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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 5 September 2023, Greengold Leasing, a subsidiary of the Company, entered into the Finance Lease and Incidental Documentation with the Lessee, to obtain the ownership of the Assets from the Supplier at the consideration of RMB4,305,428 (equivalent to approximately HK\$4,636,946), which would be leased to the Lessee for its use and possession for a term of 5 years.

Reference is made to the Existing Finance Lease 1 and Existing Finance Lease 2 dated 28 July 2023 entered into between Greengold Leasing and the Lessee and Guarantor 1 respectively, pursuant to which all the applicable percentage ratios for the transactions thereunder, whether on a standalone basis or an aggregated basis, were less than 5% and hence exempt from the disclosure requirements under Chapter 14 of the Listing Rules. As one of the applicable percentage ratios for the transactions contemplated under the Finance Lease and Incidental Documentation, when calculated on an aggregate basis with the transactions under the Existing Finance Leases, exceed 5% but all of them are less than 25%, the entering into of such transactions constitutes 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:

5 September 2023

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;
- (2) the Lessee;
- (3) the Guarantors (in relation to the relevant guarantee); and
- (4) the Supplier (in relation to the S & P Agreement).

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

Obtaining of Assets and consideration

Pursuant to the S & P Agreement, Greengold Leasing will obtain the unencumbered ownership of the Assets from the Supplier for RMB4,305,428 (equivalent to approximately HK\$4,636,946) in cash, payable within 10 working days upon receipt of the invoice from the Supplier. Such consideration amount was determined with reference to the price of the Assets of RMB5,381,785 (equivalent to approximately HK\$5,796,182) and their state, which were reviewed by Greengold Leasing's experienced leasing team, as well as the amount of RMB807,267.75 (equivalent to approximately HK\$869,427.37) and RMB269,089.25 (equivalent to approximately HK\$289,809.12) which has been and to be settled respectively by the Lessee directly with the Supplier. 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 the Assets to the Lessee for its use and possession for a term of 5 years commencing from the day the consideration for the Assets has been paid by Greengold Leasing to the Supplier.

Payments under the Finance Lease

The total amount of lease payments for the Finance Lease is approximately RMB5,412,734 (equivalent to approximately HK\$5,829,515), comprising (a) the lease principal payment of RMB4,305,428 (equivalent to approximately HK\$4,636,946) and (b) the aggregate lease interest and other fees and expenses under the Incidental Documentation of approximately RMB1,107,306 (equivalent to approximately HK\$1,192,569). Both the lease principal and interest will be paid every three months over the lease period.

The terms of the Finance Lease, including the lease principal and interest, were determined after arm's length negotiations between the parties to the Finance Lease with reference to the lending and interest rate environment including the prime lending rate published by the National Interbank Funding Center from time to time (for reference purpose, the prevailing prime lending rate was 3.45% as at the date of the Finance Lease), and adjustments taking into account the principal amount of the Finance Lease and availability of funds, the interest risk of financing and servicing costs over the lease period, the credit risks associated and the targeted overall return and risk tolerance of the Group for the Finance Lease on a case by case basis.

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% 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 Lessee had agreed to purchase the Assets at a nominal purchase price of RMB100 (equivalent to approximately HK\$107.7).

Guarantee deposit

The Lessee will pay an interest-free deposit of RMB215,271.40 (equivalent to approximately HK\$231,847.30) to Greengold Leasing before the consideration for the Assets being paid by Greengold Leasing to secure its payment obligations under the Finance Lease.

Guarantees

The Guarantors and the Lessee had executed guarantees 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 respectively by the Lessee and Guarantor 1 under the Finance Lease and the Existing Finance Leases.

Pledge

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

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 sewage treatment equipment and facilities situated in Foshan City, Guangdong Province.

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 1 and Existing Finance Lease 2 dated 28 July 2023 entered into between Greengold Leasing and the Lessee and Guarantor 1 respectively, pursuant to which all the applicable percentage ratios for the transactions thereunder, whether on a standalone basis or an aggregated basis, were less than 5% and hence exempt from the disclosure requirements under Chapter 14 of the Listing Rules. As one of the applicable percentage ratios for the transactions contemplated under the Finance Lease and Incidental Documentation, when calculated on an aggregate basis with the transactions under the Existing Finance Leases, exceed 5% but all of them are less than 25%, the entering into of such transactions constitutes a discloseable transaction for the Company under the Listing Rules.

