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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 9 June 2021 in relation to the entering into of the Finance Lease Arrangement.

The Board wishes to announce that, after arm's length negotiations between Chengtong Financial Leasing and the Lessee, both parties agreed to early terminate the Finance Lease Arrangement on 5 August 2022.

IMPLICATION 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 9 June 2021 (“**Announcement**”) in relation to the entering into of the Finance Lease Arrangement. 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 (“**Lease Term**”). The original estimated amount of total lease payment is approximately RMB91.49 million (equivalent to approximately HK\$106.13 million) and is payable in sixty (60) monthly instalments during the Lease Term.

TERMINATION OF THE FINANCE LEASE ARRANGEMENT

The Board wishes to announce that, after arm’s length negotiations between Chengtong Financial Leasing and the Lessee, both parties agreed to early terminate the Finance Lease Arrangement on 5 August 2022 (“**Termination Date**”).

As at the Termination Date, Chengtong Financial Leasing has an outstanding amount payable to the Licensor of RMB8.05 million (equivalent to approximately HK\$9.34 million) under the Licensing Agreement to the Finance Lease Arrangement. The outstanding lease payment from the Lessee under the Finance Lease Arrangement amounted to approximately RMB78.98 million (equivalent to approximately HK\$91.62 million), comprising outstanding lease principal of approximately RMB69.63 million (equivalent to approximately HK\$80.77 million), lease interest receivable of approximately RMB0.19 million (equivalent to approximately HK\$0.22 million) and unearned lease interest of approximately RMB9.16 million (equivalent to approximately HK\$10.63 million) for the period from 5 August 2022 up to the end of the Lease Term.

On the Termination Date, the Lessee paid to Chengtong Financial Leasing an amount of approximately RMB67.82 million (equivalent to approximately HK\$78.67 million) (“**Final Payment**”), which represented the sum of the then outstanding lease principal and the nominal consideration of RMB1.00 payable by the Lessee for the repurchase of the Facilities after deducting the security money of RMB2 million (equivalent to HK\$2.32 million) previously paid by the Lessee.

On the Termination Date, Chengtong Financial Leasing, the Lessee and the Licensor signed a supplemental agreement, 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 agreement signed between Chengtong Financial Leasing and the Lessee and the guarantee contracts signed by the Guarantors in respect of the Finance Lease Arrangement shall terminate on 5 August 2022; (iii) the Licensing Agreement was thereby terminated; and (iv) no parties shall have any claim under the Finance Lease Arrangement and the Licensing Agreement.

The Group has recognised an income in the amount of approximately RMB4.34 million (equivalent to approximately HK\$5.03 million) under the Finance Lease Arrangement.

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, bulk commodity trade, property development and investment, marine recreation services and hotel business. The Group's leasing business is mainly carried out through Chengtong Financial Leasing as its principal business.

To the best of the Director's knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, (i) the Lessee is wholly owned by 廣東浩雲長盛網路股份有限公司 (unofficial English translation being Guangdong Haoyun Changsheng Internet Company Limited) which is ultimately owned as to more than one-third of its equity interest by Huang Zhaoshun (黃昭舜); (ii) the Lessee is principally engaged in the business of information processing and storage support services; and (iii) each of the Lessee, the Licensor, the Guarantors and their respective ultimate beneficial owners is an Independent Third Party.

IMPLICATION 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, for the purpose of illustration only, amounts quoted in RMB have been converted into HK\$ at the rate of RMB1.00 to HK\$1.16. 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
Chairman

Hong Kong, 5 August 2022

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