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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)**

### **MAJOR TRANSACTION — SALE AND LEASEBACK MASTER AGREEMENT**

#### **SALE AND LEASEBACK MASTER AGREEMENT**

On 20 December 2024, Chengtong Financial Leasing, an indirect wholly-owned subsidiary of the Company, entered into the Sale and Leaseback Master Agreement with the Lessee. Pursuant to the Sale and Leaseback Master Agreement, Chengtong Financial Leasing has agreed to provide sale and leaseback services to the Lessee, subject to the obtaining of the necessary Shareholders' approval in accordance with the Listing Rules and the maximum financing amount and other terms set out in the Sale and Leaseback Master Agreement.

#### **IMPLICATIONS UNDER THE LISTING RULES**

Chengtong Financial Leasing and the Lessee entered into the Previous Arrangements on 12 August 2022 and 10 December 2024 respectively. Since the Previous Arrangements are still subsisting when the Sale and Leaseback Master Agreement was entered into, the Sale and Leaseback Master Agreement is aggregated with the Previous Arrangements for the purpose of calculating the relevant percentage ratios (as defined in the Listing Rules).

As the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the Sale and Leaseback Master Agreement, both when calculated on a standalone basis and when aggregated with the Previous Arrangements, exceeds 25% but is less than 100%, the Sale and Leaseback Master Agreement constitutes a major transaction of the Company and is subject to the notification, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, no Shareholder or any of his/her/its close associate(s) (as defined in the Listing Rules) has a material interest in the Sale and Leaseback Master Agreement and the transaction proposed thereunder. Thus, no Shareholder is required to abstain from voting if the Company were to convene a general meeting to approve the Sale and Leaseback Master Agreement. In light of the foregoing, written Shareholders' approval may be accepted in lieu of holding a general meeting pursuant to Rule 14.44 of the Listing Rules. The Company has obtained written Shareholder's approval in respect of the Sale and Leaseback Master Agreement from China Chengtong Hong Kong Company Limited, which is a controlling shareholder (as defined in the Listing Rules) of the Company holding 3,169,656,217 issued shares of the Company, representing approximately 53.14% of the issued share capital of the Company as at the date of this announcement. Accordingly, no general meeting of the Company will be convened for the purpose of approving the Sale and Leaseback Master Agreement and the transactions contemplated thereunder.

A circular containing, among other things, (i) information on the Sale and Leaseback Master Agreement; and (ii) other information required under the Listing Rules will be despatched to the Shareholders on or before 15 January 2025, which is within 15 business days after the publication of this announcement.

## **SALE AND LEASEBACK MASTER AGREEMENT**

On 20 December 2024, Chengtong Financial Leasing, an indirect wholly-owned subsidiary of the Company, entered into the Sale and Leaseback Master Agreement with the Lessee.

### **Sale and leaseback services**

Pursuant to the Sale and Leaseback Master Agreement, Chengtong Financial Leasing has agreed to provide sale and leaseback services to the Lessee, subject to the obtaining of the necessary Shareholders' approval in accordance with the Listing Rules and the maximum financing amount and other terms set out in the Sale and Leaseback Master Agreement.

The Lessee may apply to Chengtong Financial Leasing during the specified period ("**Availability Period**") in the Sale and Leaseback Master Agreement for the provision of sale and leaseback services by Chengtong Financial Leasing for the Leased Assets. Chengtong Financial Leasing and the Lessee will, within the scope of the Sale and Leaseback Master Agreement, negotiate on the specific terms and conditions of Individual Sale and Leaseback Arrangement (including but not limited to the Lease Assets, the individual financing amount, the lease term, the lease payment amount and the payment schedule), and enter into Individual Sale and Leaseback Agreement(s) accordingly.

## **Financing Amount**

The maximum amount of financing under the Sale and Leaseback Master Agreement is determined according to the expected funding needs of the Lessee. Chengtong Financial Leasing may, at its discretion, decide whether to provide sale and leaseback services or unilaterally terminate, cancel or reduce the maximum amount of financing under the Sale and Leaseback Master Agreement.

It is expected that the financing amount under the Sale and Leaseback Master Agreement will be satisfied by the general working capital of the Group.

## **Lease method**

According to the Individual Sale and Leaseback Arrangement, Chengtong Financial Leasing will purchase the relevant Lease Assets from the Lessee at the Purchase Price mutually agreed in the Individual Sale and Leaseback Agreement, and the relevant Lease Assets will be leased back to the Lessee for such lease term and for such amount of lease payment as mutually agreed in the Individual Sale and Leaseback Agreement. The ownership of the relevant Leased Assets shall vest in Chengtong Financial Leasing during the lease term of the relevant Individual Sale and Leaseback Arrangement.