PRINCIPAL BUSINESSES OF THE PARTIES

The Group

The Group is principally engaged in wellness elderly care, finance leasing, property investments in both properties held for sale and investment properties, big data, civil explosives and hotel investment, management and operation 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 sale of textiles and raw materials 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 and Guarantor 3 are natural persons.

The Supplier

The Supplier is a limited liability company established in the PRC and is principally engaged in manufacturing of specialist equipment for environmental protection in the PRC. The Supplier is wholly owned by Shuiyi Environmental Group Holdings Ltd.* (水藝環保集團股份有限公司) (“**Shuiyi Environmental**”). The largest shareholder which holds 69.174% in Shuiyi Environmental is Ye Jianrong (葉建榮), a Chinese individual and an Independent Third Party. The remaining equity interest in Shuiyi Environmental is held by a diverse shareholder base (involving individuals and corporate enterprises of general nature, all being Independent Third Parties) each holding less than 10% equity interest.

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 1”	the finance lease agreement and incidental documentation dated 28 July 2023 entered into between Greengold Leasing and the Lessee at the consideration of RMB6,240,000
“Existing Finance Lease 2”	the finance lease agreement and incidental documentation dated 28 July 2023 entered into between Greengold Leasing and Guarantor 1 at the consideration of RMB5,997,600
“Existing Finance Leases”	collectively, the Existing Finance Lease 1 and the Existing Finance Lease 2
“Finance Lease”	the finance lease agreement dated 5 September 2023 entered into between Greengold Leasing and the Lessee in relation to the obtaining of ownership and lease of the Assets
“Greengold Leasing”	Canton Greengold Financial Leasing Ltd.* (廣東綠金融資租賃有限公司), a company incorporated in the PRC with limited liability and a subsidiary of the Company
“Group”	the Company and its subsidiaries
“Guarantor 1”	Foshan Gaoming Luyuan Sewage Treatment Co., Ltd.* (佛山市高明綠源污水處理有限公司), a company incorporated in the PRC with limited liability, which is held as to 90% by the Lessee and 10% by Li Jianwen (李建文), all being Independent Third Parties
“Guarantor 2”	Huang Shufen (黃樹芬), a Chinese individual and an Independent Third Party
“Guarantor 3”	Tang Yunqiang (湯運強), a Chinese individual and an Independent Third Party
“Guarantors”	collectively, Guarantor 1, Guarantor 2 and Guarantor 3
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong Dollar, the lawful currency of Hong Kong
“Incidental Documentation”	the agreements incidental to the Finance Lease, including the S & P Agreement, the consultancy agreement, the guarantees and the asset 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”	Foshan Gaoming Yingxia Textile Co., Ltd.* (佛山市高明盈夏紡織有限公司), a company incorporated in the PRC with limited liability, which is held as to 70% by Guarantor 2 and 30% by Guarantor 3, all being Independent Third Parties
“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
“S & P Agreement”	the sales and purchase agreement of the Assets dated 5 September 2023 entered into among Greengold Leasing, the Lessee and the Supplier
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplier”	Hangzhou Smartem Water Treatment Engineering Co., Ltd.* (杭州司邁特水處理工程有限公司), a company incorporated in the PRC with limited liability, which is wholly owned by Shuiyi Environmental Group Holdings Ltd.* (水藝環保集團股份有限公司), all being Independent Third Parties
“%”	per cent

On behalf of
China Investments Holdings Limited
HE Xiangming
Chairman

Hong Kong, 5 September 2023

As at the date of this announcement, the Board consists of three executive Directors, namely Mr. HE Xiangming (Chairman), Mr. FU Weiqiang (President) and Mr. YOU Guang Wu, one non-executive Director, namely Mr. SHI Xuguang and three independent non-executive Directors, namely Mr. CHAN Kwok Wai, Mr. PENG Xinyu and Ms. LIN Junxian.

For the purpose of this announcement, amounts denominated in RMB have been translated into HK\$ at the indicative exchange rate of RMB1 = HK\$1.077.

** For identification purpose only*