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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 —  
THE SALE AND LEASEBACK ARRANGEMENT**

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A letter from the Board is set out from pages 4 to 10 of this circular.

24 April 2023

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## DEFINITIONS

*In this circular, the following expressions have the meanings set out below unless the context requires otherwise:*

“Board”	means the board of Directors
“CCHG”	means China Chengtong Holdings Group Limited, a state-owned enterprise established in the PRC with limited liability and the ultimate holding company of the Company
“CCHK”	means China Chengtong Hong Kong Company Limited, a company incorporated in Hong Kong with limited liability and the controlling shareholder of the Company as at the Latest Practicable Date
“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
“close associate(s)”	has the meaning ascribed to it under the Listing Rules
“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
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“COVID-19”	means the novel coronavirus disease 2019
“Director(s)”	means the director(s) of the Company
“Group”	means the Company and its subsidiaries as at the Latest Practicable Date
“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)
“Latest Practicable Date”	means 19 April 2023, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein

## DEFINITIONS

“Leased Assets”	means certain facilities and equipment, including but not limited to shield machine, bridge erecting machine, multi-functional drilling machine, concrete mixing station, beam lifting machine, loader and ancillary facilities and equipment
“Lessee A”	means Yangjiang Zhongcai Railway Construction Project Management Co., Ltd. (陽江市中財鐵建項目管理有限公司), a state-owned enterprise established in the PRC with limited liability
“Lessee B”	means China Railway 23rd Bureau Group Co., Ltd. (中鐵二十三局集團有限公司), a state-owned enterprise established in the PRC with limited liability
“Lessee C”	means Chengdu Caitie Asset Management Co., Ltd. (成都財鐵資產管理有限公司), a state-owned enterprise established in the PRC with limited liability
“Lessor”	means Chengtong Financial Leasing
“Listing Rules”	means the Rules Governing the Listing of Securities on the Stock Exchange
“LPR”	means the loan prime rate as promulgated by the National Interbank Funding Center under the authority of the People’s Bank of China
“PRC”	means the People’s Republic of China which, for the purpose of this circular, 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 Leased Assets from the co-Lessees
“RMB”	means Renminbi, the lawful currency of the PRC
“Sale and Leaseback Agreements”	means, collectively, three (3) sets of the following agreements in respect of three (3) batches of leased assets, all dated 29 March 2023 and signed between Chengtong Financial Leasing and the co-Lessees: (1) leaseback assets transfer agreement; and (2) finance lease agreement (sale and leaseback)
“Sale and Leaseback Arrangement”	means the sale and leaseback arrangement under the Sale and Leaseback Agreements

## DEFINITIONS

“SFO”	means the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholder(s)”	means the shareholder(s) of the Company
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited
“%”	means per cent.

*In this circular, for the purpose of illustration only, amounts quoted in RMB have been converted into HK\$ at the rate of RMB1.00 to HK\$1.14. 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 circular are for identification purpose only.*



**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)**

*Executive Directors:*

Zhang Bin (*Chairman*)

Yang Tianzhou (*Managing Director*)

Gu Honglin

*Independent non-executive Directors:*

Chang Qing

Lee Man Chun, Tony

He Jia

*Registered office and principal place of  
business in Hong Kong:*

Suite 6406, 64th Floor

Central Plaza

18 Harbour Road

Wanchai, Hong Kong

24 April 2023

*To the Shareholders*

Dear Sir or Madam,

**MAJOR TRANSACTION —  
THE SALE AND LEASEBACK ARRANGEMENT**

**1. INTRODUCTION**

Reference is made to the announcement of the Company dated 29 March 2023 in respect of the Sale and Leaseback Arrangement.

The purpose of this circular is to provide you with (i) information on the Sale and Leaseback Arrangement; and (ii) other information required to be disclosed under the Listing Rules.

**2. MAJOR TRANSACTION**

**(A) The Sale and Leaseback Arrangement**

On 29 March 2023, Chengtong Financial Leasing, an indirect wholly-owned subsidiary of the Company, entered into the Sale and Leaseback Agreements with the Lessee A, Lessee B and Lessee C, as co-Lessees, in respect of the Sale and Leaseback Arrangement, the major terms of which are set out below.

