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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 – PURCHASE OF FACILITIES**

#### **THE PURCHASE CONTRACT**

On 16 December 2022, Chengtong Financial Leasing, an indirect wholly-owned subsidiary of the Company, entered into the Purchase Contract with the Vendor pursuant to which Chengtong Financial Leasing has agreed to purchase from the Vendor the Facilities at a consideration of RMB153.50 million (equivalent to approximately HK\$170.39 million).

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

As the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the Purchase Contract exceeds 25% but is less than 100%, the entering into of the Purchase Contract 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 any material interest in the Purchase Contract. Thus, no Shareholder is required to abstain from voting if the Company were to convene a general meeting to approve the Purchase Contract. 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 the written Shareholder's approval in respect of the Purchase Contract 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 Purchase Contract.

A circular containing, among other things, (i) information on the Purchase Contract, and (ii) other information required under the Listing Rules will be despatched to the Shareholders on or before 11 January 2023, which is within 15 business days after the publication of this announcement.

## **THE PURCHASE CONTRACT**

On 16 December 2022, Chengtong Financial Leasing, an indirect wholly-owned subsidiary of the Company, entered into the Purchase Contract with the Vendor pursuant to which Chengtong Financial Leasing has agreed to purchase from the Vendor the Facilities at a consideration of RMB153.50 million (equivalent to approximately HK\$170.39 million).

The principal terms of the Purchase Contract are set out as follows:

### **Date**

16 December 2022

### **Parties**

Purchaser: Chengtong Financial Leasing

Vendor: The Vendor

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, (i) the Vendor is an indirectly wholly-owned subsidiary of Honghua Group Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 196); (ii) the Vendor and its ultimate beneficial owners are Independent Third Parties; and (iii) the Vendor is principally engaged in the business of manufacturing of petroleum equipment.

### **Subject matter**

Pursuant to the Purchase Contract, Chengtong Financial Leasing has agreed to purchase from the Vendor the Facilities at a consideration of RMB153.50 million (equivalent to approximately HK\$170.39 million).

The Purchase Price shall be paid in cash by Chengtong Financial Leasing within five (5) days upon fulfilment of certain conditions as set out in the Purchase Contract (including but not limited to the signing and the coming into effect of the relevant Lease Contract, and the receipt by Chengtong Financial Leasing of the facilities inspection completion certificate issued by the Lessee).

The Purchase Price was agreed between the Vendor and Chengtong Financial Leasing after arm's length negotiation with reference to the model, the technology level and usage applicability of the Facilities, as well as the historical purchases prices of similar equipment with similar models offered by the Vendor and other manufacturers to other purchasers.

The expected payment date of the Purchase Price is on or before 30 December 2022. The Purchase Price will be satisfied by the general working capital of the Group.

## **REASONS FOR AND BENEFITS OF THE PURCHASE CONTRACT**

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

The Facilities purchased under the Purchase Contract will be leased to the Lessee by Chengtong Financial Leasing pursuant to the Lease Contract. Pursuant to the Lease Contract, the Facilities shall be leased to the Lessee for a period of 360 days from the payment date of the Purchase Price by Chengtong Financial Leasing under the Purchase Contract at the total lease payments of approximately RMB35.53 million (equivalent to approximately HK\$39.44 million), payable in five instalments with the first instalment of approximately RMB5.37 million payable on the next day after the commencement date of the lease term, and the remaining lease payments payable in four (4) equal instalments in every three months during the lease term.

The entering into of the Purchase Contract and the Lease Contract is in the ordinary and usual course of business of Chengtong Financial Leasing and Chengtong Financial Leasing can earn rental income from the Lessee.

The Directors are of the view that the terms of the Purchase Contract and the Lease Contract are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

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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 any material interest in the Purchase Contract. Thus, no Shareholder is required to abstain from voting if the Company were to convene a general meeting to approve the Purchase Contract. 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 the written Shareholder's approval in respect of the Purchase Contract 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 Purchase Contract.

A circular containing, among other things, (i) information on the Purchase Contract, and (ii) other information required under the Listing Rules will be despatched to the Shareholders on or before 11 January 2023, which is within 15 business days after the publication of this announcement.

In respect of the Lease Contract, the Company considers that by virtue of its size, nature or number, does not have a significant impact on the operations of the Group as its monetary value represents less than 200% increase in the scale of the Group's existing operations conducted through lease arrangements of such kind. Therefore, the Lease Contract does not fall within the definition of a "transaction" of the Company under Rule 14.04(1)(d) 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, 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
“Facilities”	means one set of drilling machine and 11 sets of top drive machine for shale gas extraction
“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 Party(ies)”	means third party(ies) independent of the Company and its connected persons (having the meaning ascribed to it under the Listing Rules)
“Lease Contract”	means the lease agreement entered into between Chengtong Financial Leasing and the Lessee on 16 December 2022 in relation to the Facilities
“Lessee”	means 宏華融資租賃(深圳)有限公司 (unofficial English translation being Honghua Financial Leasing (Shenzhen) Co., Ltd.), a company incorporated in the PRC with limited liability and an Independent Third Party
“Listing Rules”	means the Rules Governing the Listing of Securities on the Stock Exchange
“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 Contract”	means the sale and purchase agreement dated 16 December 2022 entered into between the Vendor as vendor and Chengtong Financial Leasing as purchaser in relation to the Facilities
“Purchase Price”	means the consideration payable by Chengtong Financial Leasing for the purchase of the Facilities from the Vendor
“RMB”	means Renminbi, the lawful currency of the PRC
“Shareholder(s)”	means the shareholders of the Company
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited
“Vendor”	means 四川宏華石油設備有限公司 (unofficial English translation being Sichuan Honghua Petroleum Equipment Co., Ltd), a company incorporated in the PRC with limited liability
“%”	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\$1.11. 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, 16 December 2022

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