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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 8 December 2021, Greengold Leasing, a subsidiary of the Company, entered into the Finance Lease with the Lessees, to obtain the ownership of the Assets from the Lessees for RMB60,000,000 (equivalent to approximately HK\$73,542,000), which would be leased back to the Lessees for their use and possession for a term of 4 years.

Reference is made to the announcement of the Company dated 9 February 2021 in relation to the entering into of the Existing Finance Lease and Incidental Documentation which was a discloseable transaction of the Company under the Listing Rules. The ultimate beneficial owner of the Lessees of the Finance Lease is the same party as that in the Existing Finance Lease and Incidental Documentation.

As some of the applicable percentage ratios for the transactions contemplated under the Finance Lease and Incidental Documentation, whether or not they are calculated on a standalone basis or an aggregate basis with the transactions contemplated under the Existing Finance Lease and Incidental Documentation, exceed 5% but all of them 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 INCIDENTAL DOCUMENTATION

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

Date of the Finance Lease:

8 December 2021

The Finance Lease will take effect 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; and
- (2) the Lessees.

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

Transfer of Assets and consideration

Greengold Leasing will be transferred the unencumbered ownership of the Assets from the Lessees on an "as-is" basis at the consideration of RMB60,000,000 (equivalent to approximately HK\$73,542,000) in cash, payable within 12 months from the date of the Finance Lease. The transfer agreement was entered into between Greengold Leasing and the Lessees on the date of the Finance Lease, effecting the terms of the Finance Lease 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 to the Finance Lease with reference to the original cost of the Assets of approximately RMB71,608,000 (equivalent to approximately HK\$87,770,000), and their state, which were reviewed by Greengold Leasing's experienced leasing team. The consideration amount for the ownership 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 4 years commencing from the day the consideration for the Assets transfer has been paid by Greengold Leasing.

Payments under the Finance Lease

The total amount of lease payments for the Finance Lease and Incidental Documentation is approximately RMB70,620,000 (equivalent to approximately HK\$86,559,000), comprising (a) the lease principal payment of RMB60,000,000 (equivalent to approximately HK\$73,542,000) and (b) the aggregate lease interest and other fees and expenses under the Incidental Documentation of approximately RMB10,620,000 (equivalent to approximately HK\$13,017,000). Both the lease principal and the interest will be paid monthly over the lease period.

The terms of the Finance Lease, including the lease principal, lease interest, 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 prime lending 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 Group for the Finance Lease.

Termination and transfer of the Assets to the Lessees

The Lessees may terminate the Finance Lease provided that all outstanding amounts due thereunder and a compensation equivalent to 20% of the total outstanding lease interest amount as at the time of early termination have been settled. 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 had agreed to purchase the Assets at a nominal purchase price of RMB100 (equivalent to approximately HK\$122.57).

Guarantee deposit

The Lessees will pay an interest-free deposit of RMB1,860,000 (equivalent to approximately HK\$2,280,000) in aggregate 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 the Finance Lease.

Pledges

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

Lessee 1 had executed a share pledge agreement, pledging 49% shareholding interests (representing RMB23,030,000 (equivalent to approximately HK\$28,228,000) in Chengdu Luzhou, in favour of Greengold Leasing for a term of 6 years, as security of the Lessees' payment obligations under the Finance Lease.

Additionally, Lessee 1 had executed a receivables pledge agreement in favour of Greengold Leasing, pledging its rights in receivables under an equipment leasing agreement and a sino-foreign joint venture agreement of a landfill gas power generation project in Chengdu City, and Lessee 2 had executed a receivables pledge agreement in favour of Greengold Leasing, pledging its rights in receivables under an equipment leasing agreement, as security of the Lessee's payment obligations under the Finance Lease.

