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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 TRANSACTIONS — TERMINATION OF THE SALE AND LEASEBACK ARRANGEMENTS

TERMINATION OF THE SALE AND LEASEBACK ARRANGEMENTS

References are made to the announcements of the Company dated at 23 December 2021, 17 January 2023 and 24 April 2023 respectively, in relation to the entering into of three (3) Sale and Leaseback Arrangements.

The Board wishes to announce that, after arm's length negotiations between Chengtong Financial Leasing and the respective lessees, all parties agreed to early terminate the respective Sale and Leaseback Arrangements on 14 March 2024.

IMPLICATIONS UNDER THE LISTING RULES

As the respective highest applicable percentage ratio (as defined under the Listing Rules) in respect of the termination of each of the three (3) Sale and Leaseback Arrangements exceeds 5% but is less than 25%, the termination of the Sale and Leaseback Arrangements each constitutes discloseable transaction of the Company and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

I. YUNLONG SALE AND LEASEBACK ARRANGEMENT

Introduction

Reference is made to the announcement of the Company dated 23 December 2021 in relation to the entering into of the Sale and Leaseback Arrangement (“**Yunlong Announcement**”). Unless otherwise defined herein, capitalised terms used in this announcement shall have the same meanings as those defined in Yunlong Announcement.

As disclosed in the Yunlong Announcement, Chengtong Financial Leasing entered into the Sale and Leaseback Arrangement with Luzhou Yunlong Airport Development Company Limited (as lessee, “**YL Lessee**”) for a term of five (5) years (“**YL Lease Term**”). The original estimated amount of total lease payment was approximately RMB171.54 million (equivalent to approximately HK\$186.98 million) and was payable by YL Lessee to Chengtong Financial Leasing in ten (10) equal instalments every six (6) months during the YL Lease Term (“**Yunlong Sale and Leaseback Arrangement**”).

Termination of the Yunlong Sale and Leaseback Arrangement

The Board wishes to announce that, after arm’s length negotiations between Chengtong Financial Leasing and YL Lessee, both parties agreed to early terminate Yunlong Sale and Leaseback Arrangement on 14 March 2024.

As at 28 February 2024, the total outstanding lease payment from YL Lessee under the Yunlong Sale and Leaseback Arrangement amounted to approximately RMB102.06 million (equivalent to approximately HK\$111.25 million), comprising outstanding lease principal of approximately RMB94.18 million (equivalent to approximately HK\$102.66 million), lease interest receivable of approximately RMB0.82 million (equivalent to approximately HK\$0.89 million) and unearned interest of approximately RMB7.06 million (equivalent to approximately HK\$7.70 million).

On 28 February 2024, YL Lessee paid to Chengtong Financial Leasing an amount of approximately RMB94.18 million (equivalent to approximately HK\$102.66 million) (“**YL Final Payment**”), which represented the outstanding lease principal. On 29 February 2024, Chengtong Financial Leasing refunded an amount of approximately RMB3.68 million (equivalent to approximately HK\$4.01 million) to the YL Lessee, which was the net amount of security money paid by the YL Lessee of RMB4.50 million (equivalent to approximately HK\$4.91 million) after deducting the total of lease interest receivable and the nominal consideration of RMB1.00 payable by the YL Lessee for the repurchase of the leased assets.

On 14 March 2024, Chengtong Financial Leasing and YL Lessee signed a confirmation, pursuant to which the parties acknowledged and confirmed that (i) the YL Final Payment was received by Chengtong Financial Leasing in full and final settlement of all the payment obligations of YL Lessee under the Yunlong Sale and Leaseback Arrangement, and the security money had been received by YL Lessee; (ii) the Sale and Leaseback Agreements signed between Chengtong Financial Leasing and YL Lessee of the Yunlong Sale and Leaseback Arrangement shall terminate on 14 March 2024; and (iii) no party shall have any claim under the Yunlong Sale and Leaseback Arrangement.

The Group has recognised an income in the amount of approximately RMB13.32 million (equivalent to approximately HK\$14.52 million) under the Yunlong Sale and Leaseback Arrangement.

II. HADIAN SALE AND LEASEBACK ARRANGEMENT

Introduction

Reference is made to the announcement of the Company dated 17 January 2023 in relation to the entering into of the Sale and Leaseback Arrangement (“**Hadian Announcement**”). Unless otherwise defined herein, capitalised terms used in this announcement shall have the same meanings as those defined in Hadian Announcement.

As disclosed in the Hadian Announcement, Chengtong Financial Leasing entered into the Sale and Leaseback Arrangement with Harbin Electric Financial Leasing (Tianjin) Co., Ltd.) (as lessee, “**HD Lessee**”) for a term of thirty-three (33) months (“**HD Lease Term**”). The original estimated amount of total lease payment was approximately RMB117.50 million (equivalent to approximately HK\$128.08 million) and was payable by HD Lessee to Chengtong Financial Leasing in eleven (11) quarterly installments during the HD Lease Term (“**Hadian Sale and Leaseback Arrangement**”).

Termination of the Hadian Sale and Leaseback Arrangement

The Board wishes to announce that, after arm’s length negotiations between Chengtong Financial Leasing and HD Lessee, both parties agreed to early terminate Hadian Sale and Leaseback Arrangement on 14 March 2024.

As at 29 February 2024, the total outstanding lease payment from HD Lessee under the Hadian Sale and Leaseback Arrangement amounted to approximately RMB73.37 million (equivalent to approximately HK\$79.97 million), comprising outstanding lease principal of RMB70 million (equivalent to HK\$76.3 million), lease interest receivable of approximately RMB0.65 million (equivalent to approximately HK\$0.71 million) and unearned interest of approximately RMB2.72 million (equivalent to approximately HK\$2.96 million).