## **Purchase Price**

The purchase price of the relevant Leased Assets under the Individual Sale and Leaseback Arrangement will be determined with reference to the net book value of the relevant Leased Assets. The total Purchase Price under all Individual Sale and Leaseback Arrangement with the Lessee shall not exceed the maximum financing amount stated in the Sale and Leaseback Master Agreement.

It is expected that the Leased Assets are not revenue generating assets with identifiable income stream.

## **Lease Payment**

With reference to the maximum financing amount under the Sale and Leaseback Master Agreement, the total amount of lease payment is estimated to be approximately RMB299.97 million (equivalent to approximately HK\$317.97 million) which shall be payable by the Lessee to Chengtong Financial Leasing in eight (8) quarterly instalments during the lease term. The total amount of lease payment represents the sum of the lease principal amount (being the amount of Purchase Price to be paid by Chengtong Financial Leasing) and the lease interest which is estimated to be approximately RMB11.97 million (equivalent to approximately HK\$12.69 million).

## **Nominal price**

Upon the expiration of the lease term of the relevant Individual Sale and Leaseback arrangement and subject to the full payment of the relevant lease payments and all other amounts payable under the relevant Individual Sale and Leaseback Agreement, the Lessee will purchase the relevant Leased Assets from Chengtong Financial Leasing at a nominal price. The total nominal price receivable from the Lessee under all Individual Sale and Leaseback Arrangements shall not exceed the maximum total amount of nominal price as specified in the Sale and Leaseback Master Agreement.

## Service fee

Chengtong Financial Leasing can charge service fees for each Individual Sale and Leaseback Arrangement by multiplying the relevant financing amount by a certain percentage. The total amount of service fees receivable from the Lessee shall not exceed the maximum amount of service fee as stipulated in the Sale and Leaseback Master Agreement.

## Security

In order to guarantee the performance of the Individual Sale and Leaseback Agreements, the Lessee has agreed to pledge certain of its receivables to Chengtong Financial Leasing as security for all amounts payable under the Individual Sale and Leaseback Agreements.

## Material terms of the Sale and Leaseback Master Agreement

The key terms of the Sale and Leaseback Master Agreement are summarized below:

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| <b>Maximum financing amount</b>   | RMB288 million (equivalent to HK\$305.28 million)                      |
| <b>Leased Assets</b>  | Certain power generation and related equipment of a wind power station |
| <b>Availability Period</b>  | From 20 December 2024 to 19 December 2026 (both dates inclusive)       |
| <b>Maximum lease period of the Individual Sale and Leaseback Arrangement</b>                      | Two (2) years  |
| <b>Lease interest</b>   | RMB11.97 million (equivalent to approximately HK\$12.69 million)       |
| <b>Maximum total amount of nominal price under all Individual Sale and Leaseback Arrangements</b> | RMB100 (equivalent to HK\$106)   |
| <b>Maximum total amount of service fee under all Individual Sale and Leaseback Arrangements</b>   | RMB0.72 million (equivalent to approximately HK\$0.76 million)         |

## **INFORMATION OF THE LESSEE**

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, and based on the information publicly available as of the date of this announcement, (i) the Lessee is a company whose shares are quoted on the National Equities Exchanges and Quotations in the PRC (stock code: 833499) and its largest shareholder holding approximately 20.05% of its equity interest is Diantou Ronghe New Energy Development Co., Ltd., a state-owned enterprise, owned as to 35.64% by State Power Investment Group Co., Ltd., whose ultimate beneficial owner is the SASAC of the State Council; (ii) the Lessee is principally engaged in the business of provision of finance lease services; and (iii) the Lessee and its ultimate beneficial owner are Independent Third Parties.

## **REASONS FOR AND BENEFITS OF THE SALE AND LEASEBACK MASTER AGREEMENT**

The Group is principally engaged in leasing, 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.

The entering into of the Sale and Leaseback Master Agreement is in the ordinary and usual course of business of Chengtong Financial Leasing and it is expected that Chengtong Financial Leasing will earn reasonable lease interest income.

