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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in doubt** as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in **China Chengtong Development Group Limited**, you should at once hand this circular to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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 –  
LEASED ASSETS TRANSFER BUSINESS MASTER AGREEMENT**

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A letter from the Board is set out from pages 4 to 16 of this circular.

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## CONTENTS

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	<i>Page</i>
<b>Definitions . . . . .</b>	<b>1</b>
<b>Letter from the Board . . . . .</b>	<b>4</b>
<b>Appendix I – Financial Information of the Group . . . . .</b>	<b>17</b>
<b>Appendix II – General Information . . . . .</b>	<b>20</b>

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## DEFINITIONS

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*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 established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“China Insurance Investment”	means China Insurance Investment Co., Ltd., a company established in the PRC with limited liability
“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
“COSCO SHIPPING”	means COSCO SHIPPING Development Co., Ltd., a joint stock limited company established in the PRC
“Director(s)”	means the director(s) of the Company
“Group”	means the Company and its subsidiaries as at the date of this circular
“Haifa Baocheng Master Agreement”	means, collectively, the sale and leaseback master agreement and the supplemental agreement both dated 12 August 2022 and entered into between Chengtong Financial Leasing and the Lessee
“HK\$”	means Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	means the Hong Kong Special Administrative Region of the PRC

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## DEFINITIONS

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“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)
“Individual Leased Assets Transfer Agreement(s)”	means the individual leased assets transfer agreement(s) to be entered into between Chengtong Financial Leasing and the Lessee pursuant to the Leased Assets Transfer Business Master Agreement, which are expected to include a leased assets transfer agreement, an assets leasing agreement, and an accounts receivable pledge agreement
“Individual Leased Assets Transfer Arrangement(s)”	means individual leased assets transfer arrangement(s) between Chengtong Financial Leasing and the Lessee based on the terms and conditions of relevant Individual Leased Assets Transfer Agreement(s)
“Latest Practicable Date”	means 18 February 2025, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Leased Assets”	means certain production machinery and equipment, power control equipment, waste soil disposal equipment, monitoring equipment and other equipment, including but not limited to heat exchanger, nitrogen generator, centrifugal press, interactive industrial control all-in-one machine, negative pressure separator, sewage solid-liquid separation equipment, waste soil mixing equipment, etc.
“Leased Assets Transfer Business Master Agreement”	means the leased assets transfer business master agreement entered into between Chengtong Financial Leasing and the Lessee dated 17 January 2025
“Lessee”	means Haifa Baocheng Financial Leasing Co., Ltd., a company established in the PRC with limited liability
“Listing Rules”	means the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“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

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## DEFINITIONS

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“Previous Arrangements”	means the sale and leaseback arrangements between Chengtong Financial Leasing and the Lessee constituted under the terms and conditions of the relevant sale and leaseback agreements on 21 February 2023 and 3 July 2023, pursuant to the Haifa Baocheng Master Agreement detailed in the announcement dated 12 August 2022 and in the circular dated 23 September 2022
“Purchase Price”	means the consideration payable by Chengtong Financial Leasing for purchasing Leased Assets from the Lessee
“RMB”	means Renminbi, the lawful currency of the PRC
“SFO”	means the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholder(s)”	means the shareholder(s) of the Company
“State-owned Enterprise Reform Fund”	means China State-owned Enterprises Mixed Ownership Reform Fund Co., Ltd., a company established in the PRC with limited liability
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited
“Valuers”	means, collectively, Anhui Jianye Xinde Real Estate Land Assets Appraisal Co., Ltd., Jiangsu Zhongrun Real Estate Land Assets Appraisal Co., Ltd., and Beijing Zhonghuantai Assets Appraisal Co., Ltd., all of which are independent qualified valuation firms in the PRC
“%”	means per cent.

*In this circular, amounts quoted in RMB have been converted into HK\$ at the rate of RMB1.00 to HK\$1.06. 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.*

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## LETTER FROM THE BOARD

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### CHINA CHENG TONG 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:*

Li Qian (Chairman)

Sun Jie

*Independent Non-Executive Directors:*

Chang Qing

Lee Man Chun, Tony

He Jia

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

Suite 6406, 64th Floor

Central Plaza

18 Harbour Road

Wanchai, Hong Kong

21 February 2025

*To the Shareholders*

Dear Sir/Madam,

### MAJOR TRANSACTION – LEASED ASSETS TRANSFER BUSINESS MASTER AGREEMENT

#### 1. INTRODUCTION

Reference is made to the announcement of the Company dated 17 January 2025 in respect of the Leased Assets Transfer Business Master Agreement.

