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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 – SALE AND LEASEBACK ARRANGEMENT

SALE AND LEASEBACK ARRANGEMENT

On 10 December 2024, Chengtong Financial Leasing, an indirect wholly-owned subsidiary of the Company, entered into the Sale and Leaseback Agreements with the Lessee, pursuant to which Chengtong Financial Leasing will purchase the Leased Assets from the Lessee and will lease the Leased Assets back to the Lessee for the Lease Term of two (2) years, subject to early termination in accordance with the terms and conditions of the Sale and Leaseback Agreements.

IMPLICATIONS UNDER THE LISTING RULES

On 12 August 2022, Chengtong Financial Leasing and the Lessee entered into the Previous Transaction. Since the Previous Transaction is still subsisting when the Sale and Leaseback Arrangement was entered into, the Sale and Leaseback Arrangement is aggregated with the Previous Transaction for the purpose of calculating the relevant percentage ratios (as defined in the Listing Rules).

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the Sale and Leaseback Arrangement, both when calculated on a standalone basis and when aggregated with the Previous Transaction, exceeds 5% but is less than 25%, the Sale and Leaseback Arrangement constitutes a discloseable transaction of the Company and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

On 10 December 2024, Chengtong Financial Leasing, an indirect wholly-owned subsidiary of the Company, entered into the Sale and Leaseback Agreements with the Lessee in respect of the Sale and Leaseback Arrangement, the major terms of which are set out below.

SALE AND LEASEBACK ARRANGEMENT

Date of the Sale and Leaseback Agreements

10 December 2024

Parties

Lessor: Chengtong Financial Leasing

Lessee: Lessee

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, (i) the Lessee is a company whose shares are quoted on the National Equities Exchanges and Quotations in the PRC (stock code: 833499) and its largest shareholder holding approximately 20.05% of its equity interest is Diantou Ronghe New Energy Development Co., Ltd., a state-owned enterprise owned as to 35.64% by State Power Investment Group Co., Ltd., whose ultimate beneficial owner is the State-owned Assets Supervision and Administration Commission of the State Council; (ii) the Lessee is principally engaged in the business of provision of finance lease services; and (iii) the Lessee and its ultimate beneficial owner are Independent Third Parties.

Subject matter

Subject to the fulfilment of the conditions as set out in the Sale and Leaseback Agreements (including but not limited to the provision of all necessary documents or information by the Lessee evidencing its ownership in the Leased Assets, and the obtaining of all necessary approvals by the Lessee in relation to the Sale and Leaseback Arrangement), Chengtong Financial Leasing will purchase the Leased Assets from the Lessee at a total Purchase Price of RMB72 million (equivalent to HK\$77.04 million), and the Leased Assets will be leased back to the Lessee for the Lease Term of two (2) years from the date on which the Purchase Price is paid by Chengtong Financial Leasing in respect of the Leased Assets, subject to early termination in accordance with the terms and conditions of the Sale and Leaseback Agreements.

If any of the conditions under the Sale and Leaseback Agreements is not satisfied on or before 10 March 2025, Chengtong Financial Leasing shall have the right to unilaterally terminate the Sale and Leaseback Agreements.

Purchase Price

The Purchase Price of the Leased Assets was agreed between Chengtong Financial Leasing and the Lessee with reference to the net book value of the Leased Assets of approximately RMB76.44 million (equivalent to approximately HK\$81.79 million). The Leased Assets are not revenue generating assets with identifiable income stream.

The Purchase Price of the Leased Assets will be satisfied by the general working capital of the Group.

Legal title

Chengtong Financial Leasing owns the legal title of the Leased Assets during the Lease Term.

Lease payment

The total amount of lease payment over the Lease Term is estimated to be approximately RMB75.01 million (equivalent to approximately HK\$80.26 million) which shall be paid by the Lessee to Chengtong Financial Leasing in eight (8) quarterly installments during the Lease Term.

The total amount of lease payment represents the sum of the lease principal amount (being the amount of Purchase Price to be paid by Chengtong Financial Leasing) and the lease interest which is estimated to be approximately RMB3.01 million (equivalent to approximately HK\$3.22 million).

Service Fee

The Lessee shall pay a one-off service fee of RMB0.18 million (equivalent to approximately HK\$0.19 million) (“**Service Fee**”) to Chengtong Financial Leasing for the preliminary services provided by Chengtong Financial Leasing. The Service Fee is non-refundable.

