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CHINA CHENGTONG DEVELOPMENT GROUP LIMITED

中國誠通發展集團有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 217)

DISCLOSEABLE TRANSACTION – TERMINATION OF THE FINANCE LEASE ARRANGEMENT

TERMINATION OF THE FINANCE LEASE ARRANGEMENT

Reference is made to the announcement of the Company dated 12 August 2021 in relation to the entering into of the Finance Lease Arrangement with the Lessee.

The Board wishes to announce that, after arm's length negotiation between Chengtong Financial Leasing and the Lessee, all parties agreed to early terminate the Finance Lease Arrangement on 12 July 2024.

IMPLICATIONS UNDER THE LISTING RULES

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the termination of the Finance Lease Arrangement exceeds 5% but is less than 25%, the termination of the Finance Lease Arrangement constitutes a discloseable transaction of the Company and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

INTRODUCTION

Reference is made to the announcement of the Company dated 12 August 2021 in relation to the entering into of the Finance Lease Arrangements (“**Announcement**”). Unless otherwise defined herein, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcement.

As disclosed in the Announcement, Chengtong Financial Leasing, an indirect wholly-owned subsidiary of the Company, entered into the Finance Lease Arrangement with the Lessee for a term of five (5) years. The original estimated amount of total lease payment of the Finance Lease Arrangement was approximately RMB156.85 million (equivalent to approximately HK\$167.83 million) and was payable quarterly during the lease term of the Finance Lease Arrangement.

TERMINATION OF THE FINANCE LEASE ARRANGEMENT

The Board wishes to announce that, after arm's length negotiation between Chengtong Financial Leasing and the Lessee, all parties agreed to early terminate the Finance Lease Arrangement on 12 July 2024 ("**Termination Date**").

As at the Termination Date, the outstanding lease payment under the Finance Lease Arrangement amounted to approximately RMB66.08 million (equivalent to approximately HK\$70.71 million), comprising outstanding lease principal of approximately RMB62.65 million (equivalent to approximately HK\$67.04 million), lease interest receivable of approximately RMB0.33 million (equivalent to approximately HK\$0.35 million) and unearned lease interest of approximately RMB3.10 million (equivalent to approximately HK\$3.32 million) for the period from 28 June 2024 up to the end of the Lease Term.

On the Termination Date, the Lessee paid to Chengtong Financial Leasing an amount of approximately RMB58.80 million (equivalent to approximately HK\$62.92 million) ("**Final Payment**"), which represented the sum of the then outstanding lease principal, lease interest receivable and the nominal consideration of RMB100.00 payable by the Lessee for the repurchase of the Leased Assets after deducting the security money of approximately RMB4.18 million (equivalent to approximately HK\$4.47 million) paid by the Lessee.

On the Termination Date, Chengtong Financial Leasing and the Lessee signed a confirmation, pursuant to which the parties acknowledged and confirmed that (i) the Final Payment was received by Chengtong Financial Leasing in full and final settlement of all the payment obligations of the Lessee under the Finance Lease Arrangement; (ii) the Finance Lease Agreements signed between Chengtong Financial Leasing and the Lessee in respect of the Finance Lease Arrangement shall be terminated on 12 July 2024; and (iii) no parties shall have any claim under the Sale and Leaseback Arrangement.

The Group has recognised an income in the amount of approximately RMB16.49 million (equivalent to approximately HK\$17.64 million) under the Finance Lease Arrangement.

The Directors consider that it is in the interests of the Company and its shareholders as a whole to terminate the Finance Lease Arrangement and recover the outstanding lease principal as soon as possible so that the fund can be utilised by the Group in other potential projects. In light of the above, the Directors are of the view that the terms of the termination are fair and reasonable.

INFORMATION OF THE PARTIES

The Group is principally engaged in leasing, property development and investment, marine recreation services and hotel business as of the date of this announcement. The Group's leasing business is mainly carried out through Chengtong Financial Leasing as its principal business.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, (i) the largest shareholder of the Lessee is Sichuan Tianfu Bank Co., Ltd., a commercial bank in the PRC which holds 30% of the equity interest of the Lessee; (ii) the Lessee and its ultimate beneficial owners are Independent Third Parties; and (iii) the Lessee is principally engaged in the business of provision of leasing services.

IMPLICATIONS UNDER THE LISTING RULES

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the termination of the Finance Lease Arrangement exceeds 5% but is less than 25%, the termination of the Finance Lease Arrangement constitutes a discloseable transaction of the Company and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

In this announcement, amounts quoted in RMB have been converted into HK\$ at the rate of RMB1.00 to approximately HK\$1.07. Such exchange rate has been used, where applicable, for the purpose of illustration only and does not constitute a representation that any amounts were or may have been exchanged at this or any other rates or at all.

The English names of all PRC entities in this announcement are for identification purpose only.

By Order of the Board
China Chengtong Development Group Limited
Zhang Bin
Chairman

Hong Kong, 12 July 2024

As at the date of this announcement, the executive Directors are Mr. Zhang Bin and Mr. Gu Honglin; and the independent non-executive Directors are Professor Chang Qing, Mr. Lee Man Chun, Tony and Professor He Jia.