The purpose of this circular is to provide you with (i) information on the Leased Assets Transfer Business Master Agreement; and (ii) other information required to be disclosed under the Listing Rules.

#### 2. MAJOR TRANSACTION

##### (A) Leased Assets Transfer Business Master Agreement

Chengtong Financial Leasing, an indirect wholly-owned subsidiary of the Company, entered into the Leased Assets Transfer Business Master Agreement with the Lessee on 17 January 2025. The major terms of the Leased Assets Transfer Business Master Agreement are set out below.

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## LETTER FROM THE BOARD

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### ***Leased Assets Transfer Services***

Pursuant to the Leased Assets Transfer Business Master Agreement, Chengtong Financial Leasing has agreed to provide the services of purchase of the Leased Assets from the Lessee and leasing of such Leased Assets to the Lessee (“**Leased Assets Transfer Services**”), subject to the obtaining of the necessary Shareholders’ approval in accordance with the Listing Rules and the maximum financing amount and other terms set out in the Leased Assets Transfer Business Master Agreement.

The Lessee may apply to Chengtong Financial Leasing during the specified period (“**Availability Period**”) in the Leased Assets Transfer Business Master Agreement for the provision of the Leased Assets Transfer Services. Chengtong Financial Leasing and the Lessee will, within the scope of the Leased Assets Transfer Business Master Agreement, negotiate on the specific terms and conditions of Individual Leased Assets Transfer Arrangement(s) (including but not limited to the Leased Assets, the individual financing amount, the lease term, the lease payment amount and the payment schedule), and enter into Individual Leased Assets Transfer Agreement(s) accordingly.

### ***Financing Amount***

The maximum amount of financing under the Leased Assets Transfer Business Master Agreement is determined according to the expected funding needs of the Lessee. Chengtong Financial Leasing may, at its discretion, decide whether to provide Leased Assets Transfer Services or unilaterally terminate, cancel or reduce the maximum amount of financing under the Leased Assets Transfer Business Master Agreement.

It is expected that the financing amount under the Leased Assets Transfer Business Master Agreement will be satisfied by the general working capital of the Group.

### ***Method of transferring the Leased Assets to the Lessee***

According to the Individual Leased Assets Transfer Arrangement, Chengtong Financial Leasing will purchase the relevant Leased Assets at the Purchase Price, and the relevant Leased Assets will be leased to the Lessee for such lease term and for such amount of lease payment as mutually agreed in the Individual Leased Assets Transfer Agreement. The ownership of the relevant Leased Assets shall vest in Chengtong Financial Leasing during the lease term of the relevant Individual Leased Assets Transfer Arrangement.

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## LETTER FROM THE BOARD

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### ***Purchase Price***

The purchase price of the relevant Leased Assets under the Individual Leased Assets Transfer Arrangement will be determined with reference to the appraised value of the relevant Leased Assets and should not exceed the appraised value. The total Purchase Price under all Individual Leased Assets Transfer Arrangements with the Lessee shall not exceed the maximum financing amount under the Leased Assets Transfer Business Master Agreement.

### ***Lease Payment***

With reference to the maximum financing amount under the Leased Assets Transfer Business Master Agreement, the total amount of lease payment is estimated to be approximately RMB416.65 million (equivalent to approximately HK\$441.65 million) which shall be payable by the Lessee to Chengtong Financial Leasing during the relevant lease term. The total amount of lease payment represents the sum of the lease principal amount (being the amount of Purchase Price to be paid by Chengtong Financial Leasing) and the lease interest which is estimated to be approximately RMB16.65 million (equivalent to approximately HK\$17.65 million).

### ***Nominal Price***

Upon the expiration of the relevant lease term of the relevant Individual Leased Assets Transfer arrangement and subject to the full payment of the relevant lease payments and all other amounts payable under the relevant Individual Leased Assets Transfer Agreements, the Lessee will purchase the relevant Leased Assets from Chengtong Financial Leasing at a nominal price. The total nominal price receivable from the Lessee under all Individual Leased Assets Transfer Arrangements shall not exceed the maximum total amount of nominal price as specified in the Leased Assets Transfer Business Master Agreement.

