

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 THE FINANCE LEASES AS THE LESSOR

On 16 June 2020, Greengold Leasing, 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 RMB60,000,000 (equivalent to approximately HK\$65,580,000), which would be leased back to the Lessees for their use and possession for a term of 3 years.

Reference is made to the announcement of the Company dated 22 November 2019 in relation to the entering into of the Existing Finance Lease and Incidental Documentation which was itself a discloseable transaction of the Company under the Listing Rules. As two of the Lessees of the Finance Leases are the same parties as those in the Existing Finance Lease and Incidental Documentation, the transactions contemplated under the Finance Leases are required to be aggregated with the transactions contemplated 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 Leases and the Incidental Documentation, when calculated on a standalone basis or an aggregated basis with the transactions contemplated under the Existing Finance Lease and 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 Greengold Leasing entered into the Finance Leases and the Incidental Documentation, the principal terms of which are as follows:–

Date of the Finance Leases:

16 June 2020

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

Parties:

- (1) Greengold Leasing, 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

Greengold Leasing will acquire the unencumbered ownership of Asset 1 and Asset 2 from the Lessees on an "as-is" basis for RMB40,000,000 (equivalent to approximately HK\$43,720,000) and RMB20,000,000 (equivalent to approximately HK\$21,860,000) 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 Greengold Leasing and the Lessees on the date of the Finance Leases, effecting the terms of the Finance Leases in relation to the transfer of the Assets from the Lessees to Greengold Leasing 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 RMB53,435,594.65 (equivalent to approximately HK\$58,405,104.95) and RMB24,725,998.04 (equivalent to approximately HK\$27,025,515.86) respectively, and their state, which were reviewed by Greengold Leasing'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

Greengold Leasing 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 Greengold Leasing.

Payments under the Finance Leases

In respect of Finance Lease No. 1, the total amount of lease payments is approximately RMB46,095,973 (equivalent to approximately HK\$50,382,898), comprising (a) the lease principal payment of RMB40,000,000 (equivalent to approximately HK\$43,720,000) and (b) the aggregate lease interest and other fees and expenses under the Incidental Documentation of approximately RMB6,095,973 (equivalent to approximately HK\$6,662,898). Both the lease principal and the interest shall be payable every month in thirty-six (36) installments during the lease period in which the first installment is expected to be payable on 18 July 2020.

In respect of Finance Lease No. 2, the total amount of lease payments is approximately RMB23,047,987 (equivalent to approximately HK\$25,191,450), comprising (a) the lease principal payment of RMB20,000,000 (equivalent to approximately HK\$21,860,000) and (b) the aggregate lease interest and other fees and expenses under the Incidental Documentation of approximately RMB3,047,987 (equivalent to approximately HK\$3,331,450). Both the lease principal and the interest shall be payable every month in thirty-six (36) installments during the lease period in which the first installment is expected to be payable on 18 July 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 Greengold Leasing 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\$109.3).

Guarantee deposits

The Lessees will pay interest-free deposits of RMB1,280,000 (equivalent to approximately HK\$1,399,040) and RMB640,000 (equivalent to approximately HK\$699,520) to Greengold Leasing on the same day the consideration for the Assets transfer has been paid by Greengold Leasing 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 Greengold Leasing, effectively on a joint and several basis, the due and punctual settlement of any or all amounts payable by the Lessees under the Finance Leases.

Pledges

Pursuant to the asset pledge agreements entered into between Greengold Leasing and the Lessees on the date of the Finance Leases, although the ownership of the Assets shall be transferred to Greengold Leasing 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 all the shareholding interests (representing RMB10,000,000 (equivalent to approximately HK\$10,930,000)) and equity derivatives in Lessee 2 in favour of Greengold Leasing for a term of 4 years.

Additionally, Lessee 2 entered into a pledge agreement in favour of Greengold Leasing on the date of the Finance Leases pledging its rights in receivables from a power generation project 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 Greengold Leasing'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 comprises designated power generation units situated at the landfill sites in Shenzhen, Yangxi, Guangzhou and Foshan.

Asset 2 comprises designated power generation units situated at the landfill sites in Shenzhen, Dongguan 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 contemplated under the Finance Leases and the Incidental Documentation, when calculated on a standalone basis or an aggregated basis with the transactions contemplated under the Existing Finance Lease and 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.

Greengold Leasing

Greengold Leasing is a subsidiary of the Company, which is principally engaged in the provision of finance, including through finance leasing, with a focus on environmental protection projects in the PRC.

The Lessees

Lessee 1 and Lessee 3 are limited liability companies established in the PRC and are principally engaged in landfill gas power generation in Shenzhen, Guangdong Province.

Lessee 2 is a limited liability company established in the PRC and is principally engaged in landfill gas power generation in Foshan City, Guangdong Province.

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 Shenzhen, Guangdong Province.

Guarantor 2 is a limited liability company established in the PRC and is principally engaged in environmental monitoring and supervision and treatment of sewage and exhaust gas in Shenzhen, Guangdong Province.

Guarantor 3 is a natural person and ultimately controls Guarantor 1, Lessee 1, Lessee 2 and Lessee 3.

Guarantor 4 is a natural person and the spouse of Guarantor 3.

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
“Greengold Leasing”	Canton Greengold Financial Leasing Ltd.* (廣東綠金融資租賃有限公司) (formerly known as 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

“Existing Finance Lease and Incidental Documentation”	being the finance lease agreement and incidental documentation dated 20 November 2019 entered into between Greengold Leasing and the then lessees, the details of which have been disclosed in the announcement of the Company dated 22 November 2019
“Finance Lease No. 1”	the finance lease agreement dated 16 June 2020 entered into between Greengold Leasing 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 16 June 2020 entered into between Greengold Leasing 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”	Shenzhen City Shengshi Energy Co., Ltd. * (深圳市晟世能源有限公司), a company incorporated in the PRC with limited liability and an Independent Third Party
“Guarantor 2”	Shenzhen City Zongxing Environmental Protection Technology Co., Ltd.* (深圳市宗興環保科技有限公司), a company incorporated in the PRC with limited liability and an Independent Third Party, which is ultimately held by two PRC individuals and both being Independent Third Parties
“Guarantor 3”	Liu Yuming* (劉宇明), being a PRC individual and an Independent Third Party
“Guarantor 4”	Wei Jingyuan* (魏晶媛), 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

“Incidental Documentation”	the agreements incidental to the Finance Leases, including the transfer agreements, the consultancy agreements, 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”	Shenzhen City Shengshilian Energy Co., Ltd.* (深圳市晟世聯能源有限公司), a company incorporated in the PRC with limited liability and an Independent Third Party
“Lessee 2”	Foshan City Xindi Environmental Protection Engineering Co., Ltd.* (佛山市新迪環保工程有限公司), a company incorporated in the PRC with limited liability and an Independent Third Party
“Lessee 3”	Shenzhen City Shengshi Renewable Energy Co., Ltd.* (深圳市晟世再生能源有限公司), a company incorporated in the PRC with limited liability 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
“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, 17 June 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\$1.093. 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*