18 August 2020.

In respect of Finance Lease No. 2, the total amount of lease payments is approximately RMB34,710,741 (equivalent to approximately HK\$37,557,022), comprising (a) the lease principal payment of RMB30,000,000 (equivalent to approximately HK\$32,460,000) and (b) the aggregate lease interest and other fees and expenses under the Incidental Documentation of approximately RMB4,710,741 (equivalent to approximately HK\$5,097,022). Both the lease principal and the interest shall be payable every three months in twelve (12) installments during the lease period in which the first installment is expected to be payable on 18 August 2020.

The terms of the Finance Leases, 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 Leases with reference to the principal amount of the leases, 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 Leases and the targeted overall return of the Finance Leases of the Group.

## **Termination and purchase option**

The Lessees may terminate the Finance Leases 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 Leases, 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 each (equivalent to approximately HK\$108.2).

## **Guarantee deposits**

The Lessees will pay interest-free deposits of RMB1,000,000 (equivalent to approximately HK\$1,082,000) and RMB1,500,000 (equivalent to approximately HK\$1,623,000) 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 Finance Lease No. 1 and Finance Lease No. 2 respectively.

## **Guarantees**

The Guarantors had executed guarantees on the date of the Finance Leases 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 Leases.

## **Pledges**

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

Lessee 1 also executed a share pledge agreement on the date of the Finance Leases, pledging 90% shareholding interests (representing RMB40,500,000 (equivalent to approximately HK\$43,821,000) in value of the registered capital of Lessee 2 as at the date of the Finance Leases) and equity derivatives in Lessee 2 in favour of Canton Risen for a term of 3 years.

Additionally, Lessee 2 had entered into a pledge agreement in favour of Canton Risen on the date of the Finance Leases pledging its rights in receivables under a sewage treatment plant franchise agreement as security of the Lessees' payment obligations under the Finance Leases.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE FINANCE LEASES AND THE INCIDENTAL DOCUMENTATION**

The entering into of the Finance Leases 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 Leases 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 and Asset 2 both comprise sewage treatment facilities and pipe network situated at Heze City in Shandong Province.

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 contemplated under the Finance Leases 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 company limited by shares established in the PRC and is principally engaged in sewage treatment in the PRC.

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

### **The Guarantors**

Guarantor 1 and Guarantor 2 are both limited liability companies established in the PRC and are principally engaged in sewage treatment in Shandong Province.

Guarantor 3 is a limited liability company established in the PRC and is principally engaged in heat supply in Hebei Province.

Guarantor 4 and Guarantor 5 are natural persons in the PRC in which Guarantor 4 is the spouse of Guarantor 5.

The Lessees, Guarantor 1, Guarantor 2 and Guarantor 3 are all ultimately controlled by Guarantor 4.

## 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
“Assets”	collectively, Asset 1 and Asset 2
“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 No. 1”	the finance lease agreement dated 27 May 2020 entered into between Canton Risen and the Lessees in relation to the transfer of ownership and lease back of Asset 1
“Finance Lease No. 2”	the finance lease agreement dated 27 May 2020 entered into between Canton Risen and the Lessees in relation to the transfer of ownership and lease back of Asset 2
“Finance Leases”	collectively, Finance Lease No. 1 and Finance Lease No. 2
“Group”	the Company and its subsidiaries

“Guarantor 1”	Shandong Shenshui Haina Water Affair Environmental Protection Co., Ltd.* (山東深水海納水務環保有限公司), a company incorporated in the PRC with limited liability and an Independent Third Party
“Guarantor 2”	Shandong Shenshui Water Affair Co., Ltd.* (山東深水水務有限公司), a company incorporated in the PRC with limited liability and an Independent Third Party
“Guarantor 3”	Hebei Shenshui Energy Environmental Protection Co., Ltd.* (河北深水能源環保有限公司), a company incorporated in the PRC with limited liability and an Independent Third Party
“Guarantor 4”	Li Haibo* (李海波), being a PRC individual and an Independent Third Party
“Guarantor 5”	Zhang Xiuzhong* (張秀忠), being 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
“Incidental Documentation”	the agreements incidental to the Finance Leases, including the transfer agreements, the consultancy agreements, the guarantees, the asset pledge agreements, the share pledge agreement and the pledge agreement
“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”	Shenshui Haina Water Affair Group Ltd.* (深水海納水務集團股份有限公司), a company limited by shares incorporated in the PRC and an Independent Third Party

“Lessee 2”	Shandong Shenhai Environmental Protection Water Affair Co., Ltd.* ( 山東深海環保水務有限公司 ), 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
“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, 28 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\$1.082. 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