### ***Security***

In order to guarantee the performance of the Individual Leased Assets Transfer Agreements, the Lessee has agreed to pledge certain of its receivables to Chengtong Financial Leasing as security for all amounts payable under the Individual Leased Assets Transfer Agreements.



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## LETTER FROM THE BOARD

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### ***Material terms of the Leased Assets Transfer Business Master Agreement***

The key terms of the Leased Assets Transfer Business Master Agreement are summarized below:

<b>Maximum financing amount</b>	RMB400 million (equivalent to HK\$424 million)
<b>Leased Assets</b>	Certain production machinery and equipment, power control equipment, waste soil disposal equipment, monitoring equipment and other equipment, including but not limited to heat exchanger, nitrogen generator, centrifugal press, interactive industrial control all-in-one machine, negative pressure separator, sewage solid-liquid separation equipment, waste soil mixing equipment, etc.
<b>Availability Period</b>	From 17 January 2025 to 16 January 2027 (both dates inclusive)
<b>Maximum lease period of the Individual Leased Assets Transfer Arrangement</b>	Two (2) years
<b>Estimated lease interest</b>	Approximately RMB16.65 million (equivalent to approximately HK\$17.65 million)
<b>Maximum amount of nominal price under all Individual Leased Assets Transfer Arrangements</b>	RMB100 (equivalent to HK\$106)

As of the Latest Practicable Date, financing amount of RMB400 million (equivalent to HK\$424 million) has been drawn down pursuant to the Leased Assets Transfer Business Master Agreement as Chengtong Financial Leasing entered into three Individual Leased Assets Transfer Agreements with the Lessee.

According to the valuation reports issued by the Valuers in respect of the Leased Assets, the scope of work of the Valuers was to assess the total appraised value of the Leased Assets, comprising screw heat exchanger, molecular sieve nitrogen generator, power control equipment, sewage solid-liquid separation equipment, intelligent heating unit and waste soil disposal equipment.

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## LETTER FROM THE BOARD

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Set forth below is the valuation methodology adopted by the Valuers in assessing the value of the Leased Assets.

The cost method is a method determining the value of an appraised asset by multiplying the replacement cost of the appraised asset by its newness rate. The value of the appraised asset is first to be obtained by estimating the replacement cost of the appraised asset, followed by deducting various estimated depreciation factors that currently exist in the appraised asset. The replacement cost is determined on the basis of the current market value of the appraised asset on the appraisal date, while the newness rate is determined through an on-site inspection and calculation and analysis based on technical and economic factors.

Based on the above-mentioned valuation methodology, the total appraised replacement cost of the Leased Assets is determined by aggregating the replacement cost of each of the Leased Assets. The replacement cost of each individual Leased Assets, where applicable, is composed of equipment purchase fee (including original purchase price and transportation and miscellaneous expenses), installation and tuning fee, equipment foundation fee, engineering construction fee and capital costs. Original purchase prices generally refer to ex-factory prices or the prices stated in the relevant order contract. Other expenses such as transportation and miscellaneous expenses, installation and tuning fee, equipment foundation fee, engineering construction fee and capital costs either constitute an insignificant portion of the replacement cost or are not applicable in the calculation of such replacement cost. The newness rate of the appraised asset is determined after taking into account the economic life of the appraised asset, the remaining service life of the appraised asset and the status of the appraised asset through an on-site inspection. Based on the foregoing, the total appraised value of the Leased Assets is calculated by multiplying the individual replacement cost of the Leased Assets by the relevant newness rate of the Leased Assets and aggregating the results.

In appraising the value of the Leased Assets, the Valuers may also consider (i) the market approach, which appraises the value of an appraised asset by direct comparison or relevant analogy analysis of the recent trading prices of the same or similar assets in the market and (ii) the income approach, which calculates the value of an appraised asset by estimating the expected future earnings of the appraised asset and converting into the present value with the appropriate discounted rate. If the Leased Assets are purchased long time ago, it may be difficult to find comparable cases in the market and where the Leased Assets are not used for business use, its income value cannot be objectively judged. Accordingly, both the market approach and the income approach may be considered inappropriate methods for assessing the fair value of the Leased Assets. In accordance with the relevant procedures for the valuation of assets, the Valuers have adopted the cost method taking into account the factors affecting the valuation of the Leased Assets.