## LETTER FROM THE BOARD

### *Subject matter*

Subject to the fulfilment of the conditions as set out in the Sale and Leaseback Agreements (including but not limited to the duly execution and coming into effect of the Sale and Leaseback Agreements, the provision of all necessary documents or information by the co-Lessees evidencing its ownership in the Leased Assets or other documents required by the Lessor, and the obtaining of all necessary approvals by the co-Lessees and the Lessor in relation to the Sale and Leaseback Arrangement), Chengtong Financial Leasing will purchase the Leased Assets from the co-Lessees at an aggregate Purchase Price of RMB300 million (equivalent to HK\$342 million) and the Leased Assets will be leased back to the co-Lessees for a term of three (3) years commencing from the date on which the relevant Purchase Price is paid by Chengtong Financial Leasing in respect of the relevant Leased Assets (“**Lease Term**”), subject to early termination in accordance with the terms and conditions of the Sale and Leaseback Agreements (including but not limited to the default by the co-Lessees (i.e. delayed payment of rent, infringement of the Lessor’s ownership to the Leased Assets), or early termination by mutual agreement). If the early termination of the Sale and Leaseback Agreements is due to the delayed payment of rent by the co-Lessees, they would be subject to a penalty of 0.4% daily rate on the default amount.

If any of the conditions under the Sale and Leaseback Agreements is not satisfied on or before 15 September 2023, Chengtong Financial Leasing shall have the right to unilaterally terminate the relevant Sale and Leaseback Agreements.

All the conditions under the Sale and Leaseback Arrangement have been satisfied.

### *Purchase Price*

The aggregate Purchase Price of the Leased Assets was agreed between Chengtong Financial Leasing and the co-Lessees with reference to the aggregate appraised value of the Leased Assets as at 1 March 2023 which amounted to approximately RMB341.13 million (equivalent to approximately HK\$388.89 million) as assessed by way of cost method by a professional PRC valuer which is an Independent Third Party.

The Board has considered the valuation assumptions as set out in the relevant valuation reports, which include but not limited to the followings:

- (1) the enterprises remain in a state of continuous operation;
- (2) the appraised assets are in open market and are without any lien or other encumbrances;
- (3) the information provided by the instructing client is reliable and appropriate;

## LETTER FROM THE BOARD

- (4) the valuation was based on the purchasing power of local currency as of 1 March 2023; and
- (5) all factors that may affect the value analysis are fully disclosed.

The Board has reviewed the valuation reports in respect of the Leased Assets and considered the valuation methods and assumptions adopted. The Board is of the view that the valuation method is reasonable and the assumptions adopted are general assumptions commonly adopted in assets valuation in the PRC. Therefore, the Board considers that the appraised values of the Leased Assets are fair and reasonable.

The Leased Assets form part of the facilities or equipment in the railway system and are not revenue generating assets with identifiable income stream.

The Purchase Price will be satisfied by the general working capital of the Group.

As at the Latest Practicable Date, the Purchase Price has not been paid and the Lease Term has not commenced, which are subject to the mutual agreement of Lessor and the co-Lessees.

### ***Legal title***

Chengtong Financial Leasing owns the legal title of the Leased Assets during the Lease Term.

### ***Lease payments***

The total amount of lease payments over the Lease Term is estimated to be approximately RMB326.84 million (equivalent to HK\$372.60 million) which shall be paid by the co-Lessees to Chengtong Financial Leasing in six (6) half-yearly instalments during the Lease Term.

The total amount of lease payments represents the sum of the lease principal amount (being the amount of the aggregate Purchase Price to be paid by Chengtong Financial Leasing) and the lease interests which will be calculated on the then outstanding lease principal amount with a floating interest rate to be determined at a fixed premium over the one (1)-year LPR from time to time.

The lease interest rate will be subject to review on 1 January every year. In the event that the one (1)-year LPR changes, the lease interest rate will be adjusted to a rate at the aforesaid fixed premium over the new LPR, except in the case where the co-Lessees has overdue lease payment and has not paid all overdue payments and liquidated damages, the interest rate to be applied will not be adjusted when the one (1)-year LPR is reduced.



## LETTER FROM THE BOARD

The interest rate applicable to the Sale and Leaseback Arrangement (including the applicable LPR and the premium) is one of the major commercial terms negotiated between the parties on an arm's length basis and the setting of the interest rate depends on a number of factors, such as the amount of lease principal, the lease term, the overall return rate attained by the Group taking into account the amount of lease interests, the prevailing market conditions and the movement of the LPR.

