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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)

SCRIP DIVIDEND SCHEME

The Board is pleased to announce that the Final Dividend and the Scrip Dividend Scheme were approved by the Shareholders at the Annual General Meeting of the Company held on 25 June 2021.

For the purpose of calculating the number of Scrip Shares to be allotted and issued to a Qualifying Shareholder under the Scrip Dividend Scheme, the market value of the Scrip Share has been determined at HK\$0.1844 per Share.

Qualifying Shareholders who wish to elect to receive the Final Dividend either wholly or partly in Scrip Shares should complete the Election Form and return it to the Company's share registrar and transfer office in Hong Kong, namely Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong **no later than 4:30 p.m. on Friday, 30 July 2021.**

Subject to the Scrip Shares being admitted to listing, it is expected that share certificates for the Scrip Shares and dividend cheques will be posted to the Shareholders at the risk of those entitled to them on Friday, 13 August 2021. Dealings in the Scrip Shares on the Stock Exchange are expected to commence on Monday, 16 August 2021.

A circular containing further details of the Scrip Dividend Scheme and the basis of allotment of the Scrip Shares pursuant to the Scrip Dividend Scheme and the Election Form (to be sent to the Qualifying Shareholders only) will be despatched to the Shareholders.

References are made to the announcement dated 26 February 2021 (“**Results Announcement**”) of China Chengtong Development Group Limited (“**Company**”), the circular dated 26 May 2021 (“**Circular**”) of the Company and the notice dated 26 May 2021 of the Company convening the Annual General Meeting. Unless the context otherwise requires, terms used in this announcement have the same meanings as those defined in the Circular.

In the Results Announcement, the Company announced, among other matters, the results of the Group for the year ended 31 December 2020 and recommended the payment of the final dividend of HK0.9 cent per Share (“**Final Dividend**”) for the year ended 31 December 2020 to the Shareholders whose names appear on the register of members of the Company as at the Record Date and also recommended the declaration of the Final Dividend by way of cash with an option to elect to receive wholly or partly an allotment and issue of Shares credited as fully paid in lieu of cash payment (“**Scrip Dividend Scheme**”) to the Qualifying Shareholders. At the Annual General Meeting held on 25 June 2021, the Final Dividend and the Scrip Dividend Scheme were approved by the Shareholders.

Under the Scrip Dividend Scheme, each Qualifying Shareholder has an option to elect to receive the Final Dividend:

- (a) by way of cash payment; or
- (b) by way of an allotment and issue of the Scrip Shares; or
- (c) by way of a combination of partly in (a) and partly in (b) above.

For the purpose of calculating the number of Scrip Shares to be allotted and issued to a Qualifying Shareholder under the Scrip Dividend Scheme, the market value of the Scrip Share has been determined at HK\$0.1844 per Share, being the average closing price of the Shares on the Stock Exchange for the five consecutive trading days commencing on Monday, 5 July 2021 (“**Average Closing Price**”). Accordingly, a Qualifying Shareholder who elects either (b) or (c) above will receive such number of Scrip Shares as calculated below:

$$\begin{array}{l} \text{Number of Scrip Shares to} \\ \text{be received (round down to} \\ \text{the nearest whole number)} \end{array} = \begin{array}{l} \text{Number of Shares held on} \\ \text{the Record Date for which} \\ \text{the Final Dividend is to be} \\ \text{satisfied in Scrip Shares} \end{array} \times \frac{\begin{array}{l} \text{HK0.9 cent} \\ \text{(Final Dividend per Share)} \end{array}}{\begin{array}{l} \text{HK\$0.1844} \\ \text{(Average Closing Price)} \end{array}}$$

Qualifying Shareholders who elect to receive Scrip Shares will receive such number of Scrip Shares rounded down to the nearest whole number and no Qualifying Shareholders are entitled to be allotted and issued any fraction of a Scrip Share under the Scrip Dividend Scheme. Fractional entitlements to the Scrip Share will be disregarded and the benefit thereof will accrue to the Company. The Scrip Shares to be allotted and issued pursuant to the Scrip Dividend Scheme will rank *pari passu* in all respects with the Shares in issue on the date of allotment and issue of the Scrip Shares save that they will not be entitled to the Final Dividend. In particular, they will rank in full for all future dividends and distributions which may be declared, made or paid after the date of allotment and issue of the Scrip Shares.