The Leased Assets are not revenue generating assets with identifiable income stream.

## LETTER FROM THE BOARD

The appraised value of the Leased Assets in each of the Individual Leased Assets Transfer Agreements and the key parameters used in the appraisals are summarised as follows:

	<b>Individual Leased Assets Transfer Agreement A</b>	<b>Individual Leased Assets Transfer Agreement B</b>	<b>Individual Leased Assets Transfer Agreement C</b>
<b>Appraised value of the Leased Assets<sup>(1)</sup></b>	RMB177.03 million (equivalent to HK\$187.62 million)	RMB143.01 million (equivalent to HK\$151.59 million)	RMB139.89 million (equivalent to HK\$148.28 million)
<b>Date of appraisal</b>	7 November 2024	14 November 2024	2 December 2024 and 3 December 2024
<b>Leased Assets</b>	screw heat exchanger, molecular sieve nitrogen generator	power control equipment, sewage solid-liquid separation equipment	intelligent heating unit, waste soil disposal equipment
<b>Quantity of Leased Assets</b>	308 sets	125 sets	228 sets
<b>Range of appraised replacement cost of individual Leased Assets<sup>(1)</sup></b>	RMB2,480 (equivalent to HK\$2,629) to RMB36.73 million (equivalent to HK\$38.93 million)	RMB1,700 (equivalent to HK\$1,802) to RMB31.63 million (equivalent to HK\$33.53 million)	RMB1,580 (equivalent to HK\$1,675) to RMB22.35 million (equivalent to HK\$23.69 million)
<b>Total appraised replacement cost of the relevant Leased Assets<sup>(1)</sup></b>	RMB180.64 million (equivalent to HK\$191.48 million)	RMB145.93 million (equivalent to HK\$154.69 million)	RMB145.14 million (equivalent to HK\$153.85 million)
<b>Percentage range of the equipment purchase fees of individual Leased Assets attributed to the replacement cost of such Leased Assets</b>	100%	100%	100%
<b>Range of original purchase prices of the Leased Assets<sup>(1)</sup></b>	RMB2,455 (equivalent to HK\$2,602) to RMB36.37 million (equivalent to HK\$38.55 million)	RMB1,683 (equivalent to HK\$1,784) to RMB31.32 million (equivalent to HK\$33.20 million)	RMB1,556 (equivalent to HK\$1,649) to RMB22.02 million (equivalent to HK\$23.34 million)
<b>Percentage of the aggregate original purchase prices of the Leased Assets attributed to the aggregate equipment purchase fees of the Leased Assets</b>	99%	99%	98.5%
<b>Range of newness rate of the Leased Assets</b>	90% to 100%	98%	90% to 99%
<b>Average newness rate of the Leased Assets</b>	98%	98%	96%

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## LETTER FROM THE BOARD

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	As set out in the valuation reports of the relevant Leased Assets under the Individual Leased Assets Transfer Agreement A and Individual Leased Assets Transfer Agreement B:	As set out in the two valuation reports of the relevant Leased Assets under the Individual Leased Assets Transfer Agreement C:
<b>Valuation assumptions set out in the valuation report of the relevant Leased Assets</b>	<p>I. it is assumed that the appraised assets are in the process of transactions and the valuer conducts the valuation by simulating the market according to the trading conditions of the appraised assets, and the appraisal result is the estimate of the transaction price that the appraised assets are most likely to reach;</p> <p>II. it is assumed that the appraised assets are traded in the open market, in which the status of buyers and sellers is equal, each has the opportunity and time to obtain sufficient market information, and the trading behavior of both buyers and sellers is carried out under voluntary, rational and non-compulsory conditions;</p> <p>III. it is assumed that there is consistency in the selection of interests between the original appraised entity and the appraisal entrusting party, and there is no difference in disposal methods caused by unreasonable assets;</p>	<p>I. the appraised assets are in the process of transactions and the valuer conducts the valuation by simulating the market according to the trading conditions of the appraised assets;</p> <p>II. the trading market is competitive, the parties to the transaction entered into the transaction with the sole purpose of maximizing their respective economic interests. All individuals or entities in the market can participate in the transactions equally and freely, and each party in the transactions has obtained the necessary market information with sufficient time and necessary expertise in assets being traded;</p> <p>III. there is no material change in (1) existing laws and regulations, system, social political and the national macroeconomic policies and the social economic environment in which the assets are located; (2) the policies, the management system and relevant regulations in respect of the industry; and (3) the tax policies, the policies in respect of exchange rates, policy-based levy and credit interest rates, etc. in respect of the business operation;</p>