Having considered the above factors in the specific circumstances of the relevant Sale and Leaseback Arrangement, the Board considers that the interest rate as agreed in each of the Sale and Leaseback Agreements is fair and reasonable and on normal commercial terms.

### *Co-Lessees' right to repurchase the Leased Assets*

Upon the co-Lessees having paid all the lease payments and other payables (if any) to Chengtong Financial Leasing in accordance with the terms of the Sale and Leaseback Agreements, the co-Lessees shall have the right to repurchase the Leased Assets under the Sale and Leaseback Agreements at a nominal consideration of RMB1.00.

### *Credit enhancement measures*

Depending on the overall risks associated with a sale and leaseback arrangement, Chengtong Financial Leasing will request for appropriate credit enhancement measure(s) on a case-by-case basis to safeguard its interests as the lessor. Chengtong Financial Leasing will also monitor, among others, the financial conditions of the lessee(s) from time to time and has the right to request the lessee(s) to provide further security as and when Chengtong Financial Leasing considers necessary.

Before entering into the Sale and Leaseback Agreements, due diligence was conducted on the co-Lessees, including but not limited to ascertaining the identity and background of the shareholders and ultimate beneficial owner(s) of the co-Lessees, obtaining information about their business operation and industry prospects, examining and analysing the financial statements of the co-Lessees and reviewing their relevant financial indicators, as well as checking the indebtedness status and the funding source of the co-Lessees. The cash flow projection of the co-Lessees was also prepared in order to assess the repayment ability of the co-Lessees and the credit risks associated with the relevant Sale and Leaseback Arrangement. Site inspection of the Leased Assets was also carried out to ascertain their actual conditions and marketability.

The Board considers that the existing credit enhancement measures is sufficient to safeguard the interest of the Company and the Shareholders.

## LETTER FROM THE BOARD

### (B) Information of the Parties

#### *Lessee A*

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of the Sale and Leaseback Arrangement, (i) the Lessee A is directly owned as to (a) approximately 50% by CICC Urban Development Private Equity Investment Fund Management (Shenzhen) Co., Ltd. (中財城市發展私募股權投資基金管理(深圳)有限公司), which is in turn indirectly owned as to (1) one-third by CITIC Group Corporation (中國中信集團有限公司), which is wholly-owned by The Ministry of Finance of the PRC; (2) one-third by Party School of the Central Communist Party of C.P.C (National Academy of Governance) (中共中央黨校(國家行政學院)); and (3) one-third by Huadi Computer Group Co., Ltd. (華迪計算機集團有限公司), which is owned as to approximately 66.5% by AISINO CO., LTD. (航天信息股份有限公司), a company whose shares are listed on the Shanghai Stock Exchange (stock code: 600271); and (b) approximately 49% by Lessee B; and (ii) the Lessee A is principally engaged in investment, construction, operation, and maintenance of engineering projects in Yangjiang City, Guangdong Province, the PRC.

#### *Lessee B*

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of the Sale and Leaseback Arrangement, (i) the Lessee B is directly and wholly owned by China Railway Construction Corporation Limited (中國鐵建股份有限公司), a company whose shares are listed on the Shanghai Stock Exchange (stock code: 601186) and the Main Board of the Stock Exchange (stock code: 1186); and (ii) the Lessee B is principally engaged in provision of design, construction and engineering services for highway, railway and housing projects in the PRC.

#### *Lessee C*

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of the Sale and Leaseback Arrangement, (i) the Lessee C is directly owned as to (a) approximately 75% by CICC Urban Development Private Equity Investment Fund Management (Shenzhen) Co., Ltd. (中財城市發展私募股權投資基金管理(深圳)有限公司); and (b) approximately 25% by Lessee B; and (ii) the Lessee C is principally engaged in investment and asset management.

In addition, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of the Sale and Leaseback Arrangement, the each of the co-Lessees and their ultimate beneficial owners are Independent Third Parties.

In addition, to the best of the directors' knowledge, information and belief having made all reasonable enquiry, there is, and in the past twelve (12) months, there has been, no material loan arrangement between (a) each of the co-Lessees (i.e.

## LETTER FROM THE BOARD

Lessee A, Lessee B and Lessee C), any of its directors and legal representatives and/or any ultimate beneficial owner(s) of each of the co-Lessees (i.e. Lessee A, Lessee B and Lessee C) who can exert influence on the Sale and Leaseback Arrangements; and (b) the Company, any connected person at the Company's level and/or any connected person at the subsidiary level (to the extent that such subsidiary/subsidiaries is/are involved in the transaction).

