

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



## **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**

#### **THE SALE AND LEASEBACK ARRANGEMENT**

On 18 October 2022, 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 a 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**

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the Sale and Leaseback Arrangement 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 18 October 2022, 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**

18 October 2022

### **Parties**

Lessor: Chengtong Financial Leasing

Lessee: The Lessee

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, (a) the Lessee is a joint stock limited company incorporated in the PRC, whose shares are listed on the Shanghai Stock Exchange (stock code: 600190) and its largest single shareholder being 大連港投融資控股集團有限公司 (unofficial English translation being Dalian Port Investment and Financing Holdings Group Co., Ltd.) who owns approximately 19.08% of the Lessee's issued shares and is ultimately controlled by China Merchants Group Co., Ltd. which is in turn owned as to 90% by the State-owned Assets Supervision and Administration Commission of the State Council of the PRC; (b) the Lessee and its largest single shareholder are Independent Third Parties; and (c) the Lessee is principally engaged in the business of port operation, port cargo loading and unloading, electric power supply, road transportation.

### **Subject matter**

Subject to the fulfillment of the conditions as set out in the Sale and Leaseback Agreements (including but not limited to the provision by the Lessee of all necessary documents or information evidencing its ownership in the Leased Assets, the obtaining of all necessary approvals by the Lessee in relation to the Sale and Leaseback Arrangement, the payment of security money (as set out below) and the signing and the coming into effect of the relevant security agreement), Chengtong Financial Leasing will purchase the Leased Assets from the Lessee at the Purchase Price of RMB100 million (equivalent to HK\$109 million), and the Leased Assets will be leased back to the Lessee for a period of two (2) years ("**Lease Term**") from the date on which the Purchase Price is paid by Chengtong Financial Leasing, 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 are not satisfied on or before 18 November 2022, 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 appraised value of the Leased Assets as at 30 September 2022 which amounted to approximately RMB100.88 million (equivalent to approximately HK\$109.96 million).

The Purchase Price 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 RMB105.38 million (equivalent to approximately HK\$114.86 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 the Purchase Price to be paid by Chengtong Financial Leasing) and the lease interest which is calculated on the then outstanding lease principal amount with a floating interest rate to be determined at a fixed premium over the one (1)-year loan prime rate as promulgated by the National Interbank Funding Center under the authority of the People's Bank of China ("LPR") from time to time. The lease interest rate will be subject to review on 1 January every year. In the event that the one (1)-year LPR changes, the lease interest rate will be adjusted to a rate at the aforesaid fixed premium over the new one (1)-year LPR, except in the case where the Lessee has overdue lease payment and has not paid all overdue payments and liquidated damages, the interest rate to be applied will not be reduced when the one (1)-year LPR is reduced.

The interest rate has been agreed after arm's length negotiations between the parties with reference to the Purchase Price payable by Chengtong Financial Leasing for the purchase of the Leased Assets and the credit risks associated with the Sale and Leaseback Arrangement.

## **Security money**

The Lessee agrees to pay a sum of RMB3 million (equivalent to HK\$3.27 million) as security money for the performance of its obligations under the Sale and Leaseback Agreements.

If the Lessee fails to fully perform any obligation under the Sale and Leaseback Agreements, Chengtong Financial Leasing has the right to apply the security money to set off against any amount owed by the Lessee to it in the following order: liquidated damages, other payables including but not limited to damages (if any), outstanding and prospective lease payments and repurchase price. If the Lessee has fully performed all its obligations under the Sale and Leaseback Agreements, Chengtong Financial Leasing shall return the security money to the Lessee upon the Lessee's presentation of the receipt of the security money.

When the amount payable by the Lessee under the Sale and Leaseback Agreements is less than the balance of the security money, the Sale and Leaseback Agreements may be early terminated upon the Lessee's application. The Lessee shall then present the receipt of the security money to Chengtong Financial Leasing upon which the security money shall be used to set off the lease payments and other payables under the Sale and Leaseback Agreements and any remaining balance of the security money shall be returned to the Lessee.

### **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 at a nominal consideration of RMB1.00.

### **REASONS FOR AND BENEFITS OF THE SALE AND LEASEBACK ARRANGEMENT**

The Group is principally engaged in leasing, bulk commodity trade, property development and investment, and marine recreation services and hotel business. 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 RMB5.38 million (equivalent to approximately HK\$5.86 million), being the difference between the estimated total lease payment under the Sale and Leaseback Arrangement and the Purchase Price.

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 of the Company as a whole.

### **IMPLICATION UNDER THE LISTING RULES**

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the Sale and Leaseback Arrangement 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 誠通融資租賃有限公司 (unofficial English translation being 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)
“Leased Assets”	means certain railway line, power supply, storage and transportation equipment and facilities
“Lessee”	means Jinzhou Port Co., Ltd., a joint stock limited company incorporated in the PRC
“Listing Rules”	means the Rules Governing the Listing of Securities on the Stock Exchange
“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 the following agreements each dated 18 October 2022 and signed between Chengtong Financial Leasing and the Lessee in relation to the Sale and Leaseback Arrangement: <ul style="list-style-type: none"> <li>(1) leaseback assets transfer agreement;</li> <li>(2) finance lease agreement (sale and leaseback); and</li> <li>(3) security money agreement</li> </ul>
“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
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited
“%”	means 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\$1.09. 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, 18 October 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.*