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## LETTER FROM THE BOARD

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| IV. it is assumed that after the economic behavior of the appraisal purpose is realized, the appraised assets will be in the utilization state on the base date of the appraisal; | IV. the appraised entities or assets will continue to be operated and utilised as a production factor according to its current conditions or on a changed basis. The valuation emphasizes that the functions and profitability of the appraised assets under their current usage and method of use, usage environment, scale, frequency and utilisation condition will continue normally in the foreseeable future;   |
| V. it is assumed that the purchase, acquisition, construction and development process of the appraised assets comply with the relevant laws and regulations of the country;       | V. the appraisal largely relies on the relevant information and information provided by the appraised entity, appraisal entrusting party and the owner of title of the appraised assets, so the appraisal conclusion is based on the assumption that the economic behavior documents provided by the appraised entity, the relevant asset ownership documents (including certificates, accounting vouchers and relevant explanatory materials), the relevant legal documents and the relevant information statements provided by the appraised entity, appraisal entrusting party and the owner of title of the appraised assets are true, complete, legal and effective; |
| VI. it is assumed that the appraised assets have no defects in rights and liability restrictions that affect their value;   | VI. for the purpose of this appraisal, it is assumed that the appraised assets are allowed to be traded on the open market and the property rights are complete and legal, the current use is legal, and there are no disputes over property rights and debts;  |

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## LETTER FROM THE BOARD

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| VII. it is assumed that the appraised assets have no major defects affecting their continued use, that there are no harmful substances in the assets that have an adverse effect on their value, that there are no hazardous substances and other harmful environmental conditions in the location of the assets that have an adverse effect on the value of the assets; | VII. it is assumed that the on-site investigation of the valuer is consistent with the actual condition of the appraised assets, that the physical parameters of the appraised assets are consistent with the data records in the ownership certification documents, technical data, drawings and the schedule of the appraised assets provided by the entrusting party and relevant parties, and that their quality conditions are consistent with the specified use purposes; |
| VIII. it is assumed that the appraised entity can continue to operate and make continuous profits after the realization of the economic behavior of the appraisal purpose;   | VIII. the appraised assets are not prohibited from being transferred or mortgaged by judicial or administrative organs according to law;  |
| IX. it is assumed that the macroeconomic environment of the country such as industrial policy, financial policy and tax policy is relatively stable;   | IX. it is assumed that the production and operation of the appraised entity is in line with the national economic policy and comply with tax, environmental protection and other laws, rules and regulations related to business operation;   |
| X. it is assumed that the appraised entity will maintain the total investment and financial leverage as of the appraisal base date basically unchanged; and  | X. it is assumed that the appraised entity has no major decision-making errors and major management dereliction of duty in the future, the relevant licenses required within the scope of business of the appraised entity shall be reasonably guaranteed to continue to be valid according to the needs of business; and the safety of personnel and assets reaches to a reasonable level;   |

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## LETTER FROM THE BOARD

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XI. it is assumed that the appraised entity continues to operate according to the existing management level on the base date of the appraisal, and the impact of the management level of the future owners of the appraised entity on the future earnings is not considered.

XI. it is assumed that no other force majeure and unforeseeable factors which will cause significant adverse impact on the appraised entity; and

XII. the valuer's estimate of the value is based on the currency purchasing power where the appraised entity was located on the base date of the appraisal.

*Note:*

(1) The figures in the table are approximate figures.

The Board noted that if there is any deviation from the above assumptions, the valuation results may differ and 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 in respect of the Leased Assets is reasonable and the assumptions adopted are general assumptions commonly adopted in assets valuation in the PRC. Therefore, the Board considers that the appraised value of the Leased Assets is fair and reasonable.