The lease payment and the Service Fee of the Sale and Leaseback Arrangement have been agreed between the parties after arm’s length negotiation taking into account a number of factors, such as the amount of lease principal, the lease term, the amount of lease interests, the Service Fee, the prevailing market conditions and the overall return rate.

Lessee’s right to repurchase the Leased Assets

Upon the Lessee having paid all the lease payments and other payables (if any) to Chengtong Financial Leasing in accordance with the terms of the Sale and Leaseback Agreements, the Lessee shall have the right to repurchase the Leased Assets under the Sale and Leaseback Agreements at a nominal consideration of RMB1.00 in total.

Security

In order to guarantee the performance of the Sale and Leaseback Agreements by the Lessee, the Lessee has agreed to pledge certain of its receivables to Chengtong Financial Leasing as security for all amounts payable under the Sale and Leaseback Agreements.

REASONS FOR AND BENEFITS OF THE SALE AND LEASEBACK ARRANGEMENT

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.

The entering into of the Sale and Leaseback Arrangement is in the ordinary and usual course of business of Chengtong Financial Leasing and it is expected that Chengtong Financial Leasing will earn an income of approximately RMB3.19 million (equivalent to approximately HK\$3.41 million), being the total of the Service Fee and the lease interest in respect of the Sale and Leaseback Arrangement.

The Directors are of the view that the terms of the Sale and Leaseback Arrangement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

IMPLICATION UNDER THE LISTING RULES

On 12 August 2022, Chengtong Financial Leasing and the Lessee entered into the Previous Transaction. Since the Previous Transaction is still subsisting when the Sale and Leaseback Arrangement was entered into, the Sale and Leaseback Arrangement is aggregated with the Previous Transaction for the purpose of calculating the relevant percentage ratios (as defined in the Listing Rules).

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the Sale and Leaseback Arrangement, both when calculated on a standalone basis and when aggregated with the Previous Transaction, exceeds 5% but is less than 25%, the Sale and Leaseback Arrangement constitutes a discloseable transaction of the Company and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, the following expressions shall, unless the context requires otherwise, have the following meanings:

“Board”	means the board of Directors
“Chengtong Financial Leasing”	means Chengtong Financial Leasing Company Limited, a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Company”	means China Chengtong Development Group Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“Director(s)”	means the director(s) of the Company
“Group”	means the Company and its subsidiaries as at the date of this announcement
“HK\$”	means Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	means the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	means third party(ies) independent of the Company and its connected persons (having the meaning ascribed to it under the Listing Rules)
“Lease Term”	means the lease term under the Sale and Leaseback Agreements
“Leased Assets”	means certain power generation and related equipment of a wind power station
“Lessee”	means China KangFu International Leasing Co., Ltd., a joint stock limited company established in the PRC
“Listing Rules”	means the Rules Governing the Listing of Securities on the Stock Exchange

“Previous Transaction”	means the sale and leaseback arrangement pursuant to the Sale and Leaseback Master Agreement entered into between Chengtong Financial Leasing and the Lessee in respect of certain power equipment and facilities, energy storage equipment and facilities, power grid equipment and facilities, heating equipment and facilities, vehicles, transportation equipment, charging piles and ancillary equipment, etc., and such other machinery and equipment for a term of two (2) years, the details of which are set out in the announcement of the Company dated 12 August 2022 and the circular of the Company dated 23 September 2022
“PRC”	means 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
“Purchase Price”	means the consideration payable by Chengtong Financial Leasing for the purchase of the leased assets from the Lessee
“RMB”	means Renminbi, the lawful currency of the PRC
“Sale and Leaseback Agreements”	means, collectively, the following agreements in respect of the Leased Assets dated 10 December 2024 and signed between Chengtong Financial Leasing and the Lessee: <ul style="list-style-type: none"> (1) leaseback assets transfer agreement; (2) finance lease agreement (sale and leaseback); and (3) pledge agreement for receivables
“Sale and Leaseback Arrangement”	means the purchase of the Leased Assets by Chengtong Financial Leasing from the Lessee and the leaseback of the Leased Assets to the Lessee pursuant to the terms of the Sale and Leaseback Agreements
“Shareholder(s)”	means the shareholder(s) of the Company
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited
“%”	means per cent.

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, 10 December 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.