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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)

VOLUNTARY ANNOUNCEMENT SECOND ISSUANCE OF ASSET-BACKED SECURITIES

The Board would like to make this announcement on a voluntary basis in order to keep the Shareholders informed of the recent development of the Group.

THE ABS SCHEME

The Board is pleased to announce that the ABS Scheme which was managed by CITIC Securities Company Limited (中信證券股份有限公司) (“**Manager**”), a third party independent of the Company and its connected persons, was established on 24 November 2021.

The ABS Scheme represents the second issuance of its kind by the Group. The total issue size of the First Issuance was RMB1,490,000,000 with expected coupon rates of its priority tranche ranged from 3.80% to 4.30% per annum. Please refer to the announcement of the Company dated 21 May 2021 for further details in respect of the First Issuance.

For the purpose of the ABS Scheme, Chengtong Financial Leasing, a wholly-owned subsidiary of the Company, has transferred its account receivables in respect of certain finance leases to the Manager acting on behalf of the ABS Scheme and ABS which are backed by such account receivables were issued to qualified investors in the PRC. The total issue size of the ABS Scheme is RMB1,480,000,000 (equivalent to HK\$1,805,600,000). The ABS are expected to be listed and traded on the Shanghai Stock Exchange within around 20 days from 24 November 2021 (i.e. the date of establishment of the ABS Scheme).

The ABS Scheme has been rated as “G1 Grade” green bond by an independent green bond rating agency in the PRC. The majority of the finance lease projects underlying the ABS Scheme relates to the green industry.

The ABS are classified into priority and subordinated tranches according to their risks, earnings and duration. The priority tranche is further classified into five classes from class 1 to class 5. A summary of the material terms of the ABS is set out below:

Tranche	Size of issuance (RMB,000)	Credit rating by an independent credit rating agency	Expected maturity date	Expected coupon rate
Priority	1,410,000 in aggregate	AAA	Ranging from 26 July 2022 to 26 January 2026	Ranging from 3.40% to 3.70% per annum
Subordinated	70,000	Not rated	26 October 2026	—

While the priority tranche of the ABS were issued to qualified investors in the PRC, the subordinated tranche of the ABS were issued to Chengtong Financial Leasing.

Chengtong Financial Leasing undertakes the obligation to pay the shortfall if the ABS Scheme has insufficient funds to settle all the expected returns, the principal amounts, the redemption or resell price for the priority tranche of the ABS and all costs of the ABS Scheme (if any) which are outstanding and payable.

China Chengtong Holdings Group Limited, the ultimate holding company of the Company, undertakes the obligation to pay the shortfall if the fund of the ABS Scheme together with the amount paid by Chengtong Financial Leasing pursuant to its relevant undertaking is insufficient to settle all the expected returns, the principal amounts, the redemption or resell price for classes 3 to 5 of the priority tranche of the ABS, and all costs of the ABS Scheme (if any) which are outstanding and payable.

REASONS FOR AND BENEFITS OF THE ABS ISSUANCE

The Group is principally engaged in leasing, bulk commodity trade, property development and investment, marine recreation services and hotel. The Group's leasing business is mainly carried out through Chengtong Financial Leasing as its principal business.

The proceeds from the issuance of the ABS will be used for general working capital of the Group. The Board believes that the issuance of the ABS under the ABS Scheme enables the Group to access different fund raising channels and low-cost capital, which in turn will enhance the financing structure of the Company to promote its operating activities and investments. In particular, compared with the First Issuance, the Group is able to fix lower coupon rates in respect of the ABS Scheme and reduce the costs for fund raising from the ABS scheme.

The Directors are of the view that the terms of the issuance of the ABS are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

GENERAL

The Board is of the view that the issuance of the ABS will not cause any material adverse financial impact on the Group, in particular, that it will not cause any material adverse impact on the interests of the Shareholders. As such, the Board is of the view that the transaction contemplated under the issuance of the ABS is not of a price-sensitive nature and this announcement is made for the general information of the Shareholders.

The credit ratings in relation to the priority tranche of the ABS mentioned herein are strictly for information purposes only. Such ratings do not constitute a recommendation to buy, sell or hold any securities of the Company.

Shareholders and potential investors of the Company are advised not to rely solely on the information contained herein and should exercise caution when dealing in the securities of the Company. When in doubt, Shareholders and potential investors of the Company are advised to seek professional advice from their own professional or financial advisers.

DEFINITIONS

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

“ABS”	means the asset-backed securities issued under the ABS Scheme
“ABS Scheme”	means the asset-backed securities scheme known as “中信證券 — 誠通租賃央企綠色資產支持專項計劃” (CITIC Securities — Chengtong Financial Leasing Stated-owned Enterprise Green Asset-backed Securities Scheme)
“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 of Hong Kong Limited
“Director(s)”	means the director(s) of the Company

“First Issuance”	means the first issuance of asset-backed securities under the scheme known as “誠風啟航 — 國君資管 — 誠通租賃第一期資產支持專項計劃” (Chengfeng Set Sail — Guojun Asset Management — Chengtong Leasing Phase I Asset-backed Securities Scheme) by the Group, details of which are disclosed in the Company’s announcement dated 21 May 2021
“Group”	means the Company and its subsidiaries as at the date of this announcement
“HK\$”	means Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	means the Hong Kong Special Administrative Region of the PRC
“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
“RMB”	means Renminbi, the lawful currency of the PRC
“Shareholders”	means the holders of shares of the Company
“%”	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\$1.22. 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, 24 November 2021

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