According to the valuation report issued by Anhui Jianye Xinde Real Estate Land Assets Appraisal Co., Ltd., Anhui Jianye Xinde Real Estate Land Assets Appraisal Co., Ltd. is a qualified asset valuation firm in the PRC registered with the Market Supervision and Administration of Xuancheng District, Xuancheng City and filed with Xuancheng City Department of Finance. Mr. Ding Ziwen and Ms. Wang Tianyue who are employed by Anhui Jianye Xinde Real Estate Land Assets Appraisal Co., Ltd. were principally involved in the preparation of the said valuation report in respect of the relevant Leased Assets under the Individual Leased Assets Transfer Agreement A and B. Mr. Ding Ziwen and Ms. Wang Tianyue are both members of the China Appraisal Society.

According to the valuation report issued by Jiangsu Zhongrun Real Estate Land Assets Appraisal Co., Ltd., Jiangsu Zhongrun Real Estate Land Assets Appraisal Co., Ltd. is a qualified asset valuation firm in the PRC registered with the China Appraisal Society and filed with Jiangsu Provincial Department of Finance. Mr. Deng Zhiyong and Ms. Dong Xiuling who are employed by Jiangsu Zhongrun Real Estate Land Assets Appraisal Co., Ltd. were principally involved in the preparation of the said valuation report in respect of the relevant Leased Assets under the Individual Leased Assets Transfer Agreement C. Mr. Deng Zhiyong and Ms. Dong Xiuling are both members of the China Appraisal Society.

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## LETTER FROM THE BOARD

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According to the valuation report issued by Beijing Zhonghuantai Assets Appraisal Co., Ltd., Beijing Zhonghuantai Assets Appraisal Co., Ltd. is a qualified asset valuation firm in the PRC registered with the Market Supervision and Administration of Chaoyang District, Beijing City and filed with Beijing Municipal Finance Bureau. Mr. Liu Xiongliang and Mr. Chen Wei who are employed by Beijing Zhonghuantai Assets Appraisal Co., Ltd. were principally involved in the preparation of the said valuation report in respect of the relevant Leased Assets under the Individual Leased Assets Transfer Agreement C. Mr. Liu Xiongliang and Mr. Chen Wei are both members of the China Appraisal Society.

### **(B) Information of the Lessees**

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Lessee is directly owned as to approximately 40.81% by COSCO SHIPPING, approximately 36.99% by China Insurance Investment and approximately 22.20% by State-owned Enterprise Reform Fund.

COSCO SHIPPING is a joint stock limited company incorporated in the PRC, whose shares are listed on the Main Board of the Stock Exchange (stock code: 2866) and Shanghai Stock Exchange (stock code: 601866). The ultimate holding company of COSCO SHIPPING is China COSCO Shipping Corporation Limited, which is in turn wholly-owned by the State Council of the PRC.

China Insurance Investment was approved to be established by the State Council of the PRC as the general partner of the China Insurance Investment Fund and is owned by a total of 46 shareholders, which comprise 27 insurance companies, 15 insurance asset management companies and 4 social enterprises.

State-owned Enterprise Reform Fund is a state-owned fund, the establishment of which was approved by the State Council of the PRC, with CCHG as its principal founder owning approximately 34.23% of its equity interest. As State-owned Enterprise Reform Fund only owns approximately 22.20% of the Lessee, the Lessee is not an associate of CCHG and therefore not a connected person of the Company.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, (i) the Lessee and its ultimate beneficial owners (save for CCHG) are Independent Third Parties; and (ii) the Lessee is principally engaged in the business of provision of finance lease services.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, save as the Previous Arrangements, there is, and in the past twelve months, there has been, no material loan arrangement between (a) 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); and (b) the Lessees, its directors and legal representatives and any ultimate beneficial owner(s) of the Lessees who can exert influence on the transaction.



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## LETTER FROM THE BOARD

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### **(C) Reasons for and Benefits of the Leased Assets Transfer Business Master Agreement**

The Group is principally engaged in leasing, 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 the Leased Assets Transfer Business Master Agreement is in the ordinary and usual course of business of Chengtong Financial Leasing and it is expected that Chengtong Financial Leasing will earn an aggregate income of approximately RMB16.65 million (equivalent to approximately HK\$17.65 million) under the Leased Assets Transfer Business Master Agreement.

