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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 INVESTMENT IN TRUST

The Board wishes to announce that on 4 December 2018, Chengtong Development Trading, a wholly-owned subsidiary of the Company, entered into the Trust Agreement with Lujiazui Trust Co., pursuant to which Chengtong Development Trading proposed to subscribe for 100 million non-redeemable trust units of ordinary class B-I under the Trust at a consideration of RMB100 million (equivalent to approximately HK\$113 million).

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

THE INVESTMENT

On 4 December 2018, Chengtong Development Trading, a wholly-owned subsidiary of the Company, entered into the Trust Agreement with Lujiazui Trust Co., pursuant to which Chengtong Development Trading proposed to subscribe for 100 million non-redeemable trust units of ordinary class B-I under the Trust at a consideration of RMB100 million (equivalent to approximately HK\$113 million).

A summary of the principal terms and conditions of the Investment is set out below:

Parties:

- (1) Chengtong Development Trading as the subscriber; and
- (2) Lujiazui Trust Co. as the trustee.

Lujiazui Trust Co. is a company incorporated in the PRC with limited liability and a trust company approved by the China Banking and Insurance Regulatory Commission of the PRC. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of Lujiazui Trust Co. and its ultimate beneficial owners is an Independent Third Party. The principal businesses of Lujiazui Trust Co. is engaging in capital trust, chattel trust, real estate trust, marketable securities trust, other property trust or property right trust, etc.

Investment target of the Trust

The Transferor has been engaged by the local government of Cheungdu City, the PRC to develop and construct infrastructure for the automobile industrial area in Chengdu City in return for the Receivables.

According to the Trust Agreement, the Trust was established on 8 December 2017 for a term of 24 months while 7 December 2018 is a fixed open day for new subscription. The trust money is for the purpose of acquiring the Receivables owned by the Transferor in respect of 成都市龍泉驛區人民政府 in the sum of RMB1.3 billion (equivalent to approximately HK\$1.47 billion). The purchase price of the Receivables is not more than RMB500 million (equivalent to approximately HK\$565 million) and the Receivables shall be repurchased by the Transferor as agreed. The obligation of the Transferor to repurchase the Receivables is guaranteed by the Guarantor.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Transferor, the Guarantor and its respective ultimate beneficial owners is an Independent Third Party.

According to the Trust Agreement, where there is any idle trust money, such idle trust money shall only be applied as bank deposits, or invested in cash management type of trust products and RMB wealth management products issued by banks etc.

Term of the Investment:

The term of the Investment is expected to commence on 7 December 2018 and end on the expiry date of the Trust.

Estimated rate of return:

There is no guaranteed return of the Investment. According to the Trust Agreement, the estimated rate of return is 8.9% per annum (“**Estimated Return Rate**”).

The Estimated Return Rate is the net return rate after deducting all relevant expenses.

Trust benefit distribution:

Trust benefit will be distributed on a quarterly basis during the term of the Investment. The trust benefit is calculated according to the nominal value of the trust units held by Chengtong Development Trading, the Estimate Return Rate and the actual number of days which Chengtong Development Trading has been holding the relevant trust units during the relevant quarter.

In the event that the Transferor pays the repurchase price and the repurchase premium earlier than the scheduled payment date, Lujiazui Trust Co. can make a special distribution of trust benefit according to the formula specified in the Trust Agreement.

Upon expiry of the Investment or termination of the Trust, where there is any balance amount of trust assets after deducting the trust expenses and other relevant liabilities, Lujiazui Trust Co. may also make a distribution of trust benefit provided that the maximum amount of trust benefit distributed under the Trust shall not exceed the amount calculated with reference to the Estimated Return Rate.

Trust expenses

All expenses in connection with the management and operation of the trust assets under the Trust shall be paid out of the trust assets, including, among others, the trust remuneration payable to Lujiazui Trust Co. and the custodian fee payable to a custodian bank.

REASONS FOR AND BENEFITS OF THE INVESTMENT

The Investment will be funded by the internal resources of the Group. The Directors are of the view that the Investment provides a good investment opportunity to utilise certain idle cash in expanding the investment portfolio of the Company for satisfactory return and meanwhile, it is beneficial to the enhancement of efficiency of capital utilization of the Company.

The Directors (including independent non-executive Directors) are of the view that the terms of the Investment are fair and reasonable and the Investment is in the best interests of the Company and its shareholders as a whole.

INFORMATION RELATED TO THE GROUP

The Group is principally engaged in property investment, property development, finance leasing, bulk commodity trade (including trading of coal, steel and non-ferrous metals) and hotel and marine travelling services.

IMPLICATION UNDER THE LISTING RULES

As the highest percentage ratio (as defined under the Listing Rules) in respect of the Investment exceeds 5% but is less than 25%, the Investment 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”	the board of Directors
“Chengtong Development Trading”	誠通發展貿易有限公司 (unofficial English translation being Chengtong Development Trading Company Limited), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of the Company
“Company”	China Chengtong Development Group Limited (中國誠通發展集團有限公司), 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)”	the director(s) of the Company
“Group”	the Company and its subsidiaries from time to time
“Guarantor”	成都經濟技術開發區國有資產投資有限公司, a State-owned enterprise incorporated in the PRC with limited liability
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Independent Third Party”	a third party independent of the Company and its connected persons
“Investment”	the investment of RMB100 million (equivalent to approximately HK\$113 million) by the Company in the Trust for the subscription of 100 million non-redeemable trust units of ordinary class B-I under the Trust pursuant to the Trust Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Lujiazui Trust Co.”	陸家嘴國際信託有限公司 (Lujiazui International Trust Co., Ltd), a PRC trust company approved by the China Banking and Insurance Regulatory Commission of the PRC
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Receivables”	the receivables in the sum of RMB1.3 billion (equivalent to approximately HK\$1.47 billion) owned by the Transferor which have been acquired by Lujiazui Trust Co. (on behalf of the Trust)
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transferor”	成都經濟技術開發區建設發展有限公司, a State-owned enterprise incorporated in the PRC with limited liability
“Trust”	the trust named 陸家嘴信託–潤和83號集合資金信託計劃 (unofficial English translation being Lujiazui Trust – Runhe No. 83 Collective Investment Trust Scheme) set up by Lujiazui Trust Co.

“Trust Agreement” the trust agreement entered into between Chengtong Development Trading and Lujiazui Trust Co. dated 4 December 2018 in relation to the Trust

“%” per cent

In this announcement, for the purpose of illustration only, amounts quoted in RMB have been converted into HK\$ at the rate of RMB1.00 to HK\$1.13. 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.

By order of the Board
China Chengtong Development Group Limited
Zhang Bin
Acting Chairman and Managing Director

Hong Kong, 4 December 2018

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