### **(C) Reasons for and Benefits of the Sale and Leaseback Arrangement**

The Group is principally engaged in leasing, bulk commodity trade, 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 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 RMB26.84 million (equivalent to approximately HK\$30.60 million), which represents the difference between the estimated amount of total lease payments under the Sale and Leaseback Arrangement and the aggregate Purchase Price of the Leased Assets.

The Directors are of the view that the terms of the Sale and Leaseback Arrangement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole

### **(D) Implications under the Listing Rules**

As the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the Sale and Leaseback Arrangement exceeds 25% but is less than 100%, the entering into of the Sale and Leaseback Arrangement 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 Sale and Leaseback Arrangement. Thus, no Shareholder is required to abstain from voting if the Company were to convene a general meeting to approve the Sale and Leaseback Arrangement. 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 Sale and Leaseback Arrangement 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 each of Sale and Leaseback Agreements. Accordingly, no general meeting of the Company will be convened for the purpose of approving the Sale and Leaseback Arrangement.

## LETTER FROM THE BOARD

### 3. RECOMMENDATION

The Directors, having considered the terms of, the reasons for and benefits of the Sale and Leaseback Arrangement, are of the view that the terms of the Sale and Leaseback Arrangement are normal commercial terms and are fair and reasonable. The Directors also consider that the entering into of the Sale and Leaseback Arrangement is in the ordinary and usual course of business of the Group and is in the interests of the Company and the Shareholders as a whole. Accordingly, if a general meeting were to be convened for the approval of the Sale and Leaseback Arrangement, the Board would recommend the Shareholders to vote in favour of the resolutions to approve the same at such general meeting.

### 4. ADDITIONAL INFORMATION

Your attention is drawn to the information set out in the appendices to this circular.

Yours faithfully,  
On behalf of the Board  
**China Chengtong Development Group Limited**  
**Zhang Bin**  
*Chairman*

## 1. FINANCIAL INFORMATION OF THE GROUP

Details of the financial information of the Group for the three financial years ended 31 December 2020, 31 December 2021 and 31 December 2022 have been set out in the following documents respectively:

- (a) the annual report of the Company for the year ended 31 December 2020 from pages 72 to 180  
(<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0318/2021031800684.pdf>);
- (b) the annual report of the Company for the year ended 31 December 2021 from pages 70 to 188  
(<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0323/2022032300436.pdf>);  
and
- (c) the financial results of the Company for the year ended 31 December 2022  
(<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0308/2023030801068.pdf?code=00217>)

## 2. INDEBTEDNESS OF THE GROUP

As at the close of business on 28 February 2023, being the latest practicable date for the purpose of this statement of indebtedness of the Group prior to the printing of this circular, the Group had (i) secured and/or guaranteed bank borrowings of approximately HK\$3,029.90 million which are secured by charges over loans receivable and finance lease receivables of the Group and/or guaranteed by the Company; (ii) unsecured and unguaranteed bank borrowings of HK\$500 million; (iii) secured and guaranteed asset-backed securities of approximately HK\$3,780.42 million; (iv) unsecured and unguaranteed loans from related parties of approximately HK\$333.35 million; (v) unsecured and unguaranteed other loan of approximately HK\$0.60 million; and (vi) unsecured and unguaranteed lease liabilities of approximately HK\$7.95 million.

As at the close of business on 28 February 2023, the Group had contingent liabilities in relation to guarantees of approximately HK\$207.07 million given to banks in respect of mortgage loans granted to purchasers of certain property units.

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities and normal trade and other payables in the ordinary course of business, the Group did not have any other debt securities issued and outstanding or authorised or otherwise created but unissued, term loans, other borrowings or indebtedness in the nature of borrowing, mortgages or charges, contingent liabilities or guarantees as at 28 February 2023.

### 3. WORKING CAPITAL SUFFICIENCY OF THE GROUP

The Directors are of the opinion that, after taking into account the effects of the Sale and Leaseback Arrangement, the internally generated funds, existing facilities available to the Group and financial resources presently available to the Group, the Group will have sufficient working capital to satisfy its requirements for at least twelve (12) months from the date of this circular.