In light of the above, the Directors are of the view that the terms of the Leased Assets Transfer Business Master Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

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

Chengtong Financial Leasing entered into the Haifa Baocheng Master Agreement with the Lessee on 12 August 2022. Pursuant to the Haifa Baocheng Master Agreement, Chengtong Financial Leasing and the Lessee entered into the Previous Arrangements on 21 February 2023 and 3 July 2023 respectively. Since the Previous Arrangements are still subsisting when the Leased Assets Transfer Business Master Agreement was entered into, the Leased Assets Transfer Business Master Agreement is aggregated with the Previous Arrangements for the purpose of calculating the relevant percentage ratios (as defined in the Listing Rules).

As the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the Leased Assets Transfer Business Master Agreement, both when calculated on a standalone basis and when aggregated with the Previous Arrangements, exceeds 25% but is less than 100%, the Leased Assets Transfer Business Master Agreement 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 Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder or any of his/her/its close associate(s) (as defined in the Listing Rules) has a material interest in the Leased Assets Transfer Business Master Agreement and the transaction(s) proposed thereunder. Thus, no Shareholder is required to abstain from voting if the Company were to convene a general meeting to approve the Leased Assets Transfer Business Master Agreement and the transaction(s) proposed thereunder. 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 written Shareholder's approval in respect of the Leased Assets Transfer Business Master Agreement from CCHK, 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 circular. Accordingly, no general meeting of the Company will be convened for the purpose of approving the Leased Assets Transfer Business Master Agreement and the transaction(s) proposed thereunder.

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## LETTER FROM THE BOARD

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### 3. RECOMMENDATION

The Directors are of the view that the terms of the Leased Assets Transfer Business Master Agreement are normal commercial terms and are fair and reasonable. The Directors also consider that the entering into of the Leased Assets Transfer Business Master Agreement and the transaction(s) proposed thereunder 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 Leased Assets Transfer Business Master Agreement and the transaction(s) proposed thereunder, the Board would recommend the Shareholders to vote in favour of the resolution 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**  
**Li Qian**  
*Chairman*

**1. FINANCIAL INFORMATION OF THE GROUP**

Details of the financial information of the Group for the three financial years ended 31 December 2021, 31 December 2022, 31 December 2023 and for the six months ended 30 June 2024 have been set out in the following documents respectively:

- (a) 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>);
- (b) the annual report of the Company for the year ended 31 December 2022 from pages 79 to 224 (<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0424/2023042400489.pdf>);
- (c) the annual report of the Company for the year ended 31 December 2023 from pages 91 to 241 (<https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0424/2024042400654.pdf>); and
- (d) the interim report of the Company for the six months ended 30 June 2024 (“**2024 Interim Report**”) from pages 6 to 45 (<https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0913/2024091300503.pdf>).

**2. INDEBTEDNESS OF THE GROUP**

As at the close of business on 31 December 2024, 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 unguaranteed bank borrowings of approximately HK\$2,286.10 million which are secured by charges over loan receivables and trade receivable under operating lease business of the Group; (ii) unsecured and unguaranteed bank borrowings of HK\$306.99 million; (iii) secured and guaranteed asset-backed securities of approximately HK\$2,136.28 million which are secured by charges over loan receivables and finance lease receivables of the Group and guaranteed by the ultimate holding company; (iv) unsecured and unguaranteed loans from related parties of approximately HK\$174.90 million; and (v) lease liabilities of approximately HK\$2.98 million.

As at the close of business on 31 December 2024, the Group had contingent liabilities in relation to guarantees of approximately HK\$230.47 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 31 December 2024.

**3. WORKING CAPITAL SUFFICIENCY OF THE GROUP**

The Directors are of the opinion that, after taking into account the effects of the Leased Assets Transfer Business Master Agreement, 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 PROSPECTS OF THE GROUP**

The Group is principally engaged in leasing, property development and investment, marine recreation services and hotel business as of the Latest Practicable Date.

In respect of leasing, the Group and Chengtong Financial Leasing will on the premise of strict risk control, achieve stable operation on the basis of the existing business scale and continue to strengthen its self-financing capability. In terms of business expansion, the Group will continue to intensify its efforts to gradually form a professional and distinctive development path on the back of existing specific advantageous industries. In respect of business management, the Group will actively respond to changes in regulatory policies, strive to improve business compliance standards, and promote risk prevention and control as well as transformation in all aspects. In respect of property development and investment, all the construction and settlement works of the CCT-Champs-Elysees project have been completed. Under the overall downtrend of the real estate market, the Company dynamically optimised its sales strategy and exceeded its sales target.

