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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 16 June 2021, Greengold Leasing, a subsidiary of the Company, entered into the Finance Lease with the Lessee, to acquire the ownership of the Assets from the Lessee for RMB35,000,000 (equivalent to approximately HK\$42,420,000), which would be leased back to the Lessee for its use and possession for a term of 6 years.

Reference is made to the Existing Finance Lease and Incidental Documentation dated 16 March 2021, pursuant to which the applicable percentage ratios for the transactions contemplated thereunder were less than 5% and hence exempted from the disclosure requirements under Chapter 14 of the Listing Rules. The sole shareholder of the Lessee of the Finance Lease holds 80% shareholding interests in the lessee of the Existing Finance Lease and Incidental Documentation.

As the applicable percentage ratios for the transactions contemplated under the Finance Lease and the 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 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 Greengold Leasing entered into the Finance Lease and the Incidental Documentation, the principal terms of which are as follows:–

Date of the Finance Lease:

16 June 2021

The Finance Lease 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 Lessee; and
- (3) the Guarantors (in relation to the relevant guarantee).

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

Transfer of Assets and consideration

Greengold Leasing will acquire the unencumbered ownership of the Assets from the Lessee on an "as-is" basis for RMB35,000,000 (equivalent to approximately HK\$42,420,000) in cash and, payable within 12 months from the date of the Finance Lease. The transfer agreement was entered into between Greengold Leasing and the Lessee on the date of the Finance Lease, effecting the terms of the Finance Lease in relation to the transfer of the Assets from the Lessee to Greengold Leasing above.

Such consideration amount was determined following arm's length negotiations by the parties with reference to the original cost of the Assets of approximately RMB51,835,000 (equivalent to approximately HK\$62,824,000), 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 Lessee for its use and possession for a term of 6 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 is approximately RMB45,850,000 (equivalent to approximately HK\$55,570,000), comprising (a) the lease principal payment of RMB35,000,000 (equivalent to approximately HK\$42,420,000) and (b) the aggregate lease interest and other fees and expenses under the Incidental Documentation of approximately RMB10,850,000 (equivalent to approximately HK\$13,150,000). Both the lease principal and the interest shall be payable in twenty-four (24) installments during 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 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 transfer of the Assets to the Lessee

The Lessee 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 it. 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 Lessee had agreed to purchase the Assets at a nominal purchase price of RMB100 (equivalent to approximately HK\$121.2).

Guarantee deposit

The Lessee will pay an interest-free deposit of RMB1,750,000 (equivalent to approximately HK\$2,121,000) to Greengold Leasing on the same day the consideration for the Assets transfer has been paid by Greengold Leasing to secure its payment obligations under the Finance Lease.

Guarantee

The Guarantors had executed a guarantee on the date of the Finance Lease guaranteeing Greengold Leasing, effectively on a joint and several basis, the due and punctual settlement of any and all amount payable by the Lessee under the Finance Lease.

Pledges

Pursuant to the asset pledge agreement entered into between Greengold Lease and the Lessee, 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 Lessee under the Finance Lease and the Lessee may continue to utilize the Assets during the lease term.

Guarantor 1 had executed a share pledge agreement, pledging 100% shareholding interests (representing RMB5,000,000 (equivalent to approximately HK\$6,060,000)) in the Lessee in favour of Greengold Leasing for a term of 7 years, as security of the Lessee's payment obligations under the Finance Lease.

Additionally, Guarantor 1 and the Lessee had executed a receivables pledge agreement in favour of Greengold Leasing, pledging their rights in receivables under the sewage treatment franchise agreements and their subsequent agreements deriving therefrom of the sewage treatment plant in Xingtai City, Hebei Province, as security of the Lessee's payment obligations under the Finance Lease.

Such pledges were entered into following arm's length negotiations by the parties with reference to the payment obligations under the Finance Lease, and the assessment of the collaterals by Greengold Leasing's experienced leasing team.

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 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 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 ASSETS

The Assets comprise equipment and facilities of a sewage treatment plant situated in Xingtai City, Hebei Province, the PRC.

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

LISTING RULES IMPLICATION

Reference is made to the Existing Finance Lease and Incidental Documentation dated 16 March 2021, pursuant to which the applicable percentage ratios for the transactions contemplated thereunder were less than 5% and hence exempted from the disclosure requirements under Chapter 14 of the Listing Rules. The sole shareholder of the Lessee of the Finance Lease holds 80% shareholding interests in the lessee of the Existing Finance Lease and Incidental Documentation.

As the applicable percentage ratios for the transactions contemplated under the Finance Lease and the 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 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 Lessee

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

The Guarantors

Guarantor 1 is a limited liability company established in the PRC and is principally engaged in sewage treatment in the PRC.

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

Guarantor 3 is a limited liability company established in the PRC and is principally engaged in sewage treatment in the PRC.

Guarantor 4, Guarantor 5 and Guarantor 6 are all natural persons in the PRC.

The Lessee, Guarantor 2 and Guarantor 3 are subsidiaries of Guarantor 1 which is ultimately controlled by Guarantor 4.

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
“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 16 March 2021 entered into between Greengold Leasing and the then lessee
“Finance Lease”	the finance lease agreement dated 16 June 2021 entered into between Greengold Leasing and the Lessee 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
“Guarantor 1”	Beijing Longshijie Investment Co., Ltd.* (北京龍世杰投資有限公司), a company incorporated in the PRC with limited liability and an Independent Third Party
“Guarantor 2”	Qingxuan Ziguang Longshijie Water Co., Ltd.* (青縣紫光龍世杰水務有限公司), a company incorporated in the PRC with limited liability and an Independent Third Party

“Guarantor 3”	Beijing Huaqing Boya Environmental Engineering Co., Ltd.* (北京華清博雅環保工程有限公司), a company incorporated in the PRC with limited liability and an Independent Third Party
“Guarantor 4”	Chen Liang* (陳亮), being a PRC individual and an Independent Third Party
“Guarantor 5”	You Yang* (游揚), being a PRC individual and an Independent Third Party
“Guarantor 6”	Chen Jinguang* (陳金光), being a PRC individual and an Independent Third Party
“Guarantors”	Collectively, Guarantor 1, Guarantor 2, Guarantor 3, Guarantor 4, Guarantor 5 and Guarantor 6
“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 guarantee, the asset pledge agreement, the share pledge agreement and the receivables 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”	Xingtai Longshijie Sewage Treatment Co., Ltd.* (邢台龍世杰污水處理有限公司), a company incorporated in the PRC with limited liability and an Independent Third Party

“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, 16 June 2021

As at the date of this announcement, the Board consists of five executive Directors, namely Mr. HE Xiangming (Chairman and 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\$1.212. 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