### 4. FINANCIAL AND TRADING PROSPECT OF THE GROUP

The Group is principally engaged in leasing, bulk commodity trade, property development and investment, marine recreation services and hotel business.

In respect of financial leasing, Chengtong Financial Leasing will continue to enhance its cooperation with other state-owned enterprises, promote its development in business areas such as energy conservation and environmental protection, transportation and logistics, internet data center, new energy, and highlight its industry characteristics in these market segments. Chengtong Financial Leasing will further expand its financing channels, explore to develop independent rating to strengthen self-financing capability, and seek low-cost funds for business investment. Moreover, it will strengthen risk prevention and control, as well as build and improve the risk management system comprehensively.

In respect of bulk commodity trade, the Group will carefully examine the market condition to determine the next step of development.

In respect of property investment, all the construction works of the CCT-Champs-Elysees project have been completed. The CCT-Champs-Elysees project is wholly owned by the Group and is located in the Zhucheng City of Shandong Province of the PRC. The project had a total site area of approximately 146,006 square metres and was developed in three phases. The next step in respect of property investment will be to speed up the sales of the property units in section 3 of Phase III of the CCT-Champs-Elysees project, and utilise the recovered funds for the main business of financial leasing.

In respect of the marine recreation services and hotel business, the Group will continue to optimize the project operation and management model and accelerate the cultivation of internal impetus for market sales on one hand, and will actively explore and promote subsequent asset restructuring on the other hand.

The Group is the only overseas listed company platform under CCHG, its ultimate controlling shareholder, and Chengtong Financial Leasing is the only controlling financial leasing company under the Group. Chengtong Financial Leasing will give full play to the resource advantages of the controlling shareholder of the Group, focus its resources on rapidly expanding the principal business of financial leasing and create greater value for the Shareholders. The Board is full of confidence in the future development of the Group.

**5. MATERIAL ADVERSE CHANGE**

The Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2022, being the date to which the latest published audited consolidated financial statements of the Group were made up.

**6. FINANCIAL EFFECTS OF THE TRANSACTIONS**

As at 31 December 2022, the audited consolidated total assets of the Group amounted to approximately HK\$10,009.74 million and the audited consolidated total liabilities of the Group amounted to approximately HK\$7,074.49 million.

The Directors consider that there is no significant immediate change to the Group's net asset value upon implementation of the Sale and Leaseback Arrangement, as the Sale and Leaseback Arrangement will be accounted for as secured loans and recognised as loans receivable of the Group which will offset the decrease in the amount of bank balances and cash as a result of the payment of the Purchase Price by Chengtong Financial Leasing.

As regards earnings, the Group would be entitled to recognise interest income from the Sale and Leaseback Arrangement as additional income to the Group.

Save as disclosed above, the Sale and Leaseback Arrangement is not expected to have any material impact on the assets and liabilities and the earnings of the Group. The final financial impact on the Group will be subject to the final audit to be performed by the auditors of the Company.

## 1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

## 2. DISCLOSURE OF INTERESTS

### (i) Interests of Directors and chief executive of the Company

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules were as follows:

#### *Long position*

Name of Director	Interests in the Company or its associated corporation	Nature of interest	Number of Shares held	Approximate percentage of the issued share capital as at the Latest Practicable Date
Mr. Zhang Bin	The Company	Beneficial owner	314,642	0.01%

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of the SFO, to be entered in



the register referred to therein; or (iii) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules.

**(ii) Interests of substantial Shareholders**

As at the Latest Practicable Date, so far as was known to the Directors, the following persons, other than the Directors and chief executive of the Company, had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO were as follows:

*Long position*

<b>Name of Shareholder</b>	<b>Nature of interest</b>	<b>Number of Shares held</b>	<b>Approximate percentage of the issued share capital of the Company as at the Latest Practicable Date</b>
CCHK	Beneficial owner ( <i>Note</i> )	3,169,656,217	53.14%
CCHG	Interest in controlled corporation ( <i>Note</i> )	3,169,656,217	53.14%

*Note:* The entire issued share capital of CCHK is beneficially owned by CCHG. Under the SFO, CCHG is deemed to be interested in all the Shares held by CCHK.

Save as disclosed above, as at the Latest Practicable Date, so far as was known to the Directors, there was no other person, other than the Directors and chief executive of the Company, who had any interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO.