The Group is the only overseas listed company platform under CCHG, its ultimate controlling shareholder, and Chengtong Financial Leasing is the only financial leasing company under the Group. The Group and Chengtong Financial Leasing will further leverage on the resource advantages of the ultimate controlling shareholder, focus the resources on expanding the principal business of leasing and give full play to the synergy advantage of “industry + finance”, so as to create greater value for the Shareholders. The Group will proactively seize development opportunities, being persistent in seeking progress while maintaining stable growth and strengthening stability through progress, constantly optimise its asset structure, and implement various production and operation initiatives in a solid manner, with a view to promoting the Company’s high-quality development in all aspects. The Board is full of confidence in the future development of the Group.

**5. MATERIAL ADVERSE CHANGE**

The financial performance of the Group during the six months ended 30 June 2024 was affected by the impact of external factors such as global economic downturn, intensified competition and tightened supervision within the finance lease industry which shifted the industry from rapid growth to steady development. Please refer to the 2024 Interim Report for more details. The Group expected the challenges persisted. Save for the foregoing, as at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2023, 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 30 June 2024, the unaudited consolidated total assets of the Group amounted to approximately HK\$8,853.25 million and the unaudited consolidated total liabilities of the Group amounted to approximately HK\$6,075.38 million.

The Directors consider that there is no significant immediate change to the Group's net asset value upon implementation of the Leased Assets Transfer Business Master Agreement. In respect of the implementation of the Leased Assets Transfer Business Master Agreement, the Leased Assets Transfer Services will be accounted for as secured loans and recognised as loan receivables 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 derived from the individual transaction(s) under the Leased Assets Transfer Business Master Agreement as additional income to the Group.

Save as disclosed above, the Leased Assets Transfer Business Master Agreement 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 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 position 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 C3 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	Class of shares	Approximate percentage of the issued share capital as at the Latest Practicable Date
Ms. Sun Jie	The Company	Beneficial owner	570,960	Ordinary shares	0.0096%

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 C3 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 of the Company 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 follows:

***Long position***

Name of Shareholder	Nature of interest	Number of shares held	Class of shares	Approximate percentage of the issued share capital of the Company as at the Latest Practicable Date
				Date
CCHK	Beneficial owner (Note)	3,169,656,217	Ordinary shares	53.14%
CCHG	Interest in controlled corporation (Note)	3,169,656,217	Ordinary shares	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 of the Company 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. Li Qian, an executive Director and the Chairman of the Board, was the chairman of CCHK and Ms. Sun Jie, an executive Director, was the chief accountant of CCHK. Mr. Li Qian and Ms. Sun Jie 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 CONTRACT

Hainan Huandao Travel Investment Group Co., Ltd. (“**Huandao Travel Investment**”), an indirect wholly-owned subsidiary of the Company, entered into an entrusted loan agreement dated 11 September 2023 with Industrial Bank Co. Ltd. Haikou Branch, being the entrustee (the “**Entrustee**”), and China Huandao Group Limited, a wholly-owned subsidiary of CCHG, being the borrower (the “**Borrower**”), pursuant to which Huandao Travel Investment agreed to entrust the Entrustee to provide the Borrower with a loan in the principal amount of RMB25,000,000 for a term of 24 months. Further details of the entrusted loan agreement are set out in the announcement of the Company dated 11 September 2023.

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

As at the Latest Practicable Date, to the best of the knowledge, information and belief of the Directors, neither the Company nor any member of the Group was engaged in any litigation or claims of material importance and there was no litigation or claims of material importance known to the Directors to be pending or threatened against any member of the Group.

### 6. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors nor any of their respective close associate(s) 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 ARRANGEMENTS

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 2023, 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 ON DISPLAY**

Copies of the Leased Assets Transfer Business Master Agreement are on display and are published on the website of the Stock Exchange at <https://www.hkexnews.hk> and the website of the Company at <https://www.hk217.com> for a period of 14 days from the date of this circular.