Scrip Shares issued to a Qualifying Shareholder pursuant to an election to receive some or all of his/her/its Final Dividend in Scrip Shares may be allocated in odd lots (of fewer than a board lot of 2,000 Shares). No special dealing arrangements will be put in place by the Company to facilitate the trading or disposal of Scrip Shares issued in odd lots. Shareholders should be aware that odd lots usually trade at a discount to the price of board lots.

Qualifying Shareholders who wish to elect to receive the Final Dividend either wholly or partly in Scrip Shares should complete the form of election in relation to the Scrip Dividend Scheme (“**Election Form**”) in accordance with the instructions printed thereon and return it to the Company’s share registrar and transfer office in Hong Kong, namely Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong **no later than 4:30 p.m. on Friday, 30 July 2021.**

If there is in force a tropical cyclone warning signal number 8 or above, or a “black” rainstorm warning or “extreme conditions caused by super typhoons” announced by the Government of Hong Kong, the above deadline for submission of the Election Form will not be valid and will be rescheduled as follows:

- (a) If the warning is in force in Hong Kong at any local time before 12:00 noon but no longer in force after 12:00 noon on 30 July 2021, the deadline for submission of the Election Form will be 5:00 p.m. on the same business day;
- (b) If the warning is in force in Hong Kong at any local time between 12:00 noon and 4:30 p.m. on 30 July 2021, the deadline for submission of the Election Form will be rescheduled to 4:30 p.m. on the next business day on which none of those warnings are in force at any time between 9:00 a.m. and 4:30 p.m.

Shareholders who do not return the duly completed and signed Election Form before the time stated will be deemed to have elected to receive the Final Dividend wholly in cash.

Based on the register of members of the Company as at the Record Date, there were a total of 11 Shareholders with registered addresses outside Hong Kong in the following jurisdictions, holding an aggregate of 470,000 Shares which represent approximately 0.01% of the existing issued share capital of the Company:

Jurisdiction	Number of Shareholders
Macau	3
PRC	2
Singapore	2
Taiwan	1
Australia	1
Canada	1
The United States of America	1

In compliance with Rule 13.36(2)(a) of the Listing Rules, the Company has made enquiries with legal advisers in each of the above jurisdictions regarding the legal restrictions and requirements of regulatory body or stock exchange in the relevant jurisdiction in relation to the extension of the Scrip Dividend Scheme to the Shareholders with registered addresses in such jurisdiction.

After considering the advice of the legal advisers in each of the above jurisdictions, the Directors have decided to extend the Scrip Dividend Scheme to the Shareholders in each of the above jurisdictions as no approval, filing or registration requirements have to be complied with by the Company under the relevant laws in the respective relevant jurisdiction in the specific circumstances of the Scrip Dividend Scheme.

Accordingly, all Shareholders whose names appeared on the register of members of the Company on the Record Date fall within the definition of Qualifying Shareholders and are therefore eligible to participate in the Scrip Dividend Scheme.

The Scrip Dividend Scheme is conditional upon the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Scrip Shares to be allotted and issued under the Scrip Dividend Scheme. If this condition is not satisfied, the Scrip Dividend Scheme will not become effective and the Election Forms will be void. The Final Dividend will then be paid wholly in cash.

Subject to the Scrip Shares being admitted to listing, it is expected that share certificates for the Scrip Shares and dividend cheques will be posted to the Shareholders at the risk of those entitled to them on Friday, 13 August 2021. Dealings in the Scrip Shares on the Stock Exchange are expected to commence on Monday, 16 August 2021.

A circular containing further details of the Scrip Dividend Scheme and the basis of allotment of the Scrip Shares pursuant to the Scrip Dividend Scheme and the Election Form (to be sent to the Qualifying Shareholders only) will be despatched to the Shareholders.

By Order of the Board
China Chengtong Development Group Limited
Zhang Bin
Chairman

Hong Kong, 9 July 2021

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