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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 27 December 2017, Chengtong Financial Leasing, an indirect wholly-owned subsidiary of the Company, entered into the Finance 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 the highest percentage ratio (as defined under the Listing Rules) in respect of the Finance Lease Arrangement exceeds 5% but is 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.

FINANCE LEASE AGREEMENT

Date

27 December 2017

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 owners are Independent Third Parties, and the Lessee is principally engaged in the business of investment, development, construction, lease and management of industrial pipelines, construction of road infrastructure, municipal project engineering, landscaping construction and sale of construction materials and seedlings.

Finance Lease Arrangement

Subject to the fulfilment of certain conditions as set out in the Finance 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 signing by the Guarantor and the coming into effect of the relevant guarantee agreement), Chengtong Financial Leasing will purchase the Facilities from the Lessee at the Purchase Price of RMB100 million (equivalent to HK\$119 million), and the Facilities will be leased back to the Lessee for a period of three (3) years ("**Lease Term**") from the date on which the Purchase Price is paid by Chengtong Financial Leasing.

If any of the conditions are not satisfied on or before 31 January 2018, Chengtong Financial Leasing shall have the right to unilaterally terminate the Finance Lease Agreement.

Purchase Price

The Purchase Price of RMB100 million (equivalent to HK\$119 million) was agreed between Chengtong Financial Leasing and the Lessee with reference to the appraised value of the Facilities as at 12 December 2017 in the amount of approximately RMB134 million (equivalent to approximately HK\$159 million) as assessed by a qualified independent valuer in the PRC.

The Purchase Price will be satisfied by the internal resources of the Group.

Lease payment

The total amount of lease payment over the Lease Term is estimated to be approximately RMB112 million (equivalent to approximately HK\$133 million) which shall be paid by the Lessee to Chengtong Financial Leasing in twelve (12) equal instalments on a quarterly basis during the Lease Term.

The lease payment 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 Facilities and the prevailing benchmark lending rate of the People's Bank of China in respect of loan with a three-year term with a 50% premium.

Lessee's right to repurchase the Facilities

Upon the expiry of the Lease Term, subject to the Lessee having paid all the lease payment and any other payables (if any) to Chengtong Financial Leasing in accordance with the terms of the Finance Lease Agreement, the Lessee shall have the right to repurchase the Facilities at a nominal consideration of RMB1.

Guarantee

The Guarantor, which is a PRC State-owned enterprise principally engaged in land consolidation and development, infrastructure construction, residential housing construction and sewage treatment in Jiangsu Province, the PRC, has provided a guarantee in favour of Chengtong Financial Leasing for all amounts payable by the Lessee under the Finance 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 owners are Independent Third Parties.

REASONS FOR AND BENEFITS OF THE FINANCE LEASE ARRANGEMENT

The Group is principally engaged in property investment, property development, finance leasing, bulk commodity trade (including trading of coal, steel and non-ferrous metals) and hotel and marine travelling services.

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 RMB11.95 million (equivalent to approximately HK\$14.22 million), being the difference between the estimated total lease payment under the Finance Lease Arrangement and the Purchase Price to be paid by Chengtong Financial Leasing for the Facilities.

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 the highest percentage ratio (as defined under the Listing Rules) in respect of the Finance Lease Arrangement exceeds 5% but is 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 underground drainpipe networks and ancillary equipment and facilities
“Finance Lease Agreement”	means the finance lease agreement dated 27 December 2017 and signed between Chengtong Financial Leasing and the Lessee in relation to the Finance Lease Arrangement
“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 Finance Lease Agreement
“Group”	means the Company and its subsidiaries as at the date of this announcement

“Guarantor”	means 泰興市成興國有資產經營投資有限公司 (unofficial English translation being Taixing City Chengxing State-owned Asset Management Investment Co. Ltd.), a State-owned enterprise established in the PRC with limited liability
“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
“Lessee”	means 泰興市濱江管廊建設有限公司 (unofficial English translation being Taixing City Binjiang Pipeline 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
“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
“Purchase Price”	means the consideration payable by Chengtong Financial Leasing for the purchase of the Facilities from the Lessee
“RMB”	means Renminbi, the lawful currency of the PRC
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited
“%”	means per cent.

In this announcement, amounts quoted in RMB have been converted into HK\$ at the rate of RMB1.00 to HK\$1.19. 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
Managing Director

Hong Kong, 27 December 2017

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