On 29 February 2024, HD Lessee paid to Chengtong Financial Leasing an amount of approximately RMB70.65 million (equivalent to approximately HK\$77.01 million) (“**HD Final Payment**”), which represented the sum of the outstanding lease principal, lease interest receivable and the nominal consideration of RMB1.00 payable by HD Lessee for the repurchase of the leased assets.

On 14 March 2024, Chengtong Financial Leasing and HD Lessee signed a confirmation, pursuant to which the parties acknowledged and confirmed that (i) the HD Final Payment was received by Chengtong Financial Leasing in full and final settlement of all the payment obligations of HD Lessee under the Hadian Sale and Leaseback Arrangement; (ii) the Sale and Leaseback Agreements signed between Chengtong Financial Leasing and HD Lessee of the Hadian Sale and Leaseback Arrangement shall terminate on 14 March 2024; and (iii) no party shall have any claim under the Hadian Sale and Leaseback Arrangement.

The Group has recognised an income in the amount of approximately RMB4.58 million (equivalent to approximately HK\$4.99 million) under the Hadian Sale and Leaseback Arrangement.

III. HEJIAN SALE AND LEASEBACK ARRANGEMENT

Introduction

Reference is made to the announcement of the Company dated 24 April 2023 in relation to the entering into of the Sale and Leaseback Arrangement (“**Hejian Announcement**”). Unless otherwise defined herein, capitalised terms used in this announcement shall have the same meanings as those defined in Hejian Announcement.

As disclosed in the Hejian Announcement, Chengtong Financial Leasing entered into the Sale and Leaseback Arrangement with Wuhan Nuclear Construction Real Estate Development Co. Limited (as lessee, “**HJ Lessee**”) for a term of three (3) years (“**HJ Lease Term**”). The original estimated amount of total lease payment was approximately RMB53.85 million (equivalent to approximately HK\$58.70 million) and was payable by HJ Lessee to Chengtong Financial Leasing in twelve (12) quarterly instalments during the HJ Lease Term (“**Hejian Sale and Leaseback Arrangement**”).

Termination of the Hejian Sale and Leaseback Arrangement

The Board wishes to announce that, after arm’s length negotiations between Chengtong Financial Leasing and HJ Lessee, both parties agreed to early terminate Hejian Sale and Leaseback Arrangement on 14 March 2024.

As at 28 February 2024, the total outstanding lease payment from HJ Lessee under the Hejian Sale and Leaseback Arrangement amounted to approximately RMB40.39 million (equivalent to approximately HK\$44.03 million), comprising outstanding lease principal of approximately RMB38.12 million (equivalent to approximately HK\$41.55 million), lease interest receivable of approximately RMB0.17 million (equivalent to approximately HK\$0.19 million) and unearned interest of approximately RMB2.10 million (equivalent to approximately HK\$2.29 million).

On 29 February 2024, HJ Lessee paid to Chengtong Financial Leasing an amount of approximately RMB37.29 million (equivalent to approximately HK\$40.65 million) (“**HJ Final Payment**”), which represented the sum of the outstanding lease principal, lease interest receivable and the nominal consideration of RMB1.00 payable by HJ Lessee for the repurchase of the leased assets after deducting a total of security money of RMB1 million (equivalent to HK\$1.09 million) previously paid by HJ Lessee.

On 14 March 2024, Chengtong Financial Leasing and HJ Lessee signed a confirmation, pursuant to which the parties acknowledged and confirmed that (i) the HJ Final Payment was received by Chengtong Financial Leasing in full and final settlement of all the payment obligations of HJ Lessee under the Hejian Sale and Leaseback Arrangement and the security money was settled in full; (ii) the Sale and Leaseback Agreements signed between Chengtong Financial Leasing and HJ Lessee of the Hejian Sale and Leaseback Arrangement shall terminate on 14 March 2024; and (iii) no party shall have any claim under the Hejian Sale and Leaseback Arrangement.

The Group has recognised an income in the amount of approximately RMB1.74 million (equivalent to approximately HK\$1.90 million) under the Hejian Sale and Leaseback Arrangement.

REASONS AND BENEFITS OF THE TERMINATION OF THE SALE AND LEASEBACK ARRANGEMENTS

In view of the uncertainties brought by the respective lessees’ change of funding arrangements, the Directors consider that it is in the interests of the Company and its shareholders as a whole to terminate the three (3) Sale and Leaseback Arrangements 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. The information of the Lessees is as follows:

1. YL Lessee

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, YL Lessee (i) is ultimately controlled as to more than one-third of its equity interest by State-owned Assets Supervision and Administration Commission of the People’s Government of Luzhou City; and (ii) is principally engaged in the business of construction and operation of Luzhou Yunlong Airport.

2. *HD Lessee*

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, HD Lessee (i) is (a) directly owned as to approximately 80% by Harbin Electric Power Co., Ltd., and (b) ultimately owned by the State-owned Assets Supervision and Administration Commission of the State Council; and (ii) is principally engaged in the business of provision of finance lease services.

3. *HJ Lessee*

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, HJ Lessee (i) is (a) indirectly wholly owned by China National Nuclear Corporation Ltd., and (b) ultimately owned by the State-owned Assets Supervision and Administration Commission of the State Council; and (ii) is principally engaged in the business of the real estate development and management.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, YL Lessee, HD Lessee, HJ Lessee, and their respective ultimate beneficial owners are Independent Third Parties.

IMPLICATIONS UNDER THE LISTING RULES

As the respective highest applicable percentage ratio (as defined under the Listing Rules) in respect of the termination of each of the three (3) Sale and Leaseback Arrangements exceeds 5% but is less than 25%, the termination of the Sale and Leaseback Arrangements each constitutes 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\$1.09. 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.

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, 14 March 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.