As at the Latest Practicable Date, Mr. Zhang Bin, an executive Director and the Chairman of the Board, was the chairman of CCHK; Mr. Yang Tianzhou, the Managing Director of the Company, was a deputy general manager of CCHK; and Mr. Gu Honglin, an executive Director, was the chief accountant of CCHK. Mr. Zhang Bin, Mr. Yang Tianzhou and Mr. Gu Honglin were members of the executive committee of CCHK as at the Latest Practicable Date. Save as disclosed herein, no Director was a director or an employee of a company which had an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO as at the Latest Practicable Date.

### 3. MATERIAL CONTRACTS

Hainan Huandao Hotel and Travel Investment Co., Limited (currently known as Hainan Huandao Travel Investment Group Limited), a wholly-owned subsidiary of the Company, as lender and China Huandao Group Limited, a wholly-owned subsidiary of CCHG, as borrower entered into the extension agreement dated 2 September 2021 in relation to the extension of the term of a loan in the principal amount of RMB30 million granted under a loan agreement dated 3 September 2020 (details of which are set out in the announcement of the Company dated 3 September 2020) for two (2) years to 2 September 2023 upon expiry of the original term of the loan on 2 September 2021. Further details of the extension agreement are set out in the announcement of the Company dated 2 September 2021.

Save as aforementioned, there is no other contract (not being contract entered into in the ordinary course of business) entered into by the members of the Group within two (2) years immediately preceding the Latest Practicable Date and is, or may be, material.

### 4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group which is not expiring or determinable by the Group within one year without payment of compensation (other than statutory compensation).

### 5. LITIGATION

So far as was known to the Directors, no member of the Group was involved in any litigation or claims of material importance and no litigation or claims of material importance was pending or threatened against any member of the Group as at the Latest Practicable Date.

### 6. COMPETING INTERESTS

As at the Latest Practicable Date, so far as was known to the Directors, none of the Directors nor any of their respective close associates had any interests in a business, which competed or was likely to compete, directly or indirectly, with the business of the Group which would be required to be disclosed under Rule 8.10 of the Listing Rules.

### 7. INTERESTS IN THE GROUP'S ASSETS OR CONTRACTS OR ARRANGEMENT

As at the Latest Practicable Date, so far as was known to the Directors, none of the Directors had any interest, direct or indirect, in any assets which have been, since 31 December 2021, being the date to which the latest published audited consolidated financial statements of the Group were made up, acquired or disposed of by or leased to, or were proposed to be acquired or disposed of by or leased to any member of the Group.

None of the Directors was materially interested in any contract or arrangement subsisting as at the Latest Practicable Date which was significant in relation to the business of the Group.

**8. GENERAL**

- (a) The registered office and the principal place of business of the Company is at Suite 6406, 64th Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong.
- (b) The share registrar and transfer office of the Company in Hong Kong is Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong.
- (c) The company secretary of the Company is Mr. Poon Tsz Kin, who is a fellow member of the Association of Chartered Certified Accountants and a certified public accountant of the Hong Kong Institute of Certified Public Accountants.

**9. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be published on the Stock Exchange’s website at [www.hkexnews.hk](http://www.hkexnews.hk) and the Company’s website [www.irasia.com/listco/hk/chengtong](http://www.irasia.com/listco/hk/chengtong) for 14 days from the date of this circular :

- (a) leaseback assets transfer agreement dated 29 March 2023 entered into between Chengtong Financial Leasing and the co-Lessees in respect of the leased assets of the purchase price of RMB128 million;
- (b) finance lease agreement (sale and leaseback) dated 29 March 2023 entered into between Chengtong Financial Leasing and the co-Lessees in respect of the leased assets of the purchase price of RMB128 million;
- (c) leaseback assets transfer agreement dated 29 March 2023 entered into between Chengtong Financial Leasing and the co-Lessees in respect of the leased assets of the purchase price of RMB124 million;
- (d) finance lease agreement (sale and leaseback) dated 29 March 2023 entered into between Chengtong Financial Leasing and the co-Lessees in respect of the leased assets of the purchase price of RMB124 million;
- (e) leaseback assets transfer agreement dated 29 March 2023 entered into between Chengtong Financial Leasing and the co-Lessees in respect of the leased assets of the purchase price of RMB48 million; and
- (f) finance lease agreement (sale and leaseback) dated 29 March 2023 entered into between Chengtong Financial Leasing and the co-Lessees in respect of the leased assets of the purchase price of RMB48 million.