In light of the above, the Directors are of the view that the terms of the Sale and Leaseback Master Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

## **IMPLICATIONS UNDER THE LISTING RULES**

Chengtong Financial Leasing and the Lessee entered into the Previous Arrangements on 12 August 2022 and 10 December 2024 respectively. Since the Previous Arrangements are still subsisting when the Sale and Leaseback Master Agreement was entered into, the Sale and Leaseback Master Agreement is aggregated with the Previous Arrangements for the purpose of calculating the relevant percentage ratios (as defined in the Listing Rules).

As the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the Sale and Leaseback Master Agreement, both when calculated on a standalone basis and when aggregated with the Previous Arrangements, exceeds 25% but is less than 100%, the Sale and Leaseback Master Agreement constitutes a major transaction of the Company and is subject to the notification, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, no Shareholder or any of his/her/its close associate(s) (as defined in the Listing Rules) has a material interest in the Sale and Leaseback Master Agreement and the transaction proposed thereunder. Thus, no Shareholder is required to abstain from voting if the Company were to convene a general meeting to approve the Sale and Leaseback Master Agreement. In light of the foregoing, written Shareholders' approval may be accepted in lieu of holding a general meeting pursuant to Rule 14.44 of the Listing Rules. The Company has obtained written Shareholder's approval in respect of the Sale and

Leaseback Master Agreement from China Chengtong Hong Kong Company Limited, which is a controlling shareholder (as defined in the Listing Rules) of the Company holding 3,169,656,217 issued shares of the Company, representing approximately 53.14% of the issued share capital of the Company as at the date of this announcement. Accordingly, no general meeting of the Company will be convened for the purpose of approving the Sale and Leaseback Master Agreement and the transactions contemplated thereunder.

A circular containing, among other things, (i) information on the Sale and Leaseback Master Agreement; and (ii) other information required under the Listing Rules will be despatched to the Shareholders on or before 15 January 2025, which is within 15 business days after the publication of this announcement.

## DEFINITIONS

In this announcement, the following expressions shall, unless the context requires otherwise, have the following meanings:

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| “Board”                                      | means the board of Directors  |
| “Chengtong Financial Leasing”                | means 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 Parties”                  | means third parties independent of the Company and its connected persons (having the meaning ascribed to it under the Listing Rules)  |
| “Individual Sale and Leaseback Agreement(s)” | means the individual transaction agreement(s) to be entered into between Chengtong Financial Leasing and the Lessee based on the Sale and Leaseback Master Agreement, which are expected to include a leaseback asset transfer agreement, a finance lease agreement (sale and leaseback), and an accounts receivable pledge agreement |

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| “Individual Sale and Leaseback Arrangement(s)” | means individual sale and leaseback arrangement(s) between Chengtong Financial Leasing and the Lessee based on the terms and conditions of relevant Individual Sale and Leaseback Agreement(s)  |
| “Leased Assets”                                | means certain power generation and related equipment of a wind power station  |
| “Lessee”                                       | means China KangFu International Leasing Co., Ltd., a joint stock limited company established in the PRC  |
| “Listing Rules”                                | means the Rules Governing the Listing of Securities on the Stock Exchange   |
| “Previous Arrangement I”                       | means all the individual sale and leaseback arrangements entered into between Chengtong Financial Leasing and the Lessee in respect of certain power equipment and facilities, energy storage equipment and facilities, power grid equipment and facilities, heating equipment and facilities, vehicles, transportation equipment, charging piles and ancillary equipment, etc., and such other machinery and equipment as agreed from time to time for a term of two (2) years, the details of which are set out in the announcement of the Company dated 12 August 2022 and the circular of the Company dated 23 September 2022 |
| “Previous Arrangement II”                      | means the Sale and Leaseback Arrangement between Chengtong Financial Leasing and Lessee for certain power generation and related equipment of a wind power station for a period of two (2) years, as detailed in the Company’s announcement dated 10 December 2024  |
| “Previous Arrangements”                        | means, collectively, the Previous Arrangement I and Previous Arrangement II   |
| “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 consideration payable by Chengtong Financial Leasing for purchasing the Leased Assets from the Lessee   |
| “RMB”  | means Renminbi, the lawful currency of the PRC  |



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|---------------------------------------|--|
| “Sale and Leaseback Master Agreement” | means the sale and leaseback master agreement entered into between Chengtong Financial Leasing and the Lessee dated 20 December 2024 |
| “SASAC”                               | means The State-owned Assets Supervision and Administration Commission   |
| “Shareholder(s)”                      | means the shareholder(s) of the Company  |
| “Stock Exchange”                      | means The Stock Exchange of Hong Kong Limited  |
| “%”                                   | means percent  |

*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\$1.06. 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, 20 December 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.*