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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 — FINANCE LEASE ARRANGEMENT

On 8 December 2014, Chengtong Financial Leasing, an indirect wholly-owned subsidiary of the Company, entered into the Lease Agreement with the Lessee pursuant to which Chengtong Financial Leasing will purchase the Facilities from the Lessee and will lease the Facilities back to the Lessee for a term of three (3) years.

As more than one of the relevant percentage ratios (as defined under the Listing Rules) in respect of the Finance Lease Arrangement exceed 5% but are less than 25%, 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.

LEASE AGREEMENT

Date

8 December 2014

Parties

Lessor : Chengtong Financial Leasing

Lessee : The Lessee

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, the Lessee and its ultimate beneficial owner are Independent Third Parties, and the Lessee is principally engaged in urban infrastructure construction and land re-development projects.

Finance Lease Arrangement

Subject to the fulfillment of certain conditions as set out in the Lease Agreement, including but not limited to the obtaining of all necessary approvals by the Lessee in relation to the Finance Lease Arrangement and the provision of the guarantee by the Guarantor as mentioned in the paragraph headed “Guarantee” below, Chengtong Financial Leasing will purchase the Facilities from the Lessee at the consideration of RMB120 million (equivalent to approximately HK\$151.20 million), and the Facilities will be leased back to the Lessee for a period of three (3) years from the date upon which the aggregate consideration for the purchase of the Facilities has been paid by Chengtong Financial Leasing (“**Lease Term**”).

If the conditions are not satisfied before 15 December 2014, Chengtong Financial Leasing shall have the right to terminate the Lease Agreement and both Chengtong Financial Leasing and the Lessee shall have no liability towards each other for such termination.

Handling fee

The Lessee is required to pay to Chengtong Financial Leasing a handling fee of RMB10.35 million (equivalent to approximately HK\$13.04 million) (“**Handling Fee**”) under the Lease Agreement within five (5) Working Days after the signing of the Lease Agreement.

Consideration for the purchase of the Facilities

The consideration for the purchase of the Facilities of RMB120 million (equivalent to approximately HK\$151.20 million) was agreed between Chengtong Financial Leasing and the Lessee with reference to the appraised value of the Facilities as at 25 November 2014 in the amount of approximately RMB141 million (equivalent to approximately HK\$178 million) as assessed by a qualified independent valuer in the PRC.

The consideration for the purchase of the Facilities under the Finance Lease Arrangement will be satisfied by the internal resources of the Group.

Lease payment

The total amount of lease payment over the Lease Term is approximately RMB133.57 million (equivalent to approximately HK\$168.30 million) which shall be paid by the Lessee to Chengtong Financial Leasing in six (6) equal instalments on a semi-annual basis during the Lease Term. The first payment date is on 9 June 2015.

The lease payment has been agreed after arm’s length negotiations between the parties with reference to the consideration paid by Chengtong Financial Leasing for the purchase of the Facilities and the prevailing People’s Bank benchmark lending rate, with a 5% premium. If there is any change to the People’s Bank benchmark lending rate during the Lease Term, Chengtong Financial Leasing shall have the right to adjust the lease payment for the remaining instalments.

Lessee’s option to purchase or to renew the lease

Provided that the Lessee has not been in breach of the terms of the Lease Agreement, the Lessee shall have an option, exercisable by the Lessee serving a written notice to Chengtong Financial Leasing at least twenty (20) Working Days prior to the expiry of the Lease Term, to either (a) purchase the Facilities from Chengtong Financial Leasing at a nominal purchase price of RMB1, subject to the payment of all the lease payment and other payables (if any) in full; or (b) renew the lease of the Facilities with Chengtong Financial Leasing on such terms and conditions to be agreed between the parties.

If the parties fail to agree on the terms and conditions of the lease renewal or the Lessee fails to notify Chengtong Financial Leasing of its choice of the above options in advance in accordance with the terms as aforesaid, the Lessee will be regarded as having elected to purchase the Facilities from Chengtong Financial Leasing at the nominal price of RMB1.

Guarantee

The Guarantor, which is a State-owned enterprise principally engaged in land development, land use right transfer and infrastructure construction, has provided a joint guarantee in favour of Chengtong Financial Leasing for all amounts payable by the Lessee under the Lease Agreement, including but not limited to the lease payment and other payables. The guarantee is irrevocable and continuing in nature.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, the Guarantor and its ultimate beneficial owner are Independent Third Parties.

REASONS FOR AND BENEFITS OF THE FINANCE LEASE ARRANGEMENT

The Group is principally engaged in bulk commodity trade, trading of coal, property development, property investment, financial leasing and hotel and marine travelling services.

The Group restarted the financial leasing business and enhanced the business development efforts in the first half of 2014. The restart of the financial leasing business was mainly due to the consideration that financial leasing business has good development prospects in the PRC.

The entering into of the Finance Lease 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 RMB23.92 million (equivalent to approximately HK\$30.14 million), being the total lease payment under the Finance Lease Arrangement and the Handling Fee after deducting the consideration paid for the purchase of the Facilities by Chengtong Financial Leasing.

The Directors are of the view that the terms of the Finance Lease 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 more than one of the relevant percentage ratios (as defined under the Listing Rules) in respect of the Finance Lease Arrangement exceed 5% but are less than 25%, 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.

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 (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
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Directors”	means the directors of the Company
“Facilities”	means certain sewage systems
“Finance Lease Arrangement”	means the purchase of the Facilities by Chengtong Financial Leasing from the Lessee and the lease back of the Facilities to the Lessee pursuant to the terms of the Lease Agreement
“Group”	means the Company and its subsidiaries as at the date of this announcement
“Guarantor”	means 天津寶星工貿有限公司 (unofficial English translation being Tianjin Baoxing Industrial and Trading Co. Ltd.), a State-owned enterprise established in the PRC with limited liability
“HK\$”	means the Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	means the Hong Kong Special Administrative Region of the PRC
“Independent Third Part(ies)”	means parties independent of the Company and its connected persons
“Lease Agreement”	means the financial leasing agreement dated 8 December 2014 signed between Chengtong Financial Leasing and the Lessee in relation to the Finance Lease Arrangement
“Lessee”	means 天津市金地城市建設有限公司 (unofficial English translation being Tianjin City Gold Land Urban Construction Co. Ltd.), a State-owned enterprise established in the PRC with limited liability
“Listing Rules”	means the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	means the People’s Republic of China, and for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“RMB”	means Renminbi, the lawful currency of the PRC
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited

“Working Day(s)” means a day on which the designated State authorities and enterprise business units (企事業單位) of the PRC are open for business

“%” 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\$1.26. 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
Wang Hongxin
Managing Director

Hong Kong, 8 December 2014

As at the date of this announcement, the executive Directors are Mr. Yuan Shaoli, Mr. Wang Hongxin, Mr. Wang Tianlin and Mr. Zhang Bin, and the independent non-executive Directors are Mr. Chang Qing, Mr. Lee Man Chun, Tony and Mr. Chan Sheung Lai.