REASONS FOR AND BENEFITS OF ENTERING INTO THE FINANCE LEASE AND INCIDENTAL DOCUMENTATION

The entering into of the Finance Lease and Incidental Documentation is part of Greengold Leasing's ordinary and usual course of business and is expected to provide a stable revenue and cashflow to the Group.

The Directors consider that the Finance Lease and 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

The Assets comprise certain designated landfill gas power generating equipment and facilities situated in Chengdu City, Huangshi City, Chongqing City, Nanning City, Haikou City, Jinan City, Dongyang City and Ningbo City, the PRC.

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

LISTING RULES IMPLICATION

Reference is made to the announcement of the Company dated 9 February 2021 in relation to the entering into of the Existing Finance Lease and Incidental Documentation which was a discloseable transaction of the Company under the Listing Rules. The ultimate beneficial owner of the Lessees of the Finance Lease is the same party as that in the Existing Finance Lease and Incidental Documentation.

As some of the applicable percentage ratios for the transactions contemplated under the Finance Lease and Incidental Documentation, whether or not they are calculated on a standalone basis or an aggregated basis with the transactions contemplated under the Existing Finance Lease and Incidental Documentation, exceed 5% but all of them 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, finance leasing, wellness elderly care, big data and civil explosives businesses. Through its joint ventures and associated companies, the Group also participates and invests in fast growing sectors, including electric utilities 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 is a limited liability company established in the PRC and is principally engaged in renewable resources investment in the PRC.

Lessee 2 is a limited liability company established in the PRC and is principally engaged in the provision of environmental protection technology services in the PRC.

Lessee 3 is a limited liability company established in the PRC and is principally engaged in landfill gas power generation in the PRC.

Lessee 4 is a limited liability company established in the PRC and is principally engaged in landfill gas treatment technology research in the PRC.

DEFINITIONS

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

“Assets”	shall have the meaning as disclosed in the section headed “INFORMATION ON THE ASSETS” in this announcement
“Board”	the board of Directors of the Company
“Chengdu Luzhou”	Chengdu City Green State Renewable Energy Co., Ltd.* (成都市綠州新再生能源有限責任公司), a company incorporated in the PRC with limited liability
“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 7 February 2021 entered into between Greengold Leasing and the then lessees, the details of which have been disclosed in the announcement of the Company dated 9 February 2021
“Finance Lease”	the finance lease agreement dated 8 December 2021 entered into between Greengold Leasing and the Lessees in relation to the transfer of ownership and lease back of the Assets
“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
“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, including the transfer agreement, the consultancy agreement, the asset pledge agreement, the share pledge agreement, and the receivables 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”	New China Water (Nanjing) Renewable Resources Investment Co., Ltd.* (新中水(南京)再生資源投資有限公司), a company incorporated in the PRC with limited liability, which is ultimately controlled by China Water Industry Group Limited, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1129), and an Independent Third Party
“Lessee 2”	Shenzhen City New China Water Environmental Technology Ltd.* (深圳市新中水環保科技有限公司), a company incorporated in the PRC with limited liability, which is ultimately controlled by China Water Industry Group Limited, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1129), and an Independent Third Party
“Lessee 3”	Shandong Qiyao New Energy Co., Ltd.* (山東齊耀新能源有限公司), a company incorporated in the PRC with limited liability, which is ultimately controlled by China Water Industry Group Limited, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1129), and an Independent Third Party
“Lessee 4”	Ningbo Qiyao New Energy Co., Ltd.* (寧波齊耀新能源有限公司), a company incorporated in the PRC with limited liability, which is ultimately controlled by China Water Industry Group Limited, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1129), 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
“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, 8 December 2021

As at the date of this announcement, the Board consists of six executive Directors, namely Mr. HE Xiangming (Chairman), Mr. FU Weiqiang (Managing Director), Mr. YOU Guang Wu (Director), Mr. HUANG Zhihe (Deputy Managing Director), Ms. WANG Xin (Deputy Managing Director) and Mr. CHENG Weidong (